

LIMITED OFFERING MEMORANDUM DATED MAY 22, 2023

NEW ISSUE

NOT RATED

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

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



\$3,151,000

BASTROP COUNTY, TEXAS

(a political subdivision of the State of Texas)

SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2023

(DOUBLE EAGLE RANCH PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1 PROJECT)

Dated Date: Closing Date (as defined below)

Due: September 1, as shown on the inside cover

Interest to Accrue from Closing Date

The Bastrop County, Texas Special Assessment Revenue Bonds, Series 2023 (Double Eagle Ranch Public Improvement District Improvement Area #1 Project) (the “Bonds”) are being issued by Bastrop County, Texas (the “County”). 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 hereof, calculated on the basis of a 360-day year of twelve 30-day months, payable on each March 1 and September 1, commencing September 1, 2023 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 BOKF, NA, as trustee (the “Trustee”), to DTC as the registered owner thereof. See “BOOK-ENTRY-ONLY SYSTEM.”

The Bonds are being issued by the County pursuant to the Public Improvement District Assessment Act, Subchapter A of Chapter 372, Texas Local Government Code, as amended (the “PID Act”), an order adopted by the County Commissioners Court (the “Commissioners Court”) on May 22, 2023, and an Indenture of Trust, dated as of June 1, 2023 (the “Indenture”), entered into by and between the County and the Trustee. Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Indenture.

Proceeds of the Bonds will be used to provide funds for (i) paying a portion of the Actual Costs of the Improvement Area #1 Improvements, (ii) paying a portion of the interest on the Bonds during and after the period of acquisition and construction of the Improvement Area #1 Improvements, (iii) funding a reserve fund for payment of principal of and interest on the Bonds, (iv) paying a portion of the costs incidental to the organization and administration of the Double Eagle Ranch Public Improvement District (the “District”), and (v) paying the costs of issuance of the Bonds. See “THE IMPROVEMENT AREA #1 PROJECTS” and “APPENDIX B — Form of Indenture.”

The Bonds, when issued and delivered, will constitute valid and binding special, limited obligations of the County payable solely from and secured by the Trust Estate (as defined herein), consisting primarily of the Assessments levied against assessable properties in Improvement Area #1 of the District in accordance with a Service and Assessment Plan and other funds comprising the Trust Estate, all to the extent and upon the conditions described herein. The Bonds are not payable from funds raised or to be raised from taxation. See “SECURITY FOR THE BONDS SIMILARLY SECURED.” The Bonds are subject to redemption at the times, in the amounts, and at the redemption price more fully described herein under the subcaption “DESCRIPTION OF THE BONDS — Redemption Provisions.”

The Bonds involve a significant degree of risk and are not suitable for all investors. See “BONDHOLDERS’ RISKS” and “SUITABILITY FOR INVESTMENT.” 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 SIMILARLY SECURED, INCLUDING THE BONDS, ARE SPECIAL, LIMITED OBLIGATIONS OF THE COUNTY PAYABLE SOLELY FROM THE PLEDGED REVENUES AND OTHER FUNDS COMPRISING THE TRUST ESTATE, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. THE BONDS SIMILARLY SECURED DO NOT GIVE RISE TO A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWER OF THE COUNTY AND ARE PAYABLE SOLELY FROM THE SOURCES IDENTIFIED IN THE INDENTURE. THE OWNERS OF THE BONDS SIMILARLY SECURED SHALL NEVER HAVE THE RIGHT TO DEMAND PAYMENT THEREOF OUT OF MONEY RAISED OR TO BE RAISED BY TAXATION, OR OUT OF ANY FUNDS OF THE COUNTY OTHER THAN THE PLEDGED REVENUES, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. NO OWNER OF THE BONDS SIMILARLY SECURED SHALL HAVE THE RIGHT TO DEMAND ANY EXERCISE OF THE COUNTY’S TAXING POWER TO PAY THE PRINCIPAL OF THE BONDS SIMILARLY SECURED OR THE INTEREST OR REDEMPTION PREMIUM, IF ANY, THEREON. THE COUNTY SHALL HAVE NO LEGAL OR MORAL OBLIGATION TO PAY THE BONDS SIMILARLY SECURED OUT OF ANY FUNDS OF THE COUNTY OTHER THAN THE PLEDGED REVENUES AND OTHER FUNDS COMPRISING THE TRUST ESTATE. SEE “SECURITY FOR THE BONDS SIMILARLY SECURED.”

This cover page contains certain information for quick reference only. It is not a summary of the 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 County and accepted by the Underwriter (identified below), subject to, among other things, the approval of the Bonds by the Attorney General of Texas and the receipt of the opinion of 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 D — Form of Opinion of Bond Counsel.” Certain legal matters will be passed upon for the County by the County Attorney, for the Underwriter by its counsel, Orrick, Herrington & Sutcliffe LLP, and for the Developer by the Regional Counsel of Meritage Homes Corporation, and by its special counsel, Cinclair Law, PLLC. It is expected that the Bonds will be delivered in book-entry form through the facilities of DTC on or about June 20, 2023 (the “Closing Date”).

FMSbonds, Inc.

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

CUSIP Prefix: 07031M^(a)

\$3,151,000
BASTROP COUNTY, TEXAS
(a political subdivision of the State of Texas)
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2023
(DOUBLE EAGLE RANCH PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1 PROJECT)

\$421,000 4.375% Term Bonds, Due September 1, 2030, Priced to Yield 4.450%; CUSIP No. AA7 ^(a) ^(c)

\$1,184,000 5.250% Term Bonds, Due September 1, 2043, Priced to Yield 5.250%; CUSIP No. AB5 ^(a) ^(b) ^(c)

\$1,546,000 5.375% Term Bonds, Due September 1, 2053, Priced to Yield 5.450%; CUSIP No. AC3 ^(a) ^(b) ^(c)

-
- (a) CUSIP numbers are included solely for the convenience of owners of the Bonds. CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. CUSIP numbers are provided for convenience of reference only. None of the County, the County's Financial Advisor or the Underwriter takes any responsibility for the accuracy of such numbers.
- (b) The Bonds maturing on and after September 1, 2032 are subject to redemption, in whole or in part, prior to stated maturity, at the option of the County, on any date on or after September 1, 2031, at the redemption price 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 set forth herein under "DESCRIPTION OF THE BONDS — Redemption Provisions."

BASTROP COUNTY, TEXAS

County Officials

Commissioners Court

<u>Name</u>	<u>Position</u>	<u>Term Expires (December)</u>
Gregory Klaus	County Judge	2026
Mel Hamner	Commissioner, Precinct 1	2024
Clara Beckett	Commissioner, Precinct 2	2026
Mark Meuth	Commissioner, Precinct 3	2024
David Glass	Commissioner, Precinct 4	2026

Other County Officials

Jennifer Pacheco	County Auditor
Krista Bartsch	County Clerk
Brittney Ross	County Treasurer
Ellen Owens	County Tax-Assessor Collector

PID ADMINISTRATOR

P3Works, LLC

FINANCIAL ADVISOR TO THE COUNTY

PFM Financial Advisors LLC

BOND COUNSEL

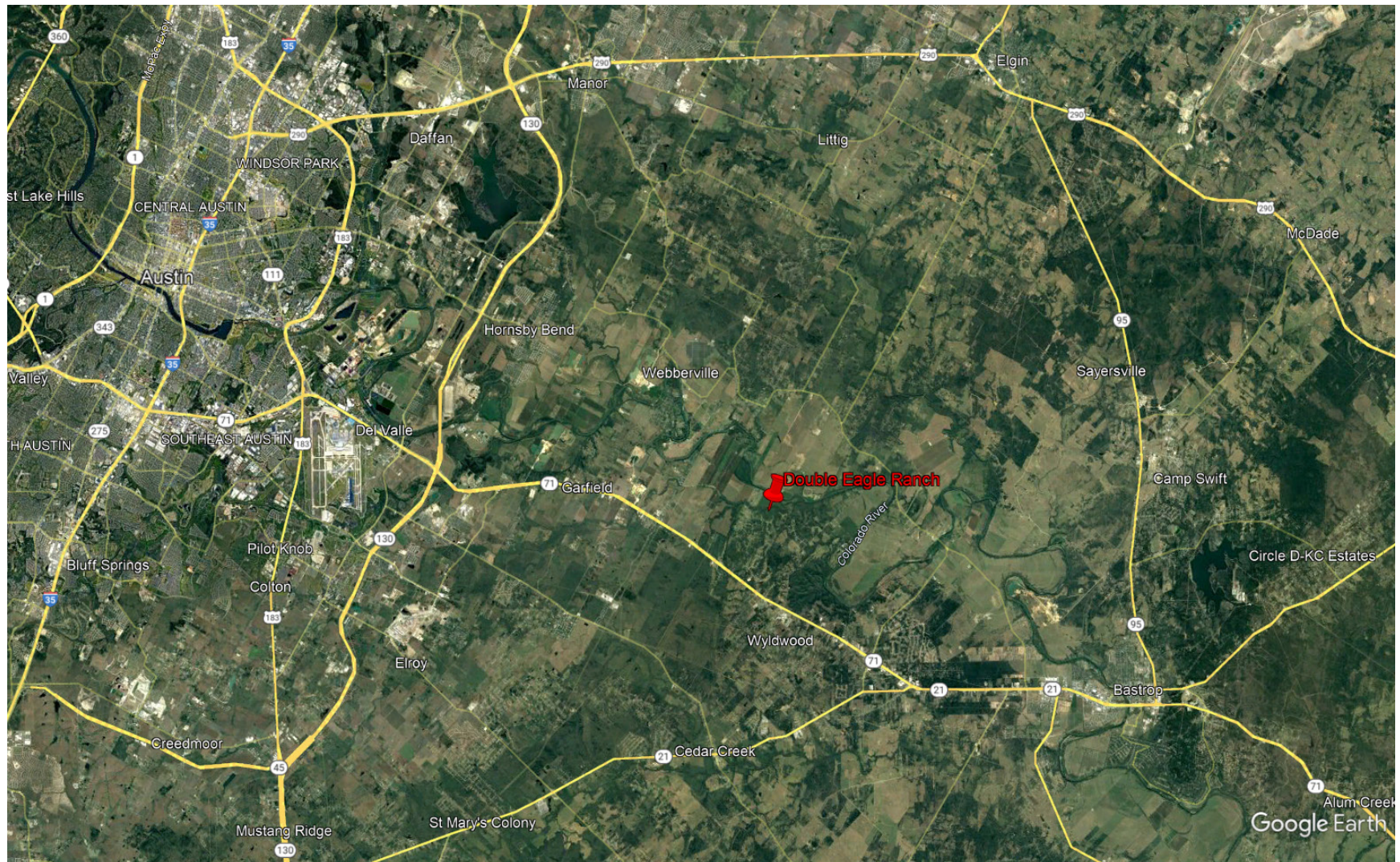
Norton Rose Fulbright US LLP

For additional information regarding the County, please contact:

Jennifer Pacheco
County Auditor
Bastrop County
804 Pecan Street
Bastrop, Texas 78602
(512) 332-7222

Blake Roberts
Director
PFM Financial Advisors LLC
111 Congress Ave., Suite 2150
Austin, TX 78701
(512) 614-5324

REGIONAL LOCATION MAP OF THE DISTRICT



AREA LOCATION MAP OF THE DISTRICT

Double Eagle Ranch



Project Location Map

MAP SHOWING IMPROVEMENT AREAS WITHIN THE DISTRICT

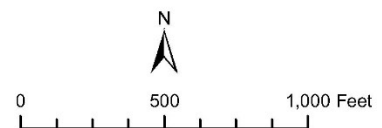
Double Eagle Ranch Improvement Areas 1 and 2



Project Detail Map



Carlson, Brigance & Doering, Inc.
Civil Engineering ♦ Surveying



MAP SHOWING CONCEPT PLAN FOR IMPROVEMENT AREA #1



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

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

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

NEITHER THE COUNTY 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 COUNTY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ANY OF ITS EXPECTATIONS OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR, OTHER THAN AS DESCRIBED UNDER “CONTINUING DISCLOSURE” HEREIN.

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

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

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

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LIMITED OFFERING MEMORANDUM

\$3,151,000

BASTROP COUNTY, TEXAS

(a political subdivision of the State of Texas)

SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2023

**(DOUBLE EAGLE RANCH PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #1 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 Bastrop County, Texas (the “County”), of its \$3,151,000 aggregate principal amount of Special Assessment Revenue Bonds, Series 2023 (Double Eagle Ranch Public Improvement District Improvement Area #1 Project) (the “Bonds”).

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

The Bonds are being issued by the County pursuant to the Public Improvement District Assessment Act, Subchapter A of Chapter 372, Texas Local Government Code, as amended (the “PID Act”), the order authorizing the issuance of the Bonds adopted by the County Commissioners Court (the “Commissioners Court”) on May 22, 2023 (the “Bond Order”), and an Indenture of Trust, dated as of June 1, 2023 (the “Indenture”), entered into by and between the County and BOKF, NA, as trustee (the “Trustee”). The Bonds will be secured by a pledge of and lien upon the Trust Estate (as defined in the Indenture) consisting primarily of revenue from special assessments (the “Assessments”) levied against assessed parcels (the “Assessed Property”) located within Improvement Area #1 (as defined herein) of the Double Eagle Ranch Public Improvement District (the “District”), pursuant to a separate order adopted by the Commissioners Court on May 22, 2023 (the “Assessment Order”), all to the extent and upon the conditions described in the Indenture.

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

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

PLAN OF FINANCE

Development Plan

Meritage Homes of Texas, LLC, an Arizona limited liability company (the “Developer”), is developing the approximately 195.879 acres of land within the District as a master planned, single-family residential development marketed as Riverbend at Double Eagle (the “Development”). The Developer’s development plans for the District consist of the initial construction of the street, drainage, erosion control and trail improvements (the “Improvement Area #1 Improvements”) necessary to serve the land within the first phase of the District (“Improvement Area #1”) followed by the construction of the street, drainage, erosion control, trail and bridge improvements (the “Improvement Area #2 Improvements” and, together with the Improvement Area #1 Improvements, the “Authorized Improvements”) necessary to serve the land within the second phase of the District (“Improvement Area #2”). Improvement Area #1 consists of approximately 55.05 acres and Improvement Area #2 consists of approximately 140.83 acres. See “THE IMPROVEMENT AREA #1 PROJECTS” for a more detailed description of the Improvement Area #1 Improvements. See “MAP SHOWING IMPROVEMENT AREAS WITHIN THE DISTRICT” and “MAP SHOWING CONCEPT PLAN FOR IMPROVEMENT AREA #1” on pages v and vi and “THE DEVELOPMENT.”

The total costs of all of the Improvement Area #1 Projects (as defined herein) are expected to be approximately \$3,151,000, all of which are expected to be financed with proceeds of the Bonds. As of April 1, 2023, the Developer has spent approximately \$1,824,487 on constructing the Improvement Area #1 Improvements. The County and the Developer entered into the Double Eagle Ranch Public Improvement District Financing Agreement, dated as of February 28, 2022 (the “Financing Agreement”), which provides, in part, for the deposit of the Assessments and the proceeds from the issuance and sale of the Bonds, and the payment of the Actual Costs of the Improvement Area #1 Projects. The Developer agrees to pay, without a right to reimbursement, any Actual Costs of the Improvement Area #1 Improvements set forth in the Service and Assessment Plan that are not funded by Bond proceeds. See “THE IMPROVEMENT AREA #1 PROJECTS” and “APPENDIX G — Financing Agreement.”

In addition to the Authorized Improvements, the Developer expects to construct certain internal water and wastewater improvements necessary to serve the District (the “Water and Wastewater Improvements”), as further described under “THE DEVELOPMENT — Water and Wastewater Improvements,” and the Amenity Center, as defined and described under “THE DEVELOPMENT — Amenities.” The total costs of the Water and Wastewater Improvements and the Amenity Center are expected to be approximately \$1,487,000 and \$1,626,000, respectively, all of which has been or will be financed by the Developer without reimbursement by the County.

The Developer commenced construction of the Improvement Area #1 Improvements in the second quarter of 2022 and has completed all of the Improvement Area #1 Improvements, with the exception of the trail improvements, which are expected to be complete by the second quarter of 2024. Concurrently with the Improvement Area #1 Improvements, the Developer commenced construction of the Water and Wastewater Improvements necessary to serve Improvement Area #1 (the “Improvement Area #1 Water and Wastewater Improvements”), which have also been completed. The Developer expects to commence construction of the Improvement Area #2 Improvements and the Water and Wastewater Improvements necessary to serve Improvement Area #2 (the “Improvement Area #2 Water and Wastewater Improvements”) in the second quarter of 2023 and complete such construction in the fourth quarter of 2025. The Developer expects to commence construction of the Amenity Center in the fourth quarter of 2023 and complete such construction by the third quarter of 2024. See “THE IMPROVEMENT AREA #1 PROJECTS” and “THE DEVELOPMENT — Development Plan and Status of Development,” “— Water and Wastewater Improvements” and “— Amenities.”

The Development is expected to include approximately 482 50’ single-family residential lots. Improvement Area #1 is expected to include approximately 105 lots and Improvement Area #2 is expected to include approximately 377 lots. The Developer is and expects to be the only homebuilder in the District. As of April 1, 2023, 27 homes in Improvement Area #1 are under construction. See “THE DEVELOPMENT.”

The Bonds

Proceeds of the Bonds will be used to provide funds for (i) paying a portion of the Actual Costs of the Improvement Area #1 Improvements, (ii) paying a portion of the interest on the Bonds during and after the period of

acquisition and construction of the Improvement Area #1 Improvements, (iii) funding a reserve fund for 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 (collectively, and as more fully described under “THE IMPROVEMENT AREA #1 PROJECTS,” the “Improvement Area #1 Projects”). See “THE IMPROVEMENT AREA #1 PROJECTS” and “APPENDIX B — Form of Indenture.”

Payment of the Bonds is secured by a pledge of and a lien upon the Trust Estate, consisting primarily of the Assessments levied against Assessed Property within Improvement Area #1 of the District, all to the extent and upon the conditions described herein and in the Indenture. See “SECURITY FOR THE BONDS SIMILARLY SECURED” and “ASSESSMENT PROCEDURES.”

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

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 County as follows:

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

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

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

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

5. The Investor acknowledges that it has either been supplied with or been given access to information, including financial statements and other financial information, and the Investor has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the County, The Improvement Area #1 Projects, 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 County in connection with the Investor’s purchase of the Bonds. The Investor

agrees that none of the County, its Commissioners Court, officers, or employees shall have any liability to the Investor whatsoever for or in connection with the Investor's decision to purchase the Bonds except for gross negligence, fraud or willful misconduct. For the avoidance of doubt, it is acknowledged that the Underwriter is not deemed an officer or employee of the County.

6. The Investor acknowledges that the obligations of the County under the Indenture are special, limited obligations payable solely from amounts paid by the County pursuant to the terms of the Indenture and the County shall not be directly or indirectly or contingently or morally obligated to use any other moneys or assets of the County for amounts due under the Indenture. The Investor understands that the Bonds are not secured by any pledge of any moneys received or to be received from taxation by the County, 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 County, the State or any political subdivision thereof; that no right will exist to have taxes levied by the State or any political subdivision thereof for the payment of principal and interest on the Bonds; and that the liability of the County and the State with respect to the Bonds is subject to further limitations as set forth in the Bonds and the Indenture.

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

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

DESCRIPTION OF THE BONDS

General Description

The Bonds will mature on the dates and in the amounts set forth on the inside cover page of this Limited Offering Memorandum. Interest on the Bonds will accrue from their date of delivery (the "Closing Date") to the Underwriter and will be computed on the basis of a 360-day year of twelve 30-day months. Interest on the Bonds will be payable on each March 1 and September 1, commencing September 1, 2023 (each an "Interest Payment Date"), until maturity or prior redemption. BOKF, NA, Houston, 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 (or such smaller amounts of not less than \$1,000 as authorized under the Indenture as a result of partial redemption) ("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 County reserves the right and option to redeem Bonds maturing on or after September 1, 2032, before their respective scheduled maturity date, in whole or in part, on any date on or after September 1, 2031, at the redemption price equal to the principal amount to be redeemed plus accrued and unpaid interest to the date of redemption (the "Redemption Price").

Extraordinary Optional Redemption. The County reserves the right and option to redeem Bonds before their respective scheduled maturity dates, in whole or in part, and in an amount specified in a County Certificate, on any date, at the Redemption Price of such Bonds, or portions thereof, to be redeemed plus accrued interest to the date of redemption from amounts on deposit in the Redemption Fund as a result of Prepayments (including related transfers to the Redemption Fund made pursuant to the Indenture) or as a result of unexpended amounts transferred from the Project Fund pursuant to the terms of the Indenture. See "ASSESSMENT PROCEDURES — Prepayment of Assessments" for the definition and description of Prepayments.

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

\$421,000 Term Bonds Maturing September 1, 2030

Sinking Fund	
<u>Redemption Date</u>	<u>Installment</u>
September 1, 2024	\$54,000
September 1, 2025	56,000
September 1, 2026	58,000
September 1, 2027	60,000
September 1, 2028	62,000
September 1, 2029	64,000
September 1, 2030†	67,000

† Stated Maturity

\$1,184,000 Term Bonds Maturing September 1, 2043

Sinking Fund		Sinking Fund	
<u>Redemption Date</u>	<u>Installment</u>	<u>Redemption Date</u>	<u>Installment</u>
September 1, 2031	\$69,000	September 1, 2038	\$ 94,000
September 1, 2032	72,000	September 1, 2039	98,000
September 1, 2033	75,000	September 1, 2040	103,000
September 1, 2034	78,000	September 1, 2041	107,000
September 1, 2035	82,000	September 1, 2042	112,000
September 1, 2036	86,000	September 1, 2043†	118,000
September 1, 2037	90,000		

† Stated Maturity

\$1,546,000 Term Bonds Maturing September 1, 2053

Sinking Fund		Sinking Fund	
<u>Redemption Date</u>	<u>Installment</u>	<u>Redemption Date</u>	<u>Installment</u>
September 1, 2044	\$123,000	September 1, 2049	\$157,000
September 1, 2045	129,000	September 1, 2050	165,000
September 1, 2046	135,000	September 1, 2051	173,000
September 1, 2047	142,000	September 1, 2052	182,000
September 1, 2048	149,000	September 1, 2053†	191,000

† Stated Maturity

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

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

The principal amount of Bonds required to be redeemed on any mandatory sinking fund redemption date shall be reduced on a pro rata basis among Sinking Fund Installments by the principal amount of any Bonds which, at least 45 days prior to the mandatory sinking fund redemption date, shall have been redeemed pursuant to the optional redemption or extraordinary optional redemption provisions, and not previously credited to a mandatory sinking fund redemption.

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

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

In selecting the Bonds to be redeemed pursuant to the optional redemption provisions, the Trustee may conclusively rely on the directions in a County Certificate.

If less than all of the Bonds are called for extraordinary optional redemption, the Bonds or portion of a Bond, as applicable, to be redeemed shall be allocated on a pro rata basis (as nearly as practicable) among all Outstanding Bonds.

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

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

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

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

BOOK-ENTRY-ONLY SYSTEM

This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by DTC while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Limited Offering Memorandum. The County and the Underwriter believe

the source of such information to be reliable, but neither the County nor the Underwriter takes responsibility for the accuracy or completeness thereof.

The County cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the 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 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 an S&P Global Ratings' 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 County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts 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 County or Paying Agent/Registrar, on the payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Trustee, the Paying Agent/Registrar, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest and payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, the Paying Agent/Registrar or the County, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

NONE OF THE COUNTY, THE TRUSTEE, THE PAYING AGENT, THE COUNTY'S FINANCIAL ADVISOR OR THE UNDERWRITER WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO THE DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEE WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR THE DTC PARTICIPANTS, THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS OF THE BONDS. THE COUNTY CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, THE DTC PARTICIPANTS OR OTHERS WILL DISTRIBUTE PAYMENTS OF PRINCIPAL OF OR INTEREST ON THE BONDS PAID TO DTC OR ITS NOMINEE, AS THE REGISTERED OWNER, OR PROVIDE ANY NOTICES TO THE BENEFICIAL OWNERS OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC WILL ACT IN THE MANNER DESCRIBED IN THIS LIMITED OFFERING MEMORANDUM. THE CURRENT RULES APPLICABLE TO DTC ARE ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION, AND THE CURRENT PROCEDURES OF DTC TO BE FOLLOWED IN DEALING WITH DTC PARTICIPANTS ARE ON FILE WITH DTC.

SECURITY FOR THE BONDS SIMILARLY SECURED

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

General

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

The principal of, premium, if any, and interest on the Bonds Similarly Secured are secured by a pledge of and a lien upon the pledged revenues (the “Pledged Revenues”), consisting primarily of Assessments levied against the Assessed Property 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, on May 22, 2023, the Commissioners Court approved and adopted a Service and Assessment Plan (as may be updated and amended from time to time, the “Service and Assessment Plan”), which describes the special benefit received by the property within Improvement Area #1, provides the basis and justification for the determination of special benefit on such property, establishes the methodology for the levy of the Assessments and provides for the allocation of Pledged Revenues for payment of principal of, premium, if any, and interest on the Bonds. The Service and Assessment Plan is 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 County of the assessment methodology set forth in the Service and Assessment Plan is the result of the discretionary exercise by the Commissioners Court of its legislative authority and governmental powers and is conclusive and binding on all current and future landowners within the District. See “APPENDIX C — Form of Service and Assessment Plan.”

The County is authorized by the PID Act, the Assessment Order and other provisions of applicable law to finance the Improvement Area #1 Projects by levying Assessments upon the Assessed Property. For a description of the assessment methodology and the amounts of Assessments levied in the District, see “ASSESSMENT PROCEDURES” and “APPENDIX C — Form of Service and Assessment Plan.”

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

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

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

“Additional Obligations” means any bonds or obligations, including specifically, any installment contracts, reimbursement agreements, temporary notes, or time warrants, secured in whole or in part by an assessment, other than the Assessments securing the Bonds, levied against property within Improvement Area #1 in accordance with the PID Act.

“Annual Installment” means, with respect to each Assessed Property, each annual payment of the Assessment, including both principal of and interest on the Assessments, as shown on the Assessment Roll attached to the Service and Assessment Plan as Exhibit F and related to the Improvement Area #1 Improvements; which annual payment includes the Annual Collection Costs and the Additional Interest collected on each annual payment of the Assessments as described in the Indenture and as defined and calculated in the Service and Assessment Plan or in any Annual Service Plan Update.

“Assessment Revenues” means monies collected by or on behalf of the County from any one or more of the following: (i) an Assessment levied against an Assessed Property, 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.

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

“Pledged Revenues” means the sum of (i) Assessment Revenue less the Annual Collection Costs and Delinquent Collection Costs; (ii) the moneys held in any of the Pledged Funds; and (iii) any additional revenues that the County may pledge to the payment of Bonds.

“Quarter in Interest” means as of any particular date of calculation, the Owners of no less than 25% of the principal amount of the then Outstanding Bonds Similarly Secured so affected. In the event that two or more groups of Owners satisfy the percentage requirement set forth in the immediately preceding sentence and act (or direct the Trustee in writing to act) in a conflicting manner, only the group of Owners with the greatest percentage of Outstanding Bonds Similarly Secured so affected (as measured in accordance with the immediately preceding sentence) shall, to the extent of such conflict, be deemed to satisfy such requirement

Assessments Payable in Annual Installments

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

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

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

Unconditional Levy of Assessments

The County imposed Assessments on the Assessed Property 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 Order. Each Assessment may be paid immediately in full or in periodic Annual Installments over a period of time equal to the term of the Bonds, which installments shall include interest on the Assessments. Pursuant to the Assessment Order, interest on the Assessments for each lot within Improvement Area #1 will begin to accrue on the date specified in the Service and Assessment Plan and, prior to issuance of the Bonds, is calculated at a rate specified in the Assessment Order. After issuance of the Bonds, Additional Interest on the

Assessments for each lot within Improvement Area #1 will accrue at the rate of 0.50% as specified in the Assessment Order. The rate of Additional Interest may not exceed a rate that is 0.50% higher than the actual interest rate of the Bonds, pursuant to Section 372.018 of the PID Act. Each Annual Installment, including the interest on the unpaid amount of an Assessment, shall be calculated annually and shall be due on or about November 1 of each year. Each Annual Installment together with interest thereon shall be delinquent if not paid prior to February 1 of the following year.

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

There is no discount for the early payment of Assessments.

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

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

Collection of Assessments and Enforcement of Lien

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

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

Perfected Security Interest

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

Pledged Revenue Fund

On or before February 20, 2024, and on or before each February 20 and August 20 of each year thereafter while the Bonds Similarly Secured are Outstanding, the County shall deposit or cause to be deposited all Pledged Revenues into the Pledged Revenue Fund and the Trustee shall apply the Pledged Revenues in the following order of priority: (i) *first*, retain in the Pledged Revenue Fund an amount sufficient to pay debt service on the Bonds Similarly Secured next coming due in such calendar year; (ii) *second*, deposit to the Reserve Account of the Reserve Fund an amount to cause the amount in the Reserve Account to equal the Reserve Account Requirement; (iii) *third*, deposit to the Additional Interest Reserve Account of the Reserve Fund in an amount equal to the Additional Interest collected in accordance with the Indenture; (iv) *fourth*, to pay other Actual Costs of the Improvement Area #1 Improvements; and (v) *fifth*, to pay other costs permitted by the PID Act.

Along with each deposit of Pledged Revenues to the Pledged Revenue Fund, the County shall provide a County Certificate to the Trustee as to (i) the Funds and Accounts into which the amounts are to be deposited or retained, as applicable, and (ii) the amounts of any payments to be made from such Funds and Accounts.

From time to time as needed to pay the obligations relating to the Bonds Similarly Secured, but no later than five Business Days before each Interest Payment Date, the Trustee shall withdraw from the Pledged Revenue Fund and transfer to the Principal and Interest Account of the Bond Fund, an amount, taking into account any amounts then on deposit in such Principal and Interest Account 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 subcaptions “Reserve Account of the Reserve Fund” and “Additional Interest 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.

Notwithstanding the above, the Trustee shall deposit Prepayments to the Pledged Revenue Fund and as soon as practicable after such deposit shall transfer such Prepayments to the Redemption Fund.

Notwithstanding the above, the Trustee shall deposit Foreclosure Proceeds to the Pledged Revenue Fund and as soon as practicable after such deposit shall transfer Foreclosure Proceeds *first*, to the Reserve Account to restore any transfers from the Reserve Account made with respect to the Assessed Property(s) to which the Foreclosure Proceeds relate, *second*, to the Additional Interest Reserve Account to restore any transfers from the Additional Interest Reserve Account made with respect to the Assessed Property(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 County may direct the Trustee by County Certificate to apply Assessments for any lawful purposes permitted by the PID Act for which Assessments may be applied.

Bond Fund

On each Interest Payment Date, the Trustee shall withdraw from the Principal and Interest Account of the Bond Fund and transfer to the Paying Agent/Registrar the principal (including any Sinking Fund Installments) and interest then due and payable on the Bonds 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 to pay the amounts due on the Bonds Similarly Secured on an Interest Payment Date, the Trustee shall withdraw from the Reserve Fund amounts to cover the amount of such insufficiency pursuant to the Indenture. Amounts so withdrawn from the Reserve Fund shall be deposited in the Principal and Interest Account of the Bond Fund and transferred to the Paying Agent/Registrar.

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

<u>Date</u>	<u>Amount</u>
September 1, 2023	\$32,280.59

Any amounts on deposit to the Capitalized Interest Account after the foregoing payments shall be transferred to the Improvement Area #1 Projects Account of the Project Fund, or if the Improvement Area #1 Projects Account of the Project Fund has been closed, then such amounts shall be transferred to the Redemption Fund to be used to redeem Bonds and the Capitalized Interest Account shall be closed.

Project Fund

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

Disbursements from the Costs of Issuance Account of the Project Fund shall be made by the Trustee to pay costs of issuance of the Bonds pursuant to one or more County Certificates, containing a properly executed and completed Closing Disbursement Request.

Disbursements from the Improvement Area #1 Projects Account of the Project Fund to pay Actual Costs of the Improvement Area #1 Improvements shall be made by the Trustee upon receipt by the Trustee of one or more County Certificates, in the form attached to the Indenture as Exhibit B, containing a properly executed and completed Certification for Payment. The disbursement of funds from the Improvement Area #1 Projects Account of the Project Fund pursuant to a County Certificate shall be pursuant to and in accordance with the disbursement procedures described in the Financing Agreement or as provided in such written direction; provided, however, that all disbursement of funds for the Actual Costs of Improvement Area #1 Improvements made pursuant to a County Certificate shall be made from the Improvement Area #1 Projects Account.

If the County Representative determines in his or her sole discretion that amounts then on deposit in the Improvement Area #1 Projects Account of the Project Fund are not expected to be expended for purposes of the Improvement Area #1 Projects Account of the Project Fund due to the abandonment, or constructive abandonment of the Improvement Area #1 Improvements, such that, in the opinion of the County Representative, it is unlikely that the amounts in the Improvement Area #1 Projects Account of the Project Fund will ever be expended for the purposes of the Improvement Area #1 Projects Account of the Project Fund, the County Representative shall file a County Certificate with the Trustee which identifies the amounts then on deposit in the Improvement Area #1 Projects Account of the Project Fund that are not expected to be used for purposes of the Improvement Area #1 Projects Account of the Project Fund. If such County Certificate is so filed, the amounts on deposit in the Improvement Area #1 Projects 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 County Certificate stating that all Improvement Area #1 Improvements have been completed and that all Actual Costs of the Improvement Area #1 Improvements have been paid, or that any such Actual Costs are not required to be paid from the Improvement Area #1 Projects Account of the Project Fund pursuant to either a Certification for Payment or written direction from the County or its designee, the Trustee shall transfer the amount, if any, remaining within the Improvement Area #1 Projects Account of the Project Fund to the Bond Fund and (ii) the Improvement Area #1 Projects Account of the Project Fund shall be closed. If the Improvement Area #1 Projects Account of the Project Fund has been closed pursuant to the provisions of the Indenture and the Costs of Issuance Account of the Project Fund has been closed pursuant to the provisions of the Indenture, then the Project Fund shall be closed.

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

The aggregate amount of funds that the Trustee may disburse from the Improvement Area #1 Projects Account of the Project Fund shall not exceed \$2,272,593.18 (the "Unrestricted Amount") except and until the Release Restriction (as defined below) has been satisfied. The Trustee may make disbursements from the Improvement Area #1 Projects Account of the Project Fund that exceed the Unrestricted Amount only when the Developer provides written certification to the Trustee and the County in a Certification for Payment that the Release Restriction has been satisfied. The first Certification for Payment that requests funds in excess of the Unrestricted Amount from the Improvement Area #1 Projects Account of the Project Fund and which evidences satisfaction of the Release Restriction shall be submitted to the County, the Trustee, and the PID Administrator for review and confirmation. Moneys may be disbursed from the Improvement Area #1 Projects Account of the Project Fund in excess of the Unrestricted Amount only if the Developer has sold and closed at least 4 homes within Improvement Area #1 to end-users (the "Release Restriction"), as evidenced by a certificate of the Developer, including a list of closed properties' addresses and respective closing dates and copies of the recorded special warranty deeds attached, delivered to the Trustee and the PID Administrator. The County may not approve a Certification for Payment from the Improvement Area #1 Projects Account of the Project Fund for any amounts that exceed the Unrestricted Amount until the Release Restriction has been satisfied.

Reserve Account of the Reserve Fund

Pursuant to the Indenture, a Reserve Account has been created within the Reserve Fund for the benefit of the Bonds and held by the Trustee. The Reserve Account of the Reserve Fund will be initially funded with a deposit of \$217,676.26 from the proceeds of the Bonds in the amount of the Reserve Account Requirement. The County agrees with the Owners of the Bonds Similarly Secured to accumulate from the deposits described under "— Pledged Revenue Fund", 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 the immediately succeeding paragraph. 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 the Indenture. Pursuant to the Indenture, the "Reserve Account Requirement" for the Bonds is the least of: (i) Maximum Annual Debt Service on the Bonds as of the Closing Date, (ii) 125% of average Annual Debt Service on the Bonds as of the Closing Date, 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, the Reserve Account Requirement is \$217,676.26, which is an amount equal to Maximum Annual Debt Service on the Bonds as of the Closing Date.

Whenever Bonds Similarly Secured are to be redeemed with the proceeds of Prepayments, the Trustee shall transfer, on the Business Day prior to the redemption date (or on such other date as agreed to by the County and the Trustee), from the Reserve Account of the Reserve Fund to the Redemption Fund, an amount specified in a County Certificate to be applied to the redemption of the 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 County Certificate as a result of such Prepayments and as a result of the transfer from the Reserve Account under the provision in this paragraph, the Trustee shall transfer an amount equal to the shortfall, and/or any additional amounts necessary to permit the Bonds Similarly Secured to be redeemed in minimum principal amounts of \$1,000, from the Additional Interest Reserve Account to the Redemption Fund to be applied to the redemption of the Bonds Similarly Secured.

Whenever, on any Interest Payment Date, or on any other date at the written request of a County Representative, the amount in the Reserve Account exceeds the Reserve Account Requirement, the Trustee shall provide written notice to the County Representative of the amount of the excess. Such excess shall be transferred to the 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 30 days of such notice to the County Representative, the Trustee receives a County Certificate instructing the Trustee to apply such excess: (i) to pay amounts due to the Rebate Fund pursuant to the Indenture, (ii) to the Improvement Area #1 Projects Account of the Project Fund, if such application and the expenditure of funds is expected to occur within three years of the date hereof, or (iii) for such other use specified in such County Certificate if the County receives a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that such alternate use will not adversely affect the exemption from federal income tax of the interest on any Bond Similarly Secured.

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

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

Additional Interest Reserve Account of the Reserve Fund

Pursuant to the Indenture, an Additional Interest Reserve Account has been created within the Reserve Fund, held by the Trustee for the benefit of the Bonds. The Trustee, if needed, will transfer from the Pledged Revenue Fund to the Additional Interest Reserve Account on March 1 and September 1 of each year, commencing March 1, 2024, an amount equal to the Additional Interest until the Additional Interest Reserve Requirement has been accumulated in the Additional Interest Reserve Account. If the amount on deposit in the Additional Interest Reserve Account shall at any time be less than the Additional Interest Reserve Requirement, the Trustee shall notify the County, in writing, of the amount of such shortfall, and the County shall resume collecting the Additional Interest and shall file a County Certificate with the Trustee instructing the Trustee to resume depositing the Additional Interest from the Pledged Revenue Fund into the Additional Interest Reserve Account until the Additional Interest Reserve Requirement has been accumulated in the Additional Interest Reserve Account; provided, however, that the County shall not be required to replenish the Additional Interest Reserve Account in the event funds are transferred from the Additional Interest Reserve Account to the Redemption Fund as a result of an extraordinary optional redemption of Bonds Similarly

Secured from the proceeds of a Prepayment. The Additional Interest Reserve Requirement is 5.5% of the principal amount of the Outstanding Bonds Similarly Secured. If, after such deposits, there is surplus Additional Interest remaining, the Trustee shall transfer such surplus Additional Interest to the Redemption Fund and shall notify the County of such transfer in writing. In transferring the amounts pursuant to the Indenture, the Trustee may conclusively rely on the Annual Installments as shown on the Assessment Roll in the Service and Assessment Plan or an Annual Service Plan Update, unless and until it receives a County Certificate directing that a different amount be used.

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

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

Administrative Fund

The County has created under the Indenture an Administrative Fund held by the Trustee. On or before February 20, 2024, and on or before each February 20 and August 20 of each year thereafter while the Bonds Similarly Secured are Outstanding, the County shall deposit or cause to be deposited to the Administrative Fund the amounts collected each year to pay Annual Collection Costs and Delinquent Collection Costs. Moneys in 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 County Certificate solely for the purposes set forth in the Service and Assessment Plan. See “APPENDIX C — Form of Service and Assessment Plan.”

THE ADMINISTRATIVE FUND IS NOT A PLEDGED FUND AND SHALL NOT BE SECURITY FOR THE BONDS SIMILARLY SECURED.

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 such 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 selected by the County verifying the sufficiency of the moneys and/or Defeasance Securities deposited with the Trustee to pay when due the principal of and interest on 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 the Bonds Similarly Secured are then rated, the Trustee shall have received written confirmation from each rating agency then publishing a rating on the Bonds that such deposit will not result in the reduction or withdrawal of the rating on the Bonds Similarly Secured. Neither Defeasance Securities nor moneys deposited with the Trustee pursuant to the Indenture nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on the Bonds 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 County 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 that at the time

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

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

Events of Default

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

- (i) The failure of the County to deposit the Pledged Revenues to the Pledged Revenue Fund;
- (ii) The failure of the County 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 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 County to make any such payments; and
- (iv) Default in the performance or observance of any covenant, agreement or obligation of the County under the Indenture and the continuation thereof for a period of 90 days after written notice to the County by the Trustee, or by the Owners of at least a Quarter in Interest of the Series of Bonds Similarly Secured so affected by such Event of Default with a copy to the Trustee, specifying such default and requesting that the failure be remedied.

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 a Quarter in Interest of the Series of Bonds Similarly Secured so affected by such Event of Default and its receipt of indemnity satisfactory to it shall, proceed against the County for the purpose of protecting and enforcing the rights of the Owners under the 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 County may be sought or shall be permitted. The Trustee retains the right to obtain the advice of counsel in its exercise of remedies of default.

THE PRINCIPAL OF THE 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 under the Indenture, the County shall determine, in its absolute discretion, and shall instruct the Trustee by County Certificate, which Trust Estate assets shall be applied to such payment and shall not be liable to any Owner or other Person by reason of such selection and application. In the event that the County shall fail to deliver to the Trustee such County Certificate, the Trustee shall select and liquidate or sell Trust Estate assets as provided in the following paragraph, and shall not be liable to any Owner, or other Person, or the County by reason of such selection, liquidation or sale. The Trustee shall have no liability for its selection of Trust Estate assets to liquidate or sell.

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 County, and all other Persons claiming such properties. No purchaser at any sale shall be bound to see to the application of the purchase money proceeds thereof or to inquire as to the authorization, necessity, expediency, or regularity of any such sale. Nevertheless, if so requested by the Trustee, the County shall ratify and confirm any sale or sales by executing and delivering to the Trustee or to such purchaser or purchasers all such instruments as may be necessary or, in the judgment of the Trustee, proper for the purpose which may be designated in such request.

Restriction on Owner's Actions

No Owner shall have any right to institute any action, suit or proceeding at law or in equity for the enforcement of the Indenture or for the execution of any trust thereof or any other remedy under the Indenture, unless (i) a default has occurred and is continuing of which the Trustee has been notified in writing, (ii) such default has become an Event of Default and the Owners of at least a Quarter in Interest of the Series of Bonds Similarly Secured then Outstanding and so affected by such Event of Default have made written request to the Trustee and offered it reasonable opportunity either to proceed to exercise the powers granted under the Indenture or to institute such action, suit or proceeding in its own name, (iii) the Owners have furnished to the Trustee indemnity as provided in the Indenture, (iv) the Trustee has for 90 days after such notice failed or refused to exercise the powers granted under the Indenture, or to institute such action, suit, or proceeding in its own name, (v) no direction inconsistent with such written request has been given to the Trustee during such 90-day period by the Owners of at least 51% of the aggregate principal amount of the Series of Bonds Similarly Secured then Outstanding and so affected by such Event of Default, 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 thereunder except in the manner provided therein, and that all proceedings at law or in equity shall be instituted and maintained in the manner provided therein and for the equal benefit of the Owners of all 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 thereunder.

Subject to provisions of the Indenture with respect to certain liabilities of the County, 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 County to pay each Bond Similarly Secured issued under the Indenture to the respective Owners thereof at the time and place, from the source and in the manner expressed in the Indenture and in the Bonds Similarly Secured.

In case the Trustee or any Owners shall have proceeded to enforce any right under the Indenture and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or any Owners, then and in every such case the County, 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 during the continuance of an Event of Default, be applied by the Trustee, on behalf of the County, to the payment of interest and principal or Redemption Price then due on Bonds Similarly secured, as follows:

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

(ii) SECOND: To the payment to the Owners entitled thereto of the unpaid principal of Outstanding Bonds 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 or Redemption Price due and to the Owners entitled thereto, without any discrimination or preference.

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

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

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

Investment of Funds

Money in any Fund or Account established pursuant to the Indenture shall be invested by the Trustee as directed by the County pursuant to a County Certificate filed with the Trustee at least two days in advance of the making of such investment. The money in any Fund or Account shall be invested in time deposits or certificates of deposit secured in the manner required by law for public funds, or be invested in direct obligations of, including obligations the principal and interest on which are unconditionally guaranteed by, the United States of America, in obligations of any agencies or instrumentalities thereof, or in such other investments as are permitted under the PFIA or any successor law, as in effect from time to time; provided that all such deposits and investments shall be made in such manner (which may include repurchase agreements for such investment with any primary dealer of such agreements) so that the money required to be expended from any Fund will be available at the proper time or times. Such investments shall be valued each year in terms of current market value as of September 30. Amounts in the Additional Interest Reserve Account may not be invested above the Yield (as defined in the Indenture) on the Bonds Similarly Secured, unless and until the County receives a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that failure to comply with such yield restriction will not adversely affect the exemption from federal income tax of the interest on any Bond Similarly Secured. For purposes of maximizing investment returns, to the extent permitted by law, money in such Funds 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 are held by or on behalf of each such Fund. If necessary, such investments shall be promptly sold to prevent any default. In the event the County does not provide written investment directions, the Trustee is instructed to invest funds into the Goldman Sachs Financial Square Treasury Instruments (CUSIP No. 38142B609).

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

Additional Obligations or Other Liens; Refunding Bonds

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

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

Additionally, the County 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.

No Refunding Bonds, Additional Obligations or subordinate obligations described above may be issued by the County unless: (1) the principal (including any principal amounts to be redeemed pursuant to mandatory sinking fund installments) of such Refunding Bonds, Additional Obligations or subordinate obligations are scheduled to mature on September 1 of the years in which principal is scheduled to mature, and (2) the interest on such Refunding Bonds, Additional Obligations or subordinate obligations must be scheduled to be paid on March 1 and/or September 1 of the years in which interest is scheduled to be paid.

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SOURCES AND USES OF FUNDS

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

Sources of Funds:

Principal Amount	\$3,151,000.00
Original Issue Discount	<u>(19,175.88)</u>
TOTAL SOURCES	\$3,131,824.12

Use of Funds:

Deposit to Improvement Area #1 Projects Account of the Project Fund ⁽¹⁾	\$2,541,594.00
Deposit to Costs of Issuance Account of the Project Fund	205,743.27
Deposit to Capitalized Interest Account of the Bond Fund	32,280.59
Deposit to Reserve Account of the Reserve Fund	217,676.26
Deposit to the Administrative Fund	40,000.00
Underwriter's Discount ⁽²⁾	<u>94,530.00</u>
TOTAL USES	\$3,131,824.12

⁽¹⁾ At closing, the Developer will only have access to funds held in the Improvement Area #1 Projects Account of the Project Fund in the amount of \$2,272,593.18. The remaining funds in the Improvement Area #1 Projects Account will be held until the Developer has sold and closed at least 4 homes within Improvement Area #1 to end-users, as evidenced by a certificate of the Developer, a list of the closed properties' addresses and respective closing dates, and copies of the recorded special warranty deeds, delivered to the Trustee and the PID Administrator. See "SECURITY FOR THE BONDS SIMILARLY SECURED — Project Fund."

⁽²⁾ Includes Underwriter's Counsel's fee of \$31,510.

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DEBT SERVICE REQUIREMENTS

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

<u>Year Ending (September 30)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023 ⁽¹⁾	\$ -	\$ 32,281	\$ 32,281
2024	54,000	163,676	217,676
2025	56,000	161,314	217,314
2026	58,000	158,864	216,864
2027	60,000	156,326	216,326
2028	62,000	153,701	215,701
2029	64,000	150,989	214,989
2030	67,000	148,189	215,189
2031	69,000	145,258	214,258
2032	72,000	141,635	213,635
2033	75,000	137,855	212,855
2034	78,000	133,918	211,918
2035	82,000	129,823	211,823
2036	86,000	125,518	211,518
2037	90,000	121,003	211,003
2038	94,000	116,278	210,278
2039	98,000	111,343	209,343
2040	103,000	106,198	209,198
2041	107,000	100,790	207,790
2042	112,000	95,173	207,173
2043	118,000	89,293	207,293
2044	123,000	83,098	206,098
2045	129,000	76,486	205,486
2046	135,000	69,553	204,553
2047	142,000	62,296	204,296
2048	149,000	54,664	203,664
2049	157,000	46,655	203,655
2050	165,000	38,216	203,216
2051	173,000	29,348	202,348
2052	182,000	20,049	202,049
2053	<u>191,000</u>	<u>10,266</u>	<u>201,266</u>
Total⁽²⁾	\$3,151,000	\$3,170,049	\$6,321,049

⁽¹⁾ Interest due in 2023 will be paid from amounts on deposit in the Capitalized Interest Account.

⁽²⁾ Totals may not add due to rounding.

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OVERLAPPING TAXES AND DEBT

Overlapping Taxes

The land within Improvement Area #1 has been, and is expected to continue to be, subject to taxes imposed by taxing entities other than the County. Such taxes are payable in addition to the Assessments. Bastrop Independent School District (“Bastrop ISD”) and Bastrop County Emergency Services District #1 may each levy ad valorem taxes upon all of the land in Improvement Area #1 for payment of debt incurred by such governmental entities and/or for payment of maintenance and operations expenses. The County has no control over the level of ad valorem taxes levied by such other taxing authorities. The following table reflects the overlapping ad valorem taxes currently levied on property located in Improvement Area #1.

Overlapping Taxes in Improvement Area #1

<u>Taxing Entity</u>	<u>Tax Year 2022 Ad Valorem Tax Rate⁽¹⁾</u>
The County	\$0.32940
The County Special Road Tax	0.07520
Bastrop ISD	1.25560
Bastrop County Emergency Services District #1	<u>0.08005</u>
Total Current Tax Rate	<u>\$1.74025</u>
Estimated Average Annual Installment of Assessment as an Equivalent Tax Rate ⁽²⁾	<u>\$0.68744</u>
Estimated Total Tax Rate and Average Annual Installment of Assessment as an Equivalent Tax Rate	<u>\$2.42769</u>

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

⁽²⁾ Derived from information in the Service and Assessment Plan.

Source: Bastrop County Appraisal District and the Service and Assessment Plan.

Overlapping Debt

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

Overlapping Debt in Improvement Area #1

<u>Taxing or Assessing Entity</u>	<u>Gross Outstanding Debt as of May 22, 2023</u>	<u>Estimated % Applicable⁽¹⁾</u>	<u>Estimated Overlapping Debt⁽¹⁾</u>
The County (Assessments - The Bonds)	\$ 3,151,000	100.0000%	\$3,151,000
The County (Ad Valorem Taxes)	51,089,000	0.0684%	34,945
Bastrop ISD ⁽²⁾	<u>276,090,132</u>	0.1063%	<u>293,484</u>
Total⁽³⁾	<u>\$330,330,132</u>		<u>\$3,479,429</u>

⁽¹⁾ Based on the Appraisal (as defined herein) for Improvement Area #1 and on certified valuations for the Tax Year 2022 for the taxing entities.

⁽²⁾ On May 6, 2023, Bastrop ISD voters authorized \$321,500,000 of additional bonding authority.

⁽³⁾ Bastrop County Emergency Services District #1 does not have any outstanding general obligation debt.

Sources: Bastrop County Appraisal District and Municipal Advisory Council of Texas.

Homeowners' Association

In addition to the Assessments described above, the Developer anticipates that each single-family residential lot owner in Improvement Area #1 will pay an annual maintenance and operation fee and/or a property owner's association fee to a homeowners' association (the “HOA”) formed by the Developer. The HOA fees are expected to be approximately \$113 per month.

ASSESSMENT PROCEDURES

General

Capitalized terms used under this caption and not otherwise defined in this Limited Offering Memorandum shall have the meaning given to such terms in the Service and Assessment Plan. As required by the PID Act, when the County determines to defray a portion of the costs of the Improvement Area #1 Projects through Assessments, it must adopt a resolution generally describing the Improvement Area #1 Projects and the land within the District to be subject to Assessments to pay the costs therefor. The County has caused an assessment roll to be prepared (the “Assessment Roll”), which Assessment Roll shows the Assessed Property within Improvement Area #1, the amount of the benefit to and the Assessment against each Lot or Parcel of land and the number of Annual Installments in which the Assessment is divided. The Assessment Roll was filed with the County Clerk and made available for public inspection. Statutory notice was given to the owners of the property to be assessed and a public hearing was conducted to hear testimony from affected property owners as to the propriety and advisability of undertaking the Improvement Area #1 Projects and funding the same with Assessments. The County levied the Assessments and adopted the Assessment Order on May 22, 2023, after which the Assessments became legal, valid, and binding liens upon the Assessed Property.

Under the PID Act, the costs of the Improvement Area #1 Projects to be defrayed through Assessments may be assessed by the County against the Assessed Property so long as the special benefit conferred upon the Assessed Property by the Improvement Area #1 Projects equals or exceeds the Assessments. The costs of the Improvement Area #1 Projects may be assessed using any methodology that results in the imposition of equal shares of cost on Assessed Property similarly benefited. The allocation of benefits and assessments to the benefitted land within Improvement Area #1 is presented in the Service and Assessment Plan, which should be read in its entirety. See “APPENDIX C — Form of Service and Assessment Plan.”

Assessment Methodology

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

As set forth in the Service and Assessment Plan, the benefits received by the Improvement Area #1 Projects shall initially be allocated entirely to the Assessed Property. See “APPENDIX C — Form of Service and Assessment Plan.” As the Assessed Property is subsequently divided, the benefits received by the Improvement Area #1 Projects and the related Assessments will be apportioned pro rata according to the Estimated Buildout Value of the newly created Parcels. See “— Assessment Amounts – Method of Apportionment of Assessments” below.

The County has determined that the foregoing method of allocation will result in the imposition of equal shares of the Assessments on Parcels similarly benefitted within Improvement Area #1. The Assessments and interest thereon are expected to be paid in Annual Installments as described above. The determination by the County of the assessment methodology set forth in the Service and Assessment Plan is the result of the discretionary exercise by the Commissioners Court of its legislative authority and governmental powers and is conclusive and binding on the Developer and all future owners and developers within Improvement Area #1. See “APPENDIX C — Form of Service and Assessment Plan.”

The table below provides the estimated value to lien analysis based on Lot Type in Improvement Area #1.

Estimated Value to Lien Analysis in Improvement Area #1⁽¹⁾

<u>Lot Type</u>	<u>Planned Number of Lots</u>	<u>Estimated Finished Lot Value per Lot⁽²⁾</u>	<u>Estimated Buildout Value per Lot⁽³⁾</u>	<u>Estimated Buildout Value per Lot Type⁽³⁾</u>	<u>Maximum Assessment per Lot⁽⁴⁾</u>	<u>Estimated Ratio of Finished Lot Value to Maximum Assessment</u>	<u>Estimated Ratio of Buildout Value to Maximum Assessment</u>
50'	105	\$80,500	\$380,500	\$39,952,500	\$30,009.52	2.68 : 1	12.68 : 1

⁽¹⁾ The actual unit counts and estimated buildout value may vary from that shown above. Additionally, the Assessment allocation for each Lot Type may vary, subject to the terms of the Service and Assessment Plan, the PID Act, and other documents associated with the Bonds, and will be finalized for each Parcel at the time such Parcel is platted.

⁽²⁾ The estimated finished lot value represents the “as-is” retail market value, as set forth in the Appraisal. See “APPRAISAL” and “APPENDIX F — Appraisal.”

⁽³⁾ Provided by the Developer.

⁽⁴⁾ Pursuant to the Service and Assessment Plan, the Assessment per Lot Type may not exceed the Maximum Assessment (as defined herein). See “— Assessment Amounts – Method of Apportionment of Assessments” and “APPENDIX C — Form of Service and Assessment Plan.”

Collection and Enforcement of Assessment Amounts

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

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

The County covenants, agrees and warrants in the Indenture that, for so long as any Bonds Similarly Secured are Outstanding and amounts are due to the Developer under the Financing Agreement to reimburse it for funds that it has contributed to pay the costs of the Improvement Area #1 Projects, 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. See “SECURITY FOR THE BONDS SIMILARLY SECURED — Collection of Assessments and Enforcement of Lien.”

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

The County will determine or cause to be determined, no later than February 15 of each year, whether or not any Annual Installment is delinquent and, if such delinquencies exist, the County will order and cause to be commenced as soon as practicable any and all appropriate and legally permissible actions to obtain such Annual Installment, and any delinquent charges and interest thereon, including diligently prosecuting an action in district court to foreclose the currently delinquent Annual Installment. Notwithstanding the foregoing, the County will not be required under any circumstances to purchase or make payment for the purchase of the delinquent Assessment or the corresponding property. See “SECURITY FOR THE BONDS SIMILARLY SECURED — Collection of Assessments and Enforcement of Lien.”

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

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

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

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

After July, the penalty remains at 12%, and interest 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 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 Parcel within Improvement Area #1. The Assessments may not exceed the amounts shown on the Assessment Roll. The Assessments will be levied against the Parcels comprising the Assessed Property, as indicated on the Assessment Roll. See "APPENDIX C — Form of Service and Assessment Plan."

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

Method of Apportionment of Assessments. For purposes of the Service and Assessment Plan, the Commissioners Court has determined that the Assessments shall be initially allocated 100% to the Assessed Property. Upon the division of any Assessed Property without the recording of a subdivision plat, the PID Administrator shall reallocate the Assessment for the Assessed Property prior to the subdivision among the newly divided Assessed Properties according to the following formula:

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

Where the terms have the following meaning:

A = the Assessment for the newly divided Assessed Property

B = the Assessment for the Assessed Property prior to division

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

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

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

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

Where the terms have the following meanings:

A = the Assessment for the newly subdivided Lot

B = the Assessment for the Parcel prior to subdivision

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

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

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

The sum of the Assessment for all newly subdivided Lots shall not exceed the Assessment for the portion of the Assessed Property subdivided prior to subdivision. The calculation shall be made separately for each newly subdivided Assessed Property. The reallocation of an Assessment for an Assessed Property that is a homestead under State law may not exceed the Assessment prior to the reallocation. Any reallocation pursuant to this section shall be reflected in the next Annual Service Plan Update and approved by the Commissioners Court. See “APPENDIX C — Form of Service and Assessment Plan.”

The Assessment for any resulting Lot may not exceed the “Maximum Assessment” for such Lot Type. The term “Maximum Assessment” means, for each Lot Type within Improvement Area #1, the amount shown in Exhibit H to the Service and Assessment Plan, which amount will be reduced annually by principal payments made as part of the Annual Installments. See “APPENDIX C — Form of Service and Assessment Plan.” The following table provides the expected allocation of Assessments based on Lot Type.

Assessment Allocation by Lot Type in Improvement Area #1⁽¹⁾

<u>Lot Type</u>	<u>Planned Number of Lots</u>	<u>Estimated Buildout Value per Lot⁽²⁾</u>	<u>Maximum Assessment per Lot⁽³⁾</u>	<u>Total Assessments per Lot Type⁽³⁾</u>	<u>Estimated Average Annual Installment per Lot⁽⁴⁾</u>	<u>Equivalent Tax Rate per \$100 Assessed Value⁽⁴⁾</u>
50'	105	\$380,500	\$30,009.52	\$3,151,000	\$2,615.70	\$0.68744

⁽¹⁾ The actual unit counts and estimated buildout value may vary from that shown above.

⁽²⁾ Provided by the Developer.

⁽³⁾ Pursuant to the Service and Assessment Plan, the Assessment per Lot Type may not exceed the Maximum Assessment, as shown in the table above. See “APPENDIX C — Form of Service and Assessment Plan.”

⁽⁴⁾ Based on Annual Installments due from 2024 to 2053. Shown for illustrative purposes only.

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

Prepayment of Assessments

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

Mandatory Prepayments. If Assessed Property is transferred to a person or entity that is exempt from payment of the Assessments, the owner transferring the Assessed Property shall pay to the County or the PID Administrator on behalf of the County the full amount of the outstanding Assessment, plus Prepayment Costs and Delinquent Collection Costs, if any, for such Assessed Property, prior to the transfer. If the owner of the Assessed Property causes the

Assessed Property to become Non-Benefited Property, the owner causing the change in status shall pay the full amount of the outstanding Assessment, plus Prepayment Costs and Delinquent Collection Costs, if any, prior to the change in status.

True-Up of Assessments if Maximum Assessment Exceeded. Prior to the County approving a final subdivision plat, the PID Administrator will certify that such plat will not result in the Assessment per Lot for any Lot Type to exceed the Maximum Assessment. If the PID Administrator determines that the resulting Assessment per Lot for any Lot Type will exceed the Maximum Assessment, then (i) the Assessment applicable to each Lot Type exceeding the Maximum Assessment shall be reduced to the Maximum Assessment, and (ii) the person or entity filing the plat shall pay to the County the amount the Assessment was reduced, plus Prepayment Costs and Delinquent Collection Costs, prior to the County approving the final plat. The County's approval of a final subdivision plat without payment of such amounts does not eliminate the obligation of the person or entity filing the plat to pay the amounts referenced in the preceding sentence.

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

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

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

Notwithstanding the preceding paragraphs under this subcaption, the Assessment shall not, however, be reduced to an amount less than the outstanding Bonds.

Reduction of Assessments. If, as a result of cost savings or Improvement Area #1 Improvements not being constructed, the Actual Costs of completed Improvement Area #1 Improvements are less than the Assessments, the Trustee shall apply amounts on deposit in the Project Fund that are not expected to be used for purposes of the Project Fund to redeem outstanding Bonds. The Assessments shall not, however, be reduced to an amount less than the related outstanding Bonds.

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

Priority of Lien

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

Foreclosure Proceedings

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

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

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

The County will not be obligated to fund foreclosure proceedings out of any funds other than in the Administrative Fund. If Pledged Revenues are insufficient to pay foreclosure costs, the owners of the Bonds may be required to pay amounts necessary to continue foreclosure proceedings. See "APPENDIX B — Form of Indenture" and "APPENDIX C — Form of Service and Assessment Plan."

THE COUNTY

The County came into existence in 1836, covering 895 square miles of Central Texas. The County is bounded on the northwest by Travis County in which Austin, the State Capital, is located, on the northeast by Lee County, on the southeast by Fayette County, and on the southwest by Caldwell County. The County's 2020 census population

was 97,219. The County's economy is primarily based on agriculture, light manufacturing and tourism. The major agricultural products include beef, hay, cotton, sorghums, pecans, peanuts and pine, cedar, mesquite and oak timbers. Principal mineral production includes ceramic clay for use in brick making, petroleum, natural gas, and gravel. Dun & Bradstreet rates 120 business establishments in the County.

Policy making and supervisory functions are the responsibility of, and vested in, a five-member County Court of Commissioners. Commissioners serve four year overlapping terms. Each of the four Commissioners is elected from a precinct in the County, and the County Judge is elected at large.

The current members of the Commissioners Court and their respective expiration of terms of office and the principal officials of the County are shown on page ii hereof. General information regarding the County and the surrounding area can be found in "APPENDIX A — General Information Regarding the County."

THE DISTRICT

General

The PID Act authorizes the County to create public improvement districts within its boundaries and to impose assessments within the public improvement district to pay for certain improvements. The District was created by the County in accordance with the PID Act by a resolution adopted by the Commissioners Court on May 10, 2021 in accordance with the PID Act (the "Creation Resolution"), for the purpose of undertaking and financing, in phases, the cost of certain Authorized Improvements within the District, including the Improvement Area #1 Projects, authorized by the PID Act and approved by the Commissioners Court that confer a special benefit on the 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 Commissioners Court. A map of the property within the District is included on page v hereof.

Powers and Authority of the County

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

Pursuant to the PID Act and the Creation Resolution, the County has the power to undertake, or reimburse a property owner for the costs of, the financing, acquisition, construction, or improvement of the Improvement Area #1 Improvements. See "THE IMPROVEMENT AREA #1 PROJECTS." Pursuant to the authority granted by the PID Act and the Creation Resolution, the County has determined to undertake the construction, acquisition, or purchase of certain street, drainage, erosion control, and trail improvements comprising the Improvement Area #1 Improvements and to finance a portion of the costs thereof through the issuance of the Bonds. The County has further determined to provide for the payment of debt service on the Bonds through Pledged Revenues. See "ASSESSMENT PROCEDURES" and "APPENDIX C — Form of Service and Assessment Plan."

THE IMPROVEMENT AREA #1 PROJECTS

General

The Improvement Area #1 Projects consist of the (i) Improvement Area #1 Improvements, (ii) Bond Issuance Costs and (iii) First Year Annual Collection Costs, each as defined and described below. A portion of the costs of the Improvement Area #1 Projects will be funded with proceeds of the Bonds. The balance of the costs of the Improvement Area #1 Projects will be paid by the Developer under the terms of the Financing Agreement and the Service and Assessment Plan. See "APPENDIX C — Form of Service and Assessment Plan" and "APPENDIX G — Financing Agreement."

Improvement Area #1 Projects

Improvement Area #1 Improvements. The Improvement Area #1 Projects consist of the following Improvement Area #1 Improvements:

Street Improvements. Improvements include subgrade preparation (including excavation and drainage), stabilized subgrade, aggregate base course and asphalt roadway with concrete curb and gutter. Intersections and signage are included. These roadway improvements will provide street access to each Lot. Residential streets will be constructed to local street standards (50' row/29' pavement) and Red Tailed Hawk Lane will be constructed to local street standards utilizing a 60' row and 29' pavement. Residential streets typical sections will include 2" H.M.A.C and 12" of crushed limestone base over 8" moisture conditioned subgrade. Red Tailed Hawk Lane paving section will include 3" H.M.A.C and 12" of crushed limestone base over a geogrid and 8" moisture conditioned subgrade. The constructed improvements provide improved access to each lot and the project includes an emergency access point to the adjoining subdivision which provides for community benefit. Sidewalks will be constructed on both sides of the road on all streets within Improvement Area #1. They will be used as public pedestrian pathways to provide accessible routes throughout the development.

Drainage Improvements. Improvements include trench excavation and embedment, trench safety, reinforced concrete piping, manholes, inlets, headwalls and open channels/swales. These improvements will allow the developed conditions stormwater to be collected and outfall within the limits of Improvement Area #1. Rainfall runoff will be collected and conveyed subsurface into Moss Branch, Dry Creek and the Colorado River. Detention structures are not proposed. The limits of the floodplain are contained within lots that will be dedicated as drainage easements. No portion of the FEMA 100-year floodplain encroaches on any single family lots within this subdivision. The development has been designed so that the post developed 100-year floodplain does not encroach on any single family lots within this subdivision and does not adversely affect any upstream property owners.

Erosion Control Improvements. Improvements include silt fence, rock berms, construction entrances, inlet protection, topsoil and revegetation, and irrigation sleeves for the limits of Improvement Area #1.

Trails. Includes construction of recreational trails within and throughout many of the open space lots to provide as a public amenity within the limits of Improvement Area #1.

Soft Costs. Includes costs related to designing, constructing, and installing the Improvement Area #1 Improvements including land planning and design, County permits and fees, engineering, soil testing, survey, construction management, legal, special assessment consulting, and contingency.

Improvement Area #1's Allocable Share of District Formation Expenses. Improvement Area #1's allocable share of the costs incurred in creating the District, including attorney fees, consultant fees, and other fees and expenses related to the formation of the District and the levy of Assessments (collectively, the "District Formation Expenses").

Bond Issuance Costs. The Improvement Area #1 Projects also consist of the following "Bond Issuance Costs": the costs associated with issuing the Bonds, including but not limited to attorney fees, financial advisory fees, consultant fees, appraisal fees, printing costs, publication costs, County costs, reserve fund requirements, capitalized interest, underwriter discount, fees charged by the Texas Attorney General, and any other cost or expense directly associated with the issuance of the Bonds.

First Year Annual Collection Costs. The Improvement Area #1 Projects also include the estimated costs of the first year Annual Collection Costs.

Costs of Improvement Area #1 Projects

The following table reflects the expected total costs of the Improvement Area #1 Projects. A portion of the costs of the Improvement Area #1 Projects are expected to be financed with proceeds of the Bonds.

<u>Estimated Improvement Area #1 Project Costs⁽¹⁾</u>	
<u>Type of Improvement Area #1 Project</u>	<u>Total Cost</u>
<i>Improvement Area #1 Improvements</i>	
Streets	\$1,397,063
Drainage	466,881
Erosion Control	75,549
Trails	104,770
Soft Costs	388,410
District Formation Expenses ⁽²⁾	<u>108,921</u>
Subtotal	\$2,541,594
<i>Bond Issuance Costs</i>	
Deposit to Reserve Account	\$217,676
Capitalized Interest	32,281
Underwriter Discount	94,530
Original Issue Discount	19,176
Costs of Issuance	<u>205,743</u>
Subtotal	\$ 569,406
<i>First Year's Annual Collection Costs</i>	<u>\$ 40,000</u>
Total⁽³⁾	<u>\$3,151,000</u>

⁽¹⁾ Derived from information in the Service and Assessment Plan. Does not include costs of the Water and Wastewater Improvements, which are estimated to be approximately \$1,487,000, are not considered Authorized Improvements and may not be reimbursed with Bond proceeds. See "THE DEVELOPMENT— Water and Wastewater Improvements."

⁽²⁾ District Formation Expenses are estimated to total \$500,000 for the entire District and are allocated between Improvement Area #1 and Improvement Area #2 on a pro rata basis based on the Estimated Buildout Value as shown on Exhibit L of the Service and Assessment Plan.

⁽³⁾ Totals may not add due to rounding.

The costs of the Improvement Area #1 Improvements are based on information provided by the Developer and its engineer and reviewed by the County staff and by third-party consultants retained by the County and were approved by the Commissioners Court. The total costs of all of the Improvement Area #1 Projects are expected to be approximately \$3,151,000, all of which are expected to be paid with proceeds of the Bonds. As of April 1, 2023, the Developer has spent approximately \$1,824,487 on constructing the Improvement Area #1 Improvements, which are complete.

The Appraisal estimates that the retail market value of the property within Improvement Area #1 under certain conditions, including the completion of all the Improvement Area #1 Improvements and the Improvement Area #1 Water and Wastewater Improvements, is \$8,452,500. The Appraisal is attached hereto as APPENDIX F and should be read in its entirety in order to understand the meaning and basis of the information set forth therein. The Appraisal is addressed to the County and the Underwriter. The estimates of value presented in the Appraisal are no indication of the appraised property's actual market value. Investors should not assume that the disposition of the lots in Improvement Area #1 in the event of default would provide sufficient funds to pay the principal of Bonds outstanding at that time. The conclusions reached in the Appraisal are subject to certain assumptions, hypothetical conditions, and qualifications, which are set forth in the Appraisal. See "APPRAISAL" for further information regarding the Appraisal, including with respect to such assumptions, hypothetical conditions, and qualifications.

Ownership and Maintenance of Improvement Area #1 Improvements

The Improvement Area #1 Improvements, except for the trail improvements, will be dedicated to the County and will constitute a portion of the County's infrastructure improvements. The County will provide for the ongoing

maintenance and repair of such Improvement Area #1 Improvements, except for the sidewalks and any drainage system improvements outside of the closed drainage system, which will be maintained by the HOA pursuant to a maintenance agreement between the County and the HOA. The trail improvements will be dedicated to and maintained by the HOA on behalf of the County. The HOA will grant a public access easement to the County with respect to the trail improvements.

THE DEVELOPMENT

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

Overview

The Development is a master-planned single-family residential development within the County and the extraterritorial jurisdiction of the City of Bastrop, Texas (the “City”). The Development is comprised of 195.879 acres and is located approximately 20 miles southeast of Austin, Texas, and approximately 13 miles northwest of the City. The Development is located off Double Eagle Ranch Drive approximately two miles north of Highway 71.

Development Plan and Status of Development

The Developer’s development plans for the District consist of the initial construction of the Improvement Area #1 Improvements and Improvement Area #1 Water and Wastewater Improvements necessary to serve the lots within Improvement Area #1 followed by the construction of the Improvement Area #2 Improvements and Improvement Area #2 Water and Wastewater Improvements necessary to serve the lots within Improvement Area #2.

The Developer commenced construction of the Improvement Area #1 Improvements in second quarter of 2022 and has completed all of the Improvement Area #1 Improvements, with the exception of the trail improvements, which are expected to be complete by the second quarter of 2024. Concurrently with the Improvement Area #1 Improvements, the Developer commenced construction of the Improvement Area #1 Water and Wastewater Improvements, which have also been completed. The Developer expects to commence construction of the Improvement Area #2 Improvements and the Improvement Area #2 Water and Wastewater Improvements in the second quarter of 2023 and complete such construction in the fourth quarter of 2025. The Development is also expected to include 70 acres of parkland and open space and the Amenity Center. See “— Water and Wastewater Improvements” and “— Amenities.”

Single-Family Development

The Development is expected to include approximately 482 50’ single-family residential lots. Improvement Area #1 is expected to include approximately 105 lots and Improvement Area #2 is expected to include approximately 377 lots. The Developer expects to construct all planned residential homes on all 482 lots within the District and does not expect to contract with any merchant homebuilders. As of April 1, 2023, 27 homes are under construction in Improvement Area #1. The Developer expects to have two furnished model homes available by mid-May 2023.

The Developer’s homes are designed to exceed ENERGY STAR® guidelines and include the following energy-saving features: (i) Spray Foam Insulation; (ii) Indoor AirPLUS Certification; (iii) Fresh Air Management System; (iv) Dual-Actuated Toilets; (v) Low-To-Zero VOC Materials, Paints, Stains & Adhesives; (vi) M.Connected Home Automation Suite; (vii) MERV 13 HVAC Filtration; and (viii) LED Lighting.

The Developer's current expectations regarding buildout of the single-family lots and homes within the District are shown in the following table.

Expected Buildout of Single-Family Lots within the District⁽¹⁾

Improvement	Lot	Number	Actual/Expected	Actual/Expected	Expected Initial	Expected Home
<u>Area</u>	<u>Size</u>	<u>of Lots</u>	<u>Infrastructure</u>	<u>Home Construction</u>	<u>Sale Date of</u>	<u>Construction</u>
			<u>Completion Date</u>	<u>Commencement Date</u>	<u>Homes to</u>	<u>Completion Date</u>
					<u>Homeowners⁽³⁾</u>	
1	50'	105	Q1 2023 ⁽²⁾	Q1 2023	Q3 2023	Q1 2025
2	50'	377	Q4 2025	Q2 2024	Q3 2024	Q4 2028
Total		482				

⁽¹⁾ These projections regarding final buildout and final sale dates were provided by the Developer. Expected buildout and final sale date projections in the Appraisal may vary.

⁽²⁾ Date does not include completion of the trail improvements within Improvement Area #1. The Developer expects to complete such improvements by the second quarter of 2024.

⁽³⁾ Sale date represents the actual closing date of a home to a homeowner.

The anticipated schedule for sale of single-family lots to homeowners in the District is shown in the following table.

Expected Sale of Single-Family Homes to Homeowners in the District⁽¹⁾

<u>Expected Sale Date⁽²⁾</u>	<u>Improvement Area #1</u>	<u>Improvement Area #2</u>
2023	38	-
2024	67	5
2025	-	108
2026	-	108
2027	-	108
2028	-	48
Total	105	377

⁽¹⁾ These projections regarding expected absorption were provided by the Developer. Absorption projections in the Appraisal may vary. Numbers include model homes.

⁽²⁾ Sale date represents date that the Developer expects homes to be under contract with homeowners. Therefore, a home may be "sold" to a homeowner while it is still under construction.

Photographs

The following are photographs of the current construction within the District.





The following are depictions of the product types to be offered in Improvement Area #1.





Water and Wastewater Improvements

The Water and Wastewater Utility Construction, Conveyance and Service Agreement between Double Eagle Villages, LLC and Corix Utilities (Texas), Inc. (“Corix”), as assigned to the Developer (the “Utility Agreement”), sets forth the procedures and agreements between the Developer and Corix in connection with the water and wastewater service to be provided to the District. In the Utility Agreement, (a) Corix agreed to (i) provide retail water and wastewater services to the District, subject to certain terms described below, and (ii) design, construct or cause the construction of, as well as finance, all Major Facilities (as defined below) required for the provision of retail water and wastewater service to the customers within the District and (b) the Developer agreed to (i) construct and finance the construction of the Water and Wastewater Improvements, (ii) pay the Reservation Fees (as defined below) to Corix and (iii) convey the Interests to be Acquired (as defined below) to Corix. Upon completion, the Water and Wastewater Improvements will be owned, operated, and maintained by Corix.

For purposes of this subcaption, the following terms are assigned the following definitions:

“Fee Tracts” means the real property on which the Major Facilities will be located.

“Initial Reservation Fee Payment” means the sum of \$596,400 to be paid by Developer to Corix as a condition for commencement of design by Corix of the Major Facilities required to serve Improvement Area #1.

“Interests to be Acquired” means: (i) the Water and Wastewater Improvements to be conveyed by Developer to Corix along with the associated real property rights; (ii) the Fee Tracts; and (iii) all easements within the District required to provide Corix access to and from the Fee Tracts from a public roadway.

“Major Facilities” means the major water and wastewater infrastructure improvements to be funded and constructed by Corix for the provision of water and wastewater service to customers within the District, which shall include all infrastructure improvements required for the provision of retail water and wastewater service excluding the Water and Wastewater Improvements, including, but not limited to, the Wastewater Treatment Plant, elevated water storage tank facilities and pump station improvements.

“Reservation Fee” means the sum of \$7,000 to be paid by or on behalf of Developer to Corix for the reservation of capacity for each lot within the District and as a contribution in aid of construction of Corix’s costs of design and construction of the Major Facilities.

“Wastewater Treatment Plant” means the wastewater treatment plant facility and related disposal facilities and appurtenances to be constructed by Corix for the treatment and disposal of wastewater effluent generated within the District.

“Water and Wastewater Improvements” means the internal water and wastewater subdivision infrastructure to be constructed by or on behalf of Developer and subsequently conveyed to Corix for providing retail water and wastewater service to customers within each phase of development within the District. The Water and Wastewater Improvements do not include the Major Facilities, but shall include the facilities required to extend to and connect the internal subdivision water and wastewater improvements to the Major Facilities.

“Wholesale Water Agreement” means the Wholesale Service Agreement between Aqua Water Supply Corporation (“Aqua”) and Corix for the provision of retail and wholesale water service by Corix to the District.

Under the Utility Agreement,

(i) Corix shall make retail water and wastewater service available to Improvement Area #1 not later than 12 months after satisfaction of all of the following conditions precedent: (a) receipt of all required approvals; (b) receipt of the Initial Reservation Fee Payment from Developer in full; and (c) receipt of conveyance from Developer of fee title to the Fee Parcels and all easements required for Corix to access the Fee Parcels from a public roadway (“Improvement Area #1 Conditions”). Additionally, before service can be provided, the Developer must have completed the Improvement Area #1 Water and Wastewater Improvements. *The Developer has completed all of the Improvement Area #1 Conditions and has finished construction of the Improvement Area #1 Water and Wastewater Improvements.*

(ii) The Wholesale Water Agreement shall be the initial source of water supply to Improvement Area #1 until the Major Facilities necessary to provide retail water service have been completed. *The water storage tank is currently under construction by Corix with an expected completion date of May 24, 2023. The water storage tank is not necessary to supply water to Improvement Area #1, as retail water service will initially be provided under the Wholesale Water Agreement.*

(iii) The initial source of wastewater treatment and disposal services for the District shall be the Wastewater Treatment Plant. Corix may secure or develop alternative sources of wastewater treatment and disposal services for the District in its sole and absolute discretion. *The Developer has completed construction of its portion of the lift station. Corix will construct the remaining improvements to the lift station in conjunction with the first phase of construction of the Wastewater Treatment Plant. The Wastewater Treatment Plant is being constructed in the following two phases, according to Corix: Phase 1 - 80,000 gpd, which is expected to be substantially complete by July 2023; Phases 2 and 3 – construction timing will depend on flows and number of homes connected. Phase 1 will accommodate approximately 300 homes before beginning an expansion. It will require approximately 6 months to add the next increment of treatment. Corix will provide pump and haul until substantial completion of the Wastewater Treatment Plant or until the minimum number of homes are connected to the wastewater system so that flows are sufficient to operate the Wastewater Treatment Plant. Corix expects there will need to be approximately 20 homes connected before it can begin operating the plant.*

(iv) The Developer shall pay, or cause to be paid, to Corix the Reservation Fee for each lot sold within the District. The Reservation Fee shall be tendered by or on behalf of Developer to Corix in accordance with the following timeframes: (a) \$1,200 of the Reservation Fee for the full Service Commitment (497 living unit equivalents (“LUEs”)), representing the Initial Reservation Fee Payment, shall be prepaid by Developer to Corix at such time as Developer desires Corix to proceed with commencement of design of the Major Facilities; and (ii) the remaining balance of the Reservation Fee (\$5,800 per LUE) shall be paid by Developer to Corix upon application to Corix for a water meter to a lot (including for construction purposes). *The Developer paid the Initial Reservation Fee on August 31, 2021. The Developer expects to request the meters in phases, and in April 2023 began to request and install meters for the initial 26 permits approved by the County.*

Pursuant to the Wholesale Water Agreement,

(i) As of August 17, 2022, Aqua held the certificate of convenience and necessity (“CCN”) to provide retail water to the District. Aqua agreed to assist Corix in transferring Aqua’s CCN to Corix. *Corix is now the holder of the CCN to provide retail water to the District.*

(ii) Aqua agreed to provide temporary water service to Improvement Area #1 for a period of three years or until the Major Facilities required to provide water service to Improvement Area #1 have been completed. In consideration of providing such service, Corix was required to pay a “Capacity Reservation Fee” in the amount of \$600 for all 497 LUEs and a “System Development Fee” in the amount of \$3,500 for 200 LUEs. *In May of 2022, the Developer paid both fees.*

(iii) As of the effective date of the Wholesale Water Agreement, Aqua had an existing waterline sufficient to provide temporary capacity to Improvement Area #1, but certain construction was required to provide water service to the rest of the District. Corix agreed to pay the costs to construct such improvements. Aqua agreed to provide wholesale water service to the District once such improvements are completed. *Corix completed such improvements in February 2023.*

Financing Agreement

The County and the Developer entered into the Financing Agreement, which provides, in part, for the deposit of the Assessments and the proceeds from the issuance and sale of the Bonds, and the payment of the Actual Costs of the Improvement Area #1 Projects. In the Financing Agreement, the Developer agreed to pay the costs of constructing the Improvement Area #1 Improvements that are not paid from proceeds of the Bonds or the Assessments without reimbursement by the County. The Financing Agreement anticipated that the initial tax equivalent assessment rate will be no more than \$0.75 per \$100 of assessed value. Additionally, the Financing Agreement provides that (i) the maximum aggregate principal amount of bonds for the District (“PID Bonds”) that may be issued is \$20,000,000, (ii) the final maturity for any PID Bonds may not be later than 35 years from the effective date of the Financing Agreement, (iii) the value to lien ratio will be equal to or greater than 3:1 for the applicable series of PID Bonds and (iv) that PID Bonds may not be issued for a particular improvement area until the Authorized Improvements in such improvement area have been completed. The County has agreed to waive the value to lien ratio requirement in connection with the Bonds. In lieu of such requirement, the Indenture establishes a holdback of funds within the Project Fund until the value to lien ratio within Improvement Area #1 has reached at least a 3:1. See “SECURITY FOR THE BONDS SIMILARLY SECURED — Project Fund.”

Pursuant to the Financing Agreement, the Developer agreed to pay to the County a fee equal to 10% of the net proceeds of the applicable series of PID Bonds (the “County Community Benefit Fee”) at the closing of the applicable series of PID Bonds. The Developer agrees and acknowledges that the County Community Benefit Fee cannot be paid from PID Bond proceeds. The “net proceeds” of PID Bonds means the par amount of the PID Bonds less funds deposited in a reserve fund, funds allocated to capitalized interest, the underwriter discount, and costs of issuance of the PID Bonds.

Amenities

In accordance with the Development Agreement, the Development will include approximately 70 acres of parkland and open space, which will be included in both Improvement Area #1 and Improvement Area #2, and the Amenity Center, which will be located within Improvement Area #1. The Developer expects to construct the trail improvements, which are considered an Improvement Area #1 Improvement for which the Developer expects to be reimbursed with proceeds of the Bonds, within the 70 acres of parkland. The Developer expects to construct the trail improvements within Improvement Area #1 beginning in October of 2023 and complete such construction by the second quarter of 2024. The Developer anticipates that the trail improvements within Improvement Area #2 will be complete by the fourth quarter of 2025.

The Developer will also construct an amenity center to include a pool, clubhouse/cabana and passive and active open space, as well as parking facilities (collectively, the “Amenity Center”), which will be owned, operated

and maintained by the HOA. The Developer expects to begin construction in the fourth quarter of 2023 and complete construction in the third quarter of 2024. The anticipated cost to complete the Amenity Center is \$1,626,103, which the Developer will finance on a cash basis through corporate funding without reimbursement by the County.

Zoning/Permitting

The development of the property within the District will be governed by the County's Code of Ordinances, the Double Eagle Development Agreement between the County and DE Development, Inc., as assigned to the Developer (the "Development Agreement"), and the Interlocal Agreement for Subdivision Plat Regulation in Bastrop County and the City of Bastrop's Extraterritorial Jurisdiction between the County and the City.

Education

The District is located within Bastrop ISD. Bastrop ISD operates six elementary school, two intermediate schools, two middle schools and five high schools. Bluebonnet Elementary School, which is approximately 6.5 miles from the District, Cedar Creek Intermediate and Cedar Creek Middle School, which are approximately 10 miles from the District, and Cedar Creek High School, which is approximately 3.2 miles from the District, are expected to serve residents within the District.

GreatSchools.org rated Bluebonnet Elementary School, Cedar Creek Intermediate, Cedar Creek Middle School and Cedar Creek High School "below average." According to the Texas Education Agency annual school report cards, Bastrop ISD, Cedar Creek Middle School and Cedar Creek High School were rated "C" and Bluebonnet Elementary School and Cedar Creek Intermediate were rated "Not Rated" for 2021-2022. The categories for public school districts and public schools for the 2021-2022 school are A, B, C, D or Not Rated. A Not Rated label is used when the overall scaled score is less than 70.

Mineral Rights

There are certain mineral rights reservations of prior owners of real property within the District, including Improvement Area #1 (the "Mineral Owners"), pursuant to one or more deeds in the chain of title for the property in the District. While there is currently no drilling or exploration of minerals, the Developer cannot predict whether the Mineral Owners will take new action in the future to explore or develop the above-described mineral rights. The Developer's title policy for the land within the District includes a minerals and surface damage endorsement, which insures against loss that is sustained by reason of damage to permanent buildings located within the District resulting from the future exercise of any right to use the surface of the land for the extraction or development of coal, lignite, oil, gas or other minerals; provided, however, it does not insure against the loss resulting from subsidence.

Certain rules and regulations of the Texas Railroad Commission may restrict the ability of the Mineral Owners to explore or develop the property due to well density, acreage, or location issues. Although the Developer does not expect the exercise of such rights or any other mineral rights or related real property rights in or around the District, to have a material adverse effect on the Development, the property within the District, or the ability of landowners within Improvement Area #1 to pay Assessments, the Developer makes no guarantee as to such expectation. See "BONDHOLDERS' RISKS — Exercise of Mineral Rights."

Geotechnical Exploration

A Geotechnical exploration (a "Geotech") was performed for the District by MLA Geotechnical on February 10, 2022. The Geotech was undertaken for the purpose evaluating the general subsurface conditions relative to the establishment and design of pavement thickness sections, lift stations, wastewater treatment plants and bridge foundations. The Developer has and will continue to follow all recommendations contained in the Geotech.

Environmental

According to the Texas Parks & Wildlife, the following endangered species are known or believed to occur in the County: Houston toad, whooping crane and Navasota ladies'-tresses. The Developer is not aware of any endangered or threatened species located on District property.

Utilities

Water and Wastewater. Corix is a retail public utility and the owner of multiple water and wastewater systems that it operates to provide retail water and sewer services to its customers. Corix holds the CCNs for both retail water and wastewater service to the District and will provide such service to the District in accordance with the Utility Agreement. In accordance with the Wholesale Water Agreement, Aqua will provide (i) temporary retail water service to Improvement Area #1 until the Major Facilities necessary to provide retail water service have been completed and (ii) wholesale water to Corix for the District. Aqua and Corix currently have sufficient capacity to provide water and wastewater service to Improvement Area #1. See "THE DEVELOPMENT — Water and Wastewater Improvements" above.

Other Utilities. The Developer anticipates additional utilities to be provided by the following entities:

Gas	Texas Gas
Cable/Phone/Data	AT&T
Electric	Bluebonnet Electric

THE DEVELOPER

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

General

In general, the activities of a developer in a development such as the District include purchasing the land, designing the subdivision, including the utilities and streets to be installed and any community facilities to be built, defining a marketing program and building schedule, securing necessary governmental approvals and permits for development, arranging for the construction of roads and the installation of utilities (including, in some cases, water, sewer, and drainage facilities, as well as telephone and electric service) and selling improved lots and commercial reserves to builders, developers, or other third parties. The relative success or failure of a developer to perform such activities within a development may have a material effect on the security of the revenue bonds, such as the Bonds, issued by 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 Developer

The Developer is a wholly-owned subsidiary of Meritage Homes Corporation ("Meritage"). Meritage stock trades on the New York Stock Exchange under the symbol MTH. Meritage is subject to the informational requirements of the Securities and Exchange Commission Act of 1934, as amended, and in accordance therewith files reports, proxy statements, and other information with the SEC. The file number for Meritage is No.1-9977. Such reports, proxy statements, and other information filed by Meritage can be inspected and copied at the Public Reference Section of the SEC, Room 100 F Street, N.E., Washington D.C. 20549 and at the SEC's internet website at <http://www.sec.gov>. Copies of such materials can be obtained by mail from the Public Reference Section of the SEC at prescribed rates. Copies of the above reports, proxy statements and other information may also be inspected at the offices of the New York Stock Exchange, Inc., 11 Wall Street, New York, New York 10005. All documents subsequently filed by

Meritage pursuant to the requirements of the Securities and Exchange Commission Act of 1934 after the date of this Limited Offering Memorandum will be available for inspection in the same manner as described above.

In addition, Meritage makes available on its web site <http://www.meritagehomes.com> its annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports from Form 8-K (and any amendments to those reports) filed pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as soon as practicable after they have electronically filed with the SEC as well as other financial institutions. **Unless otherwise specified, information contained on Meritage's website, available by hyperlink from Meritage's website or on the SEC's website, is not incorporated into this Limited Offering Memorandum.**

Meritage is a leading designer and builder of single-family homes. Meritage primarily build in historically high-growth regions of the United States and offer a variety of entry-level and first move-up homes. Meritage has homebuilding operations in three regions: West, Central and East, which are comprised of nine states: Arizona, California, Colorado, Texas, Florida, Georgia, North Carolina, South Carolina, and Tennessee. Meritage also operates a financial service reporting segment, offering title and escrow, mortgage, and insurance services.

Meritage homebuilding activities are conducted under the name of Meritage in each of its homebuilding markets. As of December 31, 2022, Meritage affiliates were actively selling homes in 303 communities and closed 14,106 homes across nine states with an average sales price of \$440,000.

The Developer was created by Meritage for the purpose of acquiring, owning, holding, managing, operating, investing, reinvesting, accumulating, improving, and developing residential housing upon property located in the State, including developing, managing and ultimately conveying property to third parties. The Developer currently owns and is developing multiple projects in Texas.

A snapshot of some of the communities the principals of the Developer have developed is presented below.

<u>Name of Community</u>	<u>City</u>	<u>Number of Lots</u>	<u>Status of Development</u>
Shadow Glen ⁽¹⁾	Manor, TX	1,200+	Ongoing
Butler Farms ⁽²⁾	Liberty Hill, TX	493	Ongoing
Cross Creek ⁽²⁾	Hutto, TX	496	Ongoing
Wildridge ⁽¹⁾	Dripping Springs, TX	861	Entitlements
Limestone Creek ⁽³⁾	Kyle, TX	682	Ongoing
Turners Crossing ⁽²⁾	City of Austin ETJ/Travis Co, TX	1,328	Ongoing
Homestead ⁽¹⁾	Round Rock, TX	613	Ongoing

⁽¹⁾ Development is funded partly through a municipal utility district.

⁽²⁾ Development is funded partly through a public improvement district.

⁽³⁾ Development is funded partly through a public improvement district and tax increment reinvestment zone.

Executive Biography of Principals of the Developer

Justin Belmore is the Division Vice President of Land Acquisition for the Developer and has been with the company since 2022. He's worked in the homebuilding industry since 2016, primarily in land, finance, and management roles. He received a Bachelor of Science in Quantitative Economics from the United States Naval Academy in 2009.

Tara Thomason, Senior Project Manager for the Developer, has delivered thousands of single-family lots during the course of her 13-year career in land development across the Central Texas region. Prior to the Developer she served as Vice President of Market Research at JPI and served as the Director of Strategic Planning and Marketing at Centex Homes (now Pulte). She holds a mediation certification from University of Texas School of Law, Center for Public Policy and Dispute Resolution and a bachelor's degree with concentrations in geographic information systems, geology, and economic geography from the University of North Texas.

History and Financing of the District

On May 27, 2021, DE Development, Inc. sold the property within the District to Kerby Ventures, LLC (“Kerby Ventures”), who subsequently sold the property to the Developer on the same day. The Developer’s acquisition was made on a cash basis through corporate funding, and no third-party financing was used to acquire or has been used to subsequently develop the property within the District. Thus, there are currently no liens on the property within the District which were incurred by the Developer, and the Developer does not currently anticipate incurring any liens on the property within the District for as long as the Developer owns such property (with the exception of the Assessment Lien). The PID Act provides that the Assessment Lien is a first and prior lien against the Assessed Property and is superior to all other liens and claims except liens or claims for State, county, school district, or municipality ad valorem taxes.

Kerby Ventures incurred certain soft costs as part of creating the District, such as fees for consultants and engineering. The Developer has agreed to pay Kerby Ventures directly for those costs incurred by Kerby Ventures. The Developer may request reimbursement from the proceeds of the Bonds for these costs.

The total expected costs to construct the Improvement Area #1 Improvements, the Improvement Area #1 Water and Wastewater Improvements and the Amenity Center are \$2,541,594, \$1,487,000, and \$1,626,000, respectively. As of April 1, 2023, the Developer has spent approximately \$1,824,487 on constructing the Improvement Area #1 Improvements, which are complete, and \$1,476,081 on constructing the Improvement Area #1 Water and Wastewater Improvements. The Developer expects to be reimbursed for all of the costs to construct the Improvement Area #1 Improvements with proceeds of the Bonds. The Developer has financed or will finance the total costs to complete the Improvement Area #1 Water and Wastewater Improvements and the Amenity Center on a cash basis through corporate funding without reimbursement from the County.

THE PID ADMINISTRATOR

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

The County has selected P3Works, LLC as the initial PID Administrator. The County has entered into an agreement with the PID Administrator to provide specialized services related to the administration of the District needed to support the issuance of the Bonds. The PID Administrator will primarily be responsible for preparing the annual update to the Service and Assessment Plan. The PID Administrator is a consulting firm focused on providing district services relating to the formation and administration of public improvement districts, and has offices in Austin, Houston and North Richland Hills, Texas.

The PID Administrator’s duties will include:

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

APPRAISAL

The Appraisal

General. Barletta & Associates, Inc. (the “Appraiser”) prepared an appraisal report for the County dated March 16, 2023, based upon a physical inspection of the District conducted on March 15, 2023 (the “Appraisal”). The Appraisal was prepared at the request of the County. The description herein of the Appraisal is intended to be a brief summary only of the Appraisal as it relates to the District. The Appraisal is attached hereto as APPENDIX F and should be read in its entirety in order to understand the meaning and basis of the information set forth therein. The conclusions reached in the Appraisal are subject to certain assumptions, hypothetical conditions and qualifications, which are set forth therein. See “APPENDIX F — Appraisal.”

Value Estimates. The Appraiser estimated the “as-is” retail market value of the fee simple interest in the various tracts within Improvement Area #1 under certain hypothetical conditions. The Appraisal Report does reflect the value of Improvement Area #1 as if sold to a single purchaser in a single transaction. The hypothetical conditions include the assumptions that all of the Improvement Area #1 Improvements and the Improvement Area #1 Water and Wastewater Improvements have been completed as of the date of valuation set forth below. See “THE IMPROVEMENT AREA #1 PROJECTS,” “THE DEVELOPMENT — Development Plan and Status of Development,” “— Water and Wastewater Improvements” and “APPENDIX F — Appraisal.”

The cumulative value estimate for the Assessed Property using the methodologies described in the Appraisal and subject to the limiting conditions and assumptions set forth in the Appraisal, as of March 15, 2023, is \$8,452,500. None of the County, the Developer nor the Underwriter makes any representation as to the accuracy, completeness, assumptions, or information contained in the Appraisal. The assumptions or qualifications with respect to the Appraisal are contained therein. There can be no assurance that any such assumptions will be realized, and the County, the Developer and the Underwriter make no representation as to the reasonableness of such assumptions.

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

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

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

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

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

BONDHOLDERS' RISKS

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

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

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

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

The Underwriter is not obligated to make a market in or repurchase any of the Bonds, and no representation is made by the Underwriter, the County, or the County'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.

Infectious Disease Outbreak

In March 2020, the World Health Organization and the President of the United States (the "President") separately declared the outbreak of a respiratory disease caused by a novel coronavirus ("COVID-19") to be a public health emergency (the "Pandemic"). On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States. On March 13, 2020, the President declared the Pandemic a national emergency and the Governor of Texas (the "Governor") declared a state of disaster for all counties in the State in response to the Pandemic. Under State law, the proclamation of a state of disaster by

the Governor may not continue for more than 30 days unless renewed. The Governor had historically renewed his declaration monthly, most recently on February 14, 2023; however, the Governor has not renewed this declaration as of March 16, 2023 and therefore it has expired by operation of law. Additionally, on April 10, 2023, the President signed a resolution terminating the national emergency related to the Pandemic, and on May 5, 2023, the World Health organization declared COVID-19 no longer represented a global health emergency.

There are currently no COVID-19 related operating limits imposed by executive order of the Governor for any business or other establishment in the State. The Governor retains the right to impose additional restrictions on activities if needed in order to mitigate the effects of COVID-19. The County has not experienced any decrease in property values or unusual tax delinquencies as a result of COVID-19; however, the County, the Financial Advisor, the Underwriter or the Developer cannot predict the long-term economic effect of COVID-19 or a similar virus, the financial and operating condition of the Developer, the projected buildout schedule, home prices and buildout values or an investment in the Bonds, should there be a reversal of economic activity or re-imposition of restrictions.

Assessment Limitations

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

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

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

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

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

Under State law, in order to establish homestead rights, the claimant must show a combination of both overt acts of homestead usage and intention on the part of the owner to claim the land as a homestead. Mere ownership of the property alone is insufficient and the intent to use the property as a homestead must be a present one, not an intention to make the property a homestead at some indefinite time in the future. As of the date of adoption of the Assessment Order, no such homestead rights had been claimed. Furthermore, the Developer is not eligible to claim homestead rights. Consequently, there are and can be no homestead rights on the Assessed Property superior to the Assessment Lien and, therefore, the Assessment Liens may be foreclosed upon by the County.

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 County to sell parcels which have been subject to foreclosure proceedings for amounts sufficient to cover the delinquent installments of Assessments levied against such parcels may result in the inability of the County to make full or punctual payments of debt service on the Bonds.

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

Recent Changes in State Law Regarding Public Improvement Districts

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

Potential Future Changes in State Law Regarding Public Improvement Districts

During Texas legislative sessions and interim business of the Texas legislature, various proposals and reports have been presented by committees of Texas Senate and Texas House of Representative which suggest or recommend changes to the PID Act relating to oversight of bonds secured by special assessments including adopting requirements relating to levels of build out or adding State level oversight in connection with the issuance of bonds secured by special assessments under the PID Act. The 88th Legislative Session of the State began on January 10, 2023 and will end on May 29, 2023, pending any special legislative sessions. It is impossible to predict what bills may be introduced during legislative sessions and, if passed, the impact that any future legislation will or may have on the security for the Bonds.

General Risks of Real Estate Investment and Development

The Developer has the right to modify or change its plan for development of the District, from time to time, including, without limitation, land use changes, changes in the overall land and phasing plans, and changes to the type, mix, size and number of units to be developed. No defined "true-up" agreement has been entered into between the

County and Developer, nor is there a requirement that future developers or landowners enter into such an agreement. There can be no assurance, in the event the Developer or a subsequent developer modifies or changes its plan for development that the necessary revisions to the Service and Assessment Plan will be made, or if made will provide the necessary assessment revenues required to service debt on the Bonds. Nor can there be an assurance that the eventual assessment burden on the property will be marketable.

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

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

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

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

Risks Related to the Current Residential Real Estate Market

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

Risks Related to Recent Increase in Costs of Building Materials

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

Competition

The housing industry in the Austin-San Marcos MSA area is very competitive, and none of the Developer, the County, the County's Financial Advisor, or the Underwriter can give any assurance that the building programs of the single-family residential development within the District which are planned will ever be completed in accordance with the Developer's expectations. The competitive position of the Developer in the sale of developed lots or the construction and sale of single-family residential units is affected by most of the factors discussed in this section, and such competitive position is directly related to maintenance of market values in the District. Competitive projects in the area include:⁽¹⁾

<u>Project Name</u>	<u>Lots⁽²⁾</u>	<u>Developer</u>	<u>City</u>	<u>Purchase Price per Lot</u>	<u>Average Home Price</u>
West Bastrop Village (marketed as Adelton), Section 1	9 (40' lots)	West Bastrop Village, Ltd.	Bastrop	\$ 62,000	\$355,990 - \$442,990
The Colony 1C, Section 6	11 (50' lots)	Hunt Communities	Bastrop ETJ	\$ 85,000	\$374,900 - \$599,900
The Colony 1C, Section 7	12 (50' lots)	Hunt Communities	Bastrop ETJ	\$ 85,000	\$359,900 - \$424,900
6 Creeks, Phase 1, Section 7	10 (55' lots)	HMBRR Development, Inc.	Kyle ETJ	\$110,000	\$450,000 - \$600,000

⁽¹⁾ Derived from information in the Appraisal. Represents the comparable takedown lot sales that have been used in the Appraisal for the establishment of the District's typical or base builder retail lot value conclusion.

⁽²⁾ Represents the number and type of lots analyzed by the Appraiser.

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

Lien Foreclosure and Bankruptcy

The payment of Assessments and the ability of the County to foreclose on the lien of a delinquent unpaid Assessment may be limited by bankruptcy, insolvency or other laws generally affecting creditors' rights or by the laws of the State relating to judicial foreclosure. Although bankruptcy proceedings would not cause the Assessments to become extinguished, bankruptcy of a property owner in all likelihood would result in a delay in prosecuting foreclosure proceedings. Such a delay would increase the likelihood of a delay or default in payment of the principal of and interest on the 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 Improvement Area #1 to pay the Assessments could be affected by the existence of other taxes and assessments imposed upon the property. Public entities whose boundaries overlap those of Improvement Area #1 currently impose ad valorem taxes on the property within Improvement Area #1 and will likely do so in the future. Such entities could also impose assessment liens on the property within Improvement Area #1. The imposition of additional liens, or for private financing, may reduce the ability or willingness of the property owners to pay the Assessments. See "OVERLAPPING TAXES AND DEBT."

Depletion of Reserve Account of the Reserve Fund

Failure of the owners of property within Improvement Area #1 to pay the Assessments when due could result in the rapid, total depletion of the 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 will provide 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 SIMILARLY SECURED — Reserve Account of the Reserve Fund” herein.

Hazardous Substances

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

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

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

Regulation

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

100-Year Flood Plain

Approximately 13 acres within the District are located within an official FEMA 100-year flood plain (the “Flood Plain”). The limits of the Flood Plain are contained within lots that will be dedicated as drainage easements. No portion of the Flood Plain encroaches on any single family lots within the District.

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

Risk from Weather Events

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

Exercise of Mineral Rights

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

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

Bondholders’ Remedies and Bankruptcy of Property Owner

In the event of default in the payment of principal or of interest on the Bonds or the occurrence of any other Event of Default under the Indenture, and upon the written request of at least 25% of the owners of the Bonds then Outstanding, the Trustee shall proceed to protect and enforce its rights and the rights of the owners of the Bonds under the Indenture by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, either for mandamus or the specific performance of any covenant or agreement contained therein or in aid or execution of any power granted or for the enforcement of any proper legal or equitable remedy, as the Trustee shall deem most effectual to protect and enforce such rights. The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the County’s obligations under the Bonds or the Indenture and such obligations are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles, so rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The owners of the Bonds cannot themselves foreclose on property within the District or sell property within 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 County. In this regard, should the County file a petition for protection from creditors under federal bankruptcy laws, the remedy of mandamus or the right of the County to seek judicial foreclosure of its Assessment Lien would be automatically stayed and could not be pursued unless authorized by a federal bankruptcy judge. See “BONDHOLDERS’ RISKS — Chapter 9 Bankruptcy Limitation to Bondholders’ Rights” herein.

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

In addition, in 2006, the Texas Supreme Court ruled in *Tooke v. City of Mexia*, 197 S.W.3d 325 (Tex. 2006) (“Tooke”) that a waiver of sovereign immunity must be provided for by statute in “clear and unambiguous” language. In so ruling, the Court declared that statutory language such as “sue and be sued”, in and of itself, did not constitute a clear and unambiguous waiver of sovereign immunity.

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

Judicial Foreclosures

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

No Acceleration

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

Limited Secondary Market for the Bonds

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

No Credit Rating

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

Chapter 9 Bankruptcy Limitation to Bondholders’ Rights

The enforceability of the rights and remedies of the owners of the Bonds may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the County. The County is authorized under State law to voluntarily proceed under Chapter 9 of

the Federal Bankruptcy Code, 11 U.S.C. 901-946. The County may proceed under Chapter 9 if it (1) is generally not paying its debts, or unable to meet its debts, as they become due, (2) desires to affect a plan to adjust such debts, and (3) has either obtained the agreement of or negotiated in good faith with its creditors, is unable to negotiate with its creditors because negotiation is impracticable, or reasonably believes that a creditor may attempt to obtain a preferential transfer.

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

Tax-Exempt Status of the Bonds

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

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

As further described in "TAX MATTERS" below, failure of the County to comply with the requirements of the Internal Revenue Code of 1986 (the "Code") and the related legal authorities, or changes in the federal tax law or its application, could cause interest on the Bonds to be included in the gross income of owners of the Bonds for federal income tax purposes, possibly from the date of original issuance of the Bonds. Further, the opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of interest on the Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. The IRS has an ongoing program of auditing obligations that are issued and sold as bearing tax-exempt interest to determine whether, in the view of the IRS, interest on such obligations is included in the gross income of the owners thereof for federal income tax purposes. In the past, the IRS has announced audit efforts focused in part on "developer-driven bond transactions," including certain tax increment financings and certain assessment bond transactions. It cannot be predicted if this IRS focus could lead to an audit of the Bonds or what the result would be of any such audit. If an audit of the Bonds is commenced, under current procedures parties other than the County would have little, if any, right to participate in the audit process. Moreover, because achieving judicial review in connection with an audit of tax-exempt obligations is difficult, obtaining an independent review of IRS positions with which the County legitimately disagrees may not be practicable. Any action of the IRS, regardless of the outcome, including but not limited to selection of the 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 County may not have the resources to settle with the IRS, the Bonds are not required to be redeemed, and the interest rate on the Bonds will not increase.

Management and Ownership

The management and ownership of the Developer and related property owners could change in the future. Purchasers of the Bonds should not rely on the management experience of such entities. There are no assurances that

such entities will not sell the subject property or that officers will not resign or be replaced. In such circumstances, a new developer or new officers in management positions may not have comparable experience in projects comparable to the Development.

Availability of Utilities

The progress of development within the District is also dependent upon Corix and Aqua providing an adequate supply of water and sufficient capacity for the collection and treatment of wastewater. If such parties fail to supply water and wastewater services to the property within the District, the development of the land in the District could be adversely affected. See “THE DEVELOPMENT — Water and Wastewater Improvements” and “— Utilities.”

Dependence Upon Developer

The Developer, as the owner of the Assessed Property in Improvement Area #1, currently has the obligation for payment of 100% of the Assessments. The ability of the Developer to make full and timely payment of the Assessments will directly affect the ability of the County to meet its debt service obligations with respect to the Bonds. There can be no assurances given as to the financial ability of the Developer to advance any funds to the County to supplement revenues from the Assessments if necessary, or as to whether the Developer will advance such funds. See “THE DEVELOPER — Description of the Developer.”

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 D. The statutes, regulations, rulings, and court decisions on which such opinion is based are subject to change.

In rendering the foregoing opinions, Bond Counsel will rely upon representations and certifications of the County made in a certificate dated the Closing Date pertaining to the use, expenditure, and investment of the proceeds of the Bonds and will assume continuing compliance by the County with the provisions of the Indenture subsequent to the issuance of the Bonds. The Indenture contains covenants by the County 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 County 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 County 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 County 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 Initial Obligation).

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 County under the Constitution and laws of the State, payable from the Trust Estate and, based upon their examination of a transcript of certified proceedings relating to the issuance and sale of the Bonds, the legal opinion of Bond Counsel, to a like effect.

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

Legal Opinions

The County 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, limited obligations of the County. The County will also furnish the legal opinion of Bond Counsel, to the effect that, based upon an examination of such transcript, the Bonds are valid and binding special, limited obligations of the County under the Constitution and laws of the State. The legal opinion of Bond Counsel will further state that the Bonds, including principal of and interest thereon, are payable from and secured by a pledge of and lien on the Trust Estate. Bond Counsel will also provide a legal opinion to the effect that interest on the 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 D — Form of Opinion of Bond Counsel.”

Except as noted below, Bond Counsel did not take part in the preparation of the Limited Offering Memorandum, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information describing the Bonds herein under the captions or subcaptions “PLAN OF FINANCE — The Bonds,” “DESCRIPTION OF THE BONDS,” “SECURITY FOR THE BONDS SIMILARLY SECURED,” “ASSESSMENT PROCEDURES” (except for the subcaptions “Assessment Methodology” and “Assessment Amounts”), “THE DISTRICT,” “TAX MATTERS,” “LEGAL MATTERS — Legal Proceedings” (except for the final paragraph thereof), “LEGAL MATTERS — Legal Opinions” (except for the final paragraph thereof), “CONTINUING

DISCLOSURE — The County,” “REGISTRATION AND QUALIFICATION OF BONDS FOR SALE,” “LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS,” “APPENDIX B” and “APPENDIX D” and such firm is of the opinion that the information relating to the Bonds, the Bond Order, the Assessment Order and the Indenture contained therein fairly and accurately describes the laws and legal issues addressed therein and, with respect to the Bonds, such information conforms to the Bond Order, the Assessment Order and the Indenture.

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

At the time of delivery and payment for the Bonds, the County will certify that, except as disclosed herein, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, pending or, to its knowledge, overtly threatened against the County 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 the Assessments securing the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds, the Assessment Order, the Indenture, any action of the County contemplated by any of the said documents, or the collection or application of the Trust Estate, or in any way contesting the completeness or accuracy of this Limited Offering Memorandum or any amendment or supplement thereto, or contesting the powers of the County or its authority with respect to the Bonds or any action of the County 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 (1) the transactions contemplated by, or the validity or enforceability of, the Bonds, the Indenture, the Bond Order, the Service and Assessment Plan, the Development Agreement, the Financing Agreement, the Utility Agreement, or the Bond Purchase Agreement, or otherwise described in this Limited Offering Memorandum, or (2) the tax-exempt status of interest on the Bonds (individually or in the aggregate, a “Material Adverse Effect”). Additionally, Meritage and its affiliates, including the Developer, have been and are parties to pending and threatened litigation related to their 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 County or the Underwriter to give any information or make any representations, other than those contained in this Limited Offering Memorandum, and, if given or made, such other information or representations must not be relied upon as having been authorized by either of the foregoing. Additional information will be made available to each prospective investor, including the benefit of a site visit to the County and the opportunity to ask questions of the Developer, as such prospective investor deems necessary in order to make an informed decision with respect to the purchase of the Bonds.

ENFORCEABILITY OF REMEDIES

The remedies available to the owners of the Bonds upon an event of default under the Indenture are in many respects dependent upon judicial actions, which are often subject to discretion and delay. See “BONDHOLDERS’ RISKS — Bondholders’ Remedies and Bankruptcy of Property Owner.” 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 County would have been successful in obtaining an investment grade rating for the Bonds had application been made.

CONTINUING DISCLOSURE

The County

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

The County has agreed to update information and to provide notices of certain specified events only as provided in the Disclosure Agreement of the Issuer. The County has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided in this Limited Offering Memorandum, except as provided in the Disclosure Agreement of the Issuer. The County 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 County disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of the Disclosure Agreement of the Issuer or from any statement made pursuant to the Disclosure Agreement of the Issuer.

The County Compliance with Prior Undertakings

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

The Developer

The Developer, the PID Administrator and the Dissemination Agent will enter into a Continuing Disclosure Agreement (the “Disclosure Agreement of the Developer”) for the benefit of the Owners of the Bonds (including owners of beneficial interests in the Bonds), to provide, by certain dates prescribed in the Disclosure Agreement of the Developer, certain information regarding the Development and the Improvement Area #1 Improvements (collectively, the “Developer Reports”). The specific nature of the information to be contained in the Developer Reports is set forth in “APPENDIX E-2 — Form of Disclosure Agreement of the Developer.” Under certain

circumstances, the failure of the Developer to comply with its obligations under the Disclosure Agreement of the Developer constitutes an event of default thereunder. Such a default will not constitute an event of default under the Indenture, but such event of default under the Disclosure Agreement of the Developer would allow the Owners of the Bonds (including owners of beneficial interests in the Bonds) to bring an action for specific performance.

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

The Developer's Compliance With Prior Undertakings

The Developer has complied with its prior undertakings, except as described below. In connection with the Public Finance Authority, Public Improvement Revenue Bonds (Cross Creek Public Improvement District Project), Series 2019 (the "Cross Creek Bonds"), the Developer entered into a continuing disclosure agreement (the "Cross Creek CDA") whereby it agreed to file quarterly reports on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system ("EMMA"). The Developer provided the quarterly report with respect to the Cross Creek Bonds for the period ending on December 31, 2019 to the dissemination agent under the Cross Creek CDA (the "Cross Creek Dissemination Agent") on a timely basis, however, such quarterly report was not timely filed on EMMA due to an error by the Cross Creek Dissemination Agent in filing the incorrect quarterly report for the Cross Creek Bonds. The Developer has since filed on EMMA a notice of failure to file, along with the related quarterly report. Additionally, in connection with the City of Hutto, Texas Special Assessment Revenue Bonds, Series 2021 (Durango Farms Public Improvement District) (the "Durango Bonds"), the Developer entered into a continuing disclosure agreement (the "Durango CDA") whereby it agreed to file quarterly reports on EMMA. The Developer did not timely file the quarterly reports with respect to the Durango Bonds for the periods ending on December 31, 2021 and March 31, 2022. The Developer has since filed on EMMA notices of failure to file, along with the related quarterly reports. The Developer has implemented procedures to ensure that in the future it fully complies with its continuing disclosure undertakings.

UNDERWRITING

FMSbonds, Inc. (the "Underwriter") has agreed to purchase the Bonds from the County at a purchase price of \$3,037,294.12 (representing the par amount of the Bonds, less an original issue discount of \$19,175.88 and less an Underwriter's discount of \$94,530.00). 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 County 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 of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value. No review by the County 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 County made no investigation of other laws, rules, regulations or investment criteria which might apply to such institutions or entities or which might limit the suitability of the Bonds for any of the foregoing purposes or limit the authority of such institutions or entities to purchase or invest in the Bonds for such purposes.

INVESTMENTS

Under State law, the County is authorized to make investments meeting the requirements of the PFIA, which currently include (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which is guaranteed or insured by or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than “A” or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor, or the National Credit Union Share Insurance Fund or its successor; (8) interest-bearing banking deposits other than those described by clause (7) if (A) the funds invested in the banking deposits are invested through: (i) a broker with a main office or branch office in this state that the County selects from a list the governing body or designated investment committee of the County adopts as required by Section 2256.025, Texas Government Code; or (ii) a depository institution with a main office or branch office in this state that the County selects; (B) the broker or depository institution selected as described by (A) above arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the County’s account; (C) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and (D) the County appoints as the County’s custodian of the banking deposits issued for the County’s account: (i) the depository institution selected as described by (A) above; (ii) an entity described by Section 2257.041(d), Texas Government Code; or (iii) a clearing broker dealer registered with the SEC and operating under SEC Rule 15c3-3; (9) (i) certificates of deposit or share certificates meeting the requirements of the PFIA that are issued by an institution that has its main office or a branch office in the State and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, or their respective successors, or are secured as to principal by obligations described in clauses (1) through (8) or in any other manner and provided for by law for County deposits, or (ii) certificates of deposits where (a) the funds are invested by the County through (A) a broker that has its main office or a branch office in the State and is selected from a list adopted by the County as required by law, or (B) a depository institution that has its main office or branch office in the State that is selected by the County, (b) the broker or the depository institution selected by the County arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the County, (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States, and (d) the County

appoints the depository institution selected under (a) above, a custodian as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the SEC and operating pursuant to SEC Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the County with respect to the certificates of deposit; (10) fully collateralized repurchase agreements that have a defined termination date, are secured by a combination of cash and obligations described in clause (1) above or clause (12) below, require the securities being purchased by the County or cash held by the County to be pledged to the County, held in the County's name, and deposited at the time the investment is made with the County or with a third party selected and approved by the County, and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (11) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least "A-1" or "P-1" or the equivalent by at least one nationally recognized credit rating agency; (12) commercial paper with a stated maturity of 365 days or less that is rated at least "A-1" or "P-1" or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank; (13) no-load money market mutual funds registered with and regulated by the United States SEC that provide the County with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940 and that comply with federal SEC Rule 2a-7 (17 C.F.R. Section 270.2a-7), promulgated under the Investment Company Act of 1940 (15 U.S.C. Section 80a-1 et seq.); and (14) no-load mutual funds registered with the SEC that have an average weighted maturity of less than two years, and either (a) a duration of one year or more and invest exclusively in obligations described in under this heading, or (b) a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities, other than the prohibited obligations described below, in an amount at least equal to the amount of bond proceeds invested under such contract and are pledged to the County and deposited with the County or a third party selected and approved by the County.

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

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

Under State law, the County is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that include a list of authorized investments for County funds, the maximum allowable stated maturity of any individual investment, the maximum average dollar-weighted maturity allowed for pooled fund groups, methods to monitor the market price of investments acquired with public funds, a

requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis, and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the PFIA. All County funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each fund's investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

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

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

INFORMATION RELATING TO THE TRUSTEE

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

Developer

The information contained in this Limited Offering Memorandum relating to the description of the Improvement Area #1 Projects generally and, in particular, the information included in the maps in the Limited Offering Memorandum and in the sections captioned "PLAN OF FINANCE — Development Plan," "OVERLAPPING TAXES AND DEBT — Homeowners' Association," "THE IMPROVEMENT AREA #1 PROJECTS," "THE DEVELOPMENT," and "THE DEVELOPER," and, to the best of its knowledge after due inquiry, under the captions "BONDHOLDERS' RISKS" (only as it pertains to the Developer, the Improvement Area #1 Projects and the Development), "LEGAL MATTERS — Litigation — The Developer," "CONTINUING DISCLOSURE — The Developer" and "— The Developer's Compliance with Prior Undertakings," "APPENDIX E-2" and "APPENDIX G" has been provided by the Developer, and the Developer warrants and represents that the information contained herein is true and correct and does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made herein, in the light of the circumstances under which they were made, not misleading. At the time of delivery of the Bonds to the Underwriter, the Developer will deliver a certificate to this effect to the County and the Underwriter.

Experts

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

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

Updating of Limited Offering Memorandum

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

FORWARD-LOOKING STATEMENTS

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

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

AUTHORIZATION AND APPROVAL

The Commissioners Court has approved the form and content of this Limited Offering Memorandum and has authorized this Limited Offering Memorandum to be used by the Underwriter in connection with the marketing and sale of the Bonds.

BASTROP COUNTY, TEXAS

/s/ Gregory Klaus

County Judge

ATTEST:

/s/ Krista Bartsch

County Clerk

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APPENDIX A

GENERAL INFORMATION REGARDING THE COUNTY

The following information has been provided for informational purposes only.

General Information

The County came into existence in 1836, covering 895 square miles of Central Texas. The County is bounded on the northwest by Travis County in which Austin, the State Capital, is located, on the northeast by Lee County, on the southeast by Fayette County, and on the southwest by Caldwell County. The County's 2020 census population was 97,219. The County's economy is primarily based on agriculture, light manufacturing, and tourism. The major agricultural products include beef, hay, cotton, sorghums, pecans, peanuts, and pine, cedar, mesquite, and oak timbers. Principal mineral production includes ceramic clay for use in brick making, petroleum, natural gas, and gravel. Dun & Bradstreet rates 120 business establishments in the County.

Historical Employment in the County

	Average Annual				
	2023 ⁽¹⁾	2022	2021 ⁽²⁾	2020 ⁽²⁾	2019
Civilian Labor Force	49,189	48,156	45,101	42,433	42,185
Total Employed	47,267	46,546	43,084	39,877	40,894
Total Unemployed	1,922	1,610	2,017	2,556	1,291
Unemployment Rate	3.9%	3.3%	4.5%	6.0%	3.1%

⁽¹⁾ Data through February of 2023.

⁽²⁾ The COVID-19 Pandemic has negatively affected travel, commerce, employment rates and financial markets globally. See "BONDHOLDERS' RISKS — Infectious Disease Outbreak."

Source: Texas Labor Market Information.

Ten Largest Employers in the County (2022)

The ten largest employers in the County are set forth in the table below.

<u>Employer</u>	<u>Employees</u>
Bastrop ISD	1,824
Elgin ISD	926
HEB Food Store Bastrop	824
Hyatt Regency Lost Pines Resort	640
Bastrop County	570
Walmart Bastrop	272
Walmart Elgin	260
Smithville ISD	214
Bastrop FCI	199
MD Anderson Cancer Center	155

Source: County's fiscal year 2022 audited financial statements.

Surrounding Economic Activity

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

City of Bastrop TX		City of Lockhart, TX		City of Austin, TX		City of Kyle, TX	
Within the County		Approximately 30 Miles from the County		Approximately 36 Miles from the County		Approximately 40 Miles from the County	
Employer	Employees	Employer	Employees	Employer	Employees	Employer	Employees
Bastrop ISD	1,824	Lockhart ISD	661	State Government	39,306	Hays County ISD	2,383
HEB Food Stores	607	Serta/Dormae Products	174	University of Texas at Austin	29,597	Seton Medical Center Hays	610
Hyatt Regency Lost Pines Resort	600	The GEO Group, Inc.	159	HEB	20,749	City of Kyle	251
Bastrop County	517	Pegasus	151	City of Austin	15,548	HEB Plus	208
Agilent/Stratagene	306	HE Butt Grocery	147	Federal Government	15,000	Legend Oaks Healthcare	116
Walmart	261	City of Lockhart	143	Dell Computer Corporation	13,000	Lowes	108
Bastrop FCI	247	Wal-Mart	117	Ascension Seton	12,086	Warm Springs Rehab Hospital	100
Buc-ee's	169	Golden Age Home	110	Amazon.com LLC	11,000	Home Depot	100
Bluebonnet Electric Co-Op	168	Chisolm Trail Rehab Center	76	St. David's Healthcare Partnership	10,854	Austin Community College Hays	80
MD Anderson Cancer Center	151	Livengood Feed	64	IBM Corporation	10,565	RSI, Inc.	58

City of San Marcos TX	
Approximately 45 Miles from the County	
Employer	Employees
Amazon	5,000
Texas State University	3,730
San Marcos Premium Outlets	1,600
Tanger Factory Outlets	1,540
San Marcos CISD	1,400
Hays County	885
City of San Marcos	818
HEB Distribution Center	750
Central TX Medical Center	675
CFAN	500

City of Round Rock, TX	
Approximately 50 Miles from the County	
Employer	Employees
Dell Technologies	12,000
Round Rock ISD	6,604
St. David's Round Rock Medical Center	1,200
City of Round Rock	1,130
Baylor Scott & White Healthcare	911
Ascension Seton Medical Center Williamson	750
Kalahari Resorts and Convention	700
Amazon Round Rock Delivery Station	650
Emerson Automation Solutions	600
Airco Mechanical	550

Source: The individual City's 2022 audited financial statements.

APPENDIX B
FORM OF INDENTURE

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INDENTURE OF TRUST

By and Between

BASTROP COUNTY, TEXAS

and

BOKF, NA,

as Trustee

DATED AS OF JUNE 1, 2023

SECURING

\$3,151,000

BASTROP COUNTY, TEXAS

**SPECIAL ASSESSMENT REVENUE BONDS, SERIES
2023 (DOUBLE EAGLE RANCH PUBLIC IMPROVEMENT
DISTRICT IMPROVEMENT AREA #1 PROJECT)**

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INDENTURE OF TRUST

THIS INDENTURE, dated as of June 1, 2023 is by and between BASTROP COUNTY, TEXAS (the "County"), and BOKF, NA, 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 County Clerk of Bastrop County (the "County Clerk") pursuant to the Public Improvement District Assessment Act, Texas Local Government Code, Chapter 372, as amended (the "PID Act"), requesting the creation of a public improvement district located within the County and the extraterritorial jurisdiction of the City of Bastrop, Texas (the "City") to be known as the Double Eagle Ranch Public Improvement District (the "District"); and

WHEREAS, the petition contained the signature of the owner of taxable property representing more than fifty percent of the appraised value of taxable real property liable for assessment within the District, as determined by the then current ad valorem tax rolls of the Bastrop 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, notice of the public hearing for creation of the District was published in the *Elgin Courier* on April 21, 2021, as required by Section 372.009(c) of the PID Act; and

WHEREAS, on May 10, 2021, after due notice, the Commissioners Court of the County (the "Commissioners Court") held the public hearing in the manner required by law on the advisability of the improvement projects and services described in the petition as required by Section 372.009 of the PID Act and on May 10, 2021, the Commissioners Court made the findings required by Section 372.009(b) of the PID Act and, by a resolution adopted by a majority of the members of the Commissioners Court, authorized the District in accordance with its finding as to the advisability of the improvement projects and services and also made findings and determinations relating to the estimated total costs of certain Authorized Improvements; and

WHEREAS, on June 2, 2021 the County published notice of its authorization of the creation of the District in the *Elgin Courier*, a newspaper of general circulation in the County and in the extraterritorial jurisdiction of the City; and

WHEREAS, no written protests of the District from any owners of record of property within the District were filed with the County Clerk within 20 days after June 2, 2021; and

WHEREAS, the District is within the extraterritorial jurisdiction of the City, and no objection was made by the City to the establishment of the District within 30 days of the County's action to approve the District; and

WHEREAS, on April 24, 2023 the Commissioners Court by resolution made findings and determinations relating to the Actual Costs of certain Improvement Area #1 Projects, received and accepted a preliminary service and assessment plan and proposed assessment roll, called a public hearing for May 22, 2023, and directed County staff to (i) file the proposed assessment roll with the County Clerk and to make it available for public inspection as required by Section 372.016(b) of the PID Act, and (ii) publish and mail such notice of the May 22, 2023 public hearing as required by Section 372.016(b) of the PID Act; and

WHEREAS, on May 11, 2023, the Commissioners Court, pursuant to Section 372.016(b) of the PID Act, published notice of the public hearing in the *Elgin Courier*, a newspaper of general circulation in the County and the extraterritorial jurisdiction of the City, to consider the proposed Service and Assessment Plan and the Assessment Roll and the levy of the Assessments on the property within Improvement Area #1 of the District; and

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

WHEREAS, the Commissioners Court opened and convened the hearing on May 22, 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 Assessment Roll, and the proposed Assessments, and to offer testimony pertinent to any issue presented on the amount of the Assessments, the allocation of estimated costs of the Improvement Area #1 Projects to the Assessed Property within Improvement Area #1 of the District, the purposes of the Assessments, the special benefits of the Improvement Area #1 Projects, and the penalties and interest on Annual Installments and on delinquent Annual Installments of the Assessments, and there were no written objections or evidence submitted to the County Clerk in opposition to the Service and Assessment Plan, the allocation of estimated costs of the Improvement Area #1 Projects to the Assessed Property within Improvement Area #1 of the District, the Assessment Roll, and the levy of the Assessments; and

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

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

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

WHEREAS, the Commissioners Court is authorized by the PID Act to issue its revenue bonds payable from the Assessments for the purpose of (i) paying a portion of the Actual Costs of the Improvement Area #1 Improvements, (ii) paying a portion of the interest on the Bonds during and after the period of acquisition and construction of the Improvement Area #1 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 of the Bonds; and

WHEREAS, the Commissioners Court now desires to issue revenue bonds, in accordance with the PID Act, such bonds to be entitled "Bastrop County, Texas, Special Assessment Revenue Bonds, Series 2023 (Double Eagle Ranch Public Improvement District Improvement Area #1

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

NOW, THEREFORE, the County, in consideration of the foregoing premises and acceptance by the Trustee of the trusts herein created, of the purchase and acceptance of the Bonds by the Owners thereof, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, does hereby GRANT, CONVEY, PLEDGE, TRANSFER, ASSIGN, and DELIVER to the Trustee for the benefit of the Owners of the Bonds Similarly Secured, including the Bonds, 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 County to receive any of such moneys or investments, whether now existing or hereafter coming into existence, and whether now or hereafter acquired;

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 County or by anyone on its behalf or with its written consent, and the Trustee is hereby authorized to receive any and all such property or money at any and all times and to hold and apply the same subject to the terms thereof; and

THIRD GRANTING CLAUSE

Any and all proceeds and products of the foregoing property described in the above granting clauses;

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 County to proceed with foreclosure procedures for the purpose of protecting and enforcing the rights of the Owners with respect to such property shall terminate;

PROVIDED, FURTHER, HOWEVER, if the County or its assigns shall well and truly pay,

or cause to be paid, the principal or Redemption Price of and the interest on all the 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;

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

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 County has agreed and covenanted, and does hereby agree and covenant, with the Trustee and with the respective Owners from time to time of the 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 the Improvement Area #1 Improvements, the actual costs paid or incurred by or on behalf of the Developer of the District: (1) to plan, design, acquire, construct, install, and dedicate such improvements to the County; (2) to prepare plans, specifications (including bid packages), contracts, and as-built drawings; (3) to obtain zoning, licenses, plan approvals, permits, inspections, and other governmental approvals; (4) for third-party professional consulting services including but not limited to, engineering, surveying, geotechnical, land planning, architectural, landscaping, legal, accounting, and appraisals; (5) of labor, materials, equipment, fixtures, payment and performance bonds and other construction security, and insurance premiums; and (6) to implement, administer, and manage the above-described activities, including a 4% construction management fee. Actual Costs shall not include general contractor’s fees in an amount that exceeds a percentage equal to the percentage of work completed or construction management fees in an amount that exceeds an amount equal to the construction management fee amortized in approximately equal monthly installments over the term of the applicable construction management contract. Amounts expended for costs described in subsection (3), (4), and (6) above shall be excluded from the amount upon which the general contractor and construction management fees are calculated.

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

"Additional Interest Rate" means the 0.50% additional interest rate charged on the

Assessments pursuant to Section 372.018 of the PID Act.

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

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

"Additional Obligations" means any bonds or obligations, including specifically, any installment contracts, reimbursement agreements, temporary notes, or time warrants, secured in whole or in part by an assessment, other than the Assessments securing the Bonds Similarly Secured, levied against property within Improvement Area #1 of the District in accordance with the PID Act.

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

"Administrator" means the County or the person or independent firm designated by the County who shall have the responsibilities provided in the Service and Assessment Plan, this Indenture, or any other agreement or document approved by the Commissioners Court related to the duties and responsibilities of the administration of the District. The initial Administrator is P3Works, LLC.

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

"Annual 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 Property, each annual payment of the Assessment, including both principal of and interest on the Assessments, as shown on the Assessment Roll attached to the Service and Assessment Plan as Exhibit F and related to the Improvement Area #1 Improvements; which annual payment includes the Annual Collection Costs and the Additional Interest collected on each annual payment of the Assessments as described in Section 6.7 herein and as defined and calculated in the Service and

Assessment Plan or in any Annual Service Plan Update.

"Annual Service Plan Update" means the annual review and update of the Service and Assessment Plan required by the PID Act and the Service and Assessment Plan and as approved by the Commissioners Court.

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

"Assessed Property" means any Parcel within Improvement Area #1 of the District that benefits from the Improvement Area #1 Projects and on which an Assessment is levied, pursuant to the Assessment Order and as shown on the Assessment Roll attached thereto, and which includes any and all Parcels within Improvement Area #1 of the District other than Non-Benefited Property.

"Assessment Order" means the order adopted by the Commissioners Court on May 22, 2023, that levied the Assessments on the Assessed Property.

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

"Assessment Roll" means the assessment roll attached as Exhibit F to the Service and Assessment Plan or any other assessment roll for the District in an amendment or supplement to the Service and Assessment Plan or in an Annual Service Plan Update, showing the total amount of the Assessments levied against the Assessed Property, and/or the portion of the total Assessment levied against each Assessed Property, related to the Bonds and the Improvement Area #1 Projects, as updated, modified, or amended from time to time in accordance with the terms of the Service and Assessment Plan and the PID Act.

"Assessments" means the aggregate assessments shown on the Assessment Roll. The singular of such term means the assessment levied against an Assessed Property, as shown on the Assessment Roll or in the Service and Assessment Plan, subject to reallocation upon the subdivision of an Assessed Property or reduction according to the provisions of the Service and Assessment Plan and the PID Act.

"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 is less than \$100,000, then the Authorized Denomination of such Outstanding Bond shall be the amount of such Outstanding Bond. With respect to Refunding Bonds, such term shall have the meaning ascribed thereto in the Supplemental Indenture authorizing the issuance of such Refunding Bonds.

"Authorized Improvements" mean the improvements authorized by Section 372.003 of the PID Act including those listed in Section III and depicted on Exhibit C of the Service and Assessment Plan.

"Bond" or "Bonds" means the County's bonds authorized to be issued by Section 3.1 of

this Indenture entitled “Bastrop County, Texas, Special Assessment Revenue Bonds, Series 2023 (Double Eagle Ranch Public Improvement District Improvement Area #1 Project)”.

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

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

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

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

“Bond Order” means the order adopted by the Commissioners Court on May 22, 2023, authorizing the issuance of the Bonds pursuant to this Indenture.

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

“Bonds Similarly Secured” or “Bond Similarly Secured” means all bonds or any bond authorized by a bond order and issued in accordance with this Indenture, including the Bonds, Refunding Bonds and any bonds issued in exchange or replacement thereof as permitted by this Indenture.

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

“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 F attached to the Financing Agreement or otherwise approved by the Developer and a County Representative, executed by the Developer and approved by a County Representative, delivered to a County Representative and the Trustee specifying the amount of work performed related to the Improvement Area #1 Improvements and the Actual Costs thereof, and requesting payment for such Actual Costs from money on deposit in the Improvement Area #1 Projects Account of the Project Fund, as further described in the Financing Agreement and Section 6.5 herein.

“Closing Date” means the date of the initial delivery of and payment for applicable Series of Bonds Similarly Secured.

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

“Continuing Disclosure Agreements” or “Continuing Disclosure Agreement” means both,

or either of, the Continuing Disclosure Agreements, with respect to the Bonds, by and among the County, the Administrator and the Dissemination Agent, and by and among the Developer, the Administrator, and the Dissemination Agent, as the case may be.

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

“County Certificate” means a certificate signed by a County Representative and delivered to the Trustee, certifying that the Trustee is authorized to take the action specified in the County Certificate, and a form of County Certificate is included as Exhibit B to this Indenture.

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

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

“Delinquent Collection Costs” means for an Assessed Property, interest, penalties, and other costs and expenses authorized by the PID Act that directly or indirectly relate to the collection of delinquent Assessments, delinquent Annual Installments, or any other delinquent amounts due under the Service and Assessment Plan, including costs and expenses to foreclose liens.

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

“Developer” means Meritage Homes of Texas, LLC, an Arizona limited liability company, and its successors and assigns.

“Development Agreement” means the “Double Eagle Ranch Development Agreement” between the County and DE Development, Inc., a Texas corporation, effective as of May 24, 2021, which provides for the development of property within the District, the creation of the District, the construction and financing of the Authorized Improvements, and other matters related thereto; as assigned to the Developer on May 27, 2021, and as such agreement may be further amended from time to time.

“Dissemination Agent” means BOKF, NA, solely in its capacity of dissemination agent, and its successors.

“District” means the Double Eagle Ranch Public Improvement District.

“District Formation Expenses” mean costs incurred creating the District, including attorney fees, consultant fees, and other fees and expenses related to the formation of the District and the levy of Assessments.

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

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

“Financing Agreement” means the "Double Eagle Ranch Public Improvement District Financing Agreement" between the County and the Developer relating to the Bonds, dated as of February 28, 2022, which provides, in part, for the deposit of proceeds from the issuance and sale of the Bonds and the payment of costs of Authorized Improvements within the District, the issuance of the Bonds, the reimbursement of costs to the Developer from the proceeds of the Bonds for funds advanced by the Developer and used to pay costs of such Improvement Area #1 Improvements and other matters related thereto.

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

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

“Improvement Area #1” means the approximately 55.051 acres within the District, as described legally by metes and bounds on Exhibit A-2 and as depicted by the map on Exhibit B-2 of the Service and Assessment Plan.

“Improvement Area #1 Improvements” mean those certain Authorized Improvements that only benefit Improvement Area #1 and Improvement Area #1’s allocable share of the District Formation Expenses, specifically described in Section III.A and depicted on Exhibit I of the Service and Assessment Plan.

“Improvement Area #1 Projects” mean the Improvement Area #1 Improvements, Bond Issuance Costs, and first year Annual Collection Costs.

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

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

“Initial Bond” means the Initial Bond as set forth in Exhibit A to this Indenture.

“Interest Payment Date” means the date or dates upon which interest on the Bonds is scheduled to be paid until their respective dates of maturity or prior redemption, such dates being

on March 1 and September 1 of each year, commencing September 1, 2023.

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

“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.

“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 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.

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

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

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

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

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

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

“Pledged Revenues” means the sum of (i) Assessment Revenue less the Annual Collection Costs and Delinquent Collection Costs, (ii) the moneys held in any of the Pledged Funds, and (iii) any additional revenues that the County 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. Amounts received at the time of a Prepayment which represent a payment of principal, interest, or penalties on a delinquent installment of an Assessment are not to be considered a Prepayment, but rather are to be treated as the payment of the regularly scheduled Annual Installment.

“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 with respect to a Series of Bonds Similarly Secured, the initial underwriter of such Bonds Similarly Secured.

“Quarter in Interest” means as of any particular date of calculation, the Owners of no less than twenty-five percent (25%) of the principal amount of the then Outstanding Bonds Similarly Secured so affected. In the event that two or more groups of Owners satisfy the percentage requirement set forth in the immediately preceding sentence and act (or direct the Trustee in writing to act) in a conflicting manner, only the group of Owners with the greatest percentage of Outstanding Bonds Similarly Secured so affected (as measured in accordance with the immediately preceding sentence) shall, to the extent of such conflict, be deemed to satisfy such requirement.

“Rebate Amount” has the meaning set forth in Section 1.148-1(b) of the Regulations. “Rebate Fund” means that fund of such name established pursuant to Section 6.1 and administered pursuant to Section 6.8 herein.

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

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

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

“Refunding Bonds” means Bonds Similarly Secured, which are secured by a parity lien with the then Outstanding Bonds Similarly Secured, 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.

“Release Restriction” shall have the meaning assigned to such term in Section 6.5(h) hereof.

“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, (ii) 125% of average Annual Debt Service on 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, the Reserve Account Requirement is \$217,676.26 which is an amount equal to the Maximum Annual Debt Service on the Bonds as of the Closing Date.

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

“Series” means any designated series of Bonds Similarly Secured issued under this Indenture or a Supplemental Indenture.

“Service and Assessment Plan” means the “Double Eagle Ranch Public Improvement District Service and Assessment Plan” dated May 22, 2023, including the Assessment Roll, as hereinafter amended, updated, and/or restated by an Annual Service Plan Update or otherwise, which is attached as Exhibit A to the Assessment Order.

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

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

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

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

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

“Trustee” means BOKF, NA, Houston, Texas, a national banking association duly organized and validly existing under the laws of the United States of America, with a corporate trust office in Houston, Texas, serving in its capacity as trustee, 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.

“Unrestricted Amount” means \$2,272,593.18.

Section 1.2. Findings.

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

Section 1.3. Table of Contents, Titles and Headings.

The table of contents, titles, and headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only and are not to be considered a part hereof

and shall not in any way modify or restrict any of the terms or provisions hereof and shall never be considered or given any effect in construing this Indenture or any provision hereof or in ascertaining intent, if any question of intent should arise.

Section 1.4. Interpretation.

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

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

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

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

ARTICLE II THE BONDS

Section 2.1. Security for the Bonds 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 for the applicable Series of Bonds Similarly Secured each issued under this Indenture, 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 County 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 County 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 such pledge, the County agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Texas Business and Commerce Code, Chapter 9, as amended, and enable a filing to perfect the security interest in such pledge to occur.

Section 2.2. Limited Obligations.

The Bonds Similarly Secured are special and limited obligations of the County, payable solely from and secured solely by the Trust Estate, including the Pledged Revenues and the Pledged Funds; and the 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 County.

Section 2.3. Authorization for Indenture.

The terms and provisions of this Indenture and the execution and delivery hereof by the County to the Trustee have been duly authorized by official action of the Commissioners Court of

the County. The County has ascertained and it is hereby determined and declared that the execution and delivery of this 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 County 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 County with the Owners, and shall be deemed to be and shall constitute a contract among the County, the Owners, and the Trustee.

**ARTICLE III
AUTHORIZATION; GENERAL TERMS AND PROVISIONS
REGARDING THE BONDS**

Section 3.1. Authorization.

The Bonds are hereby authorized to be issued and delivered in accordance with the Constitution and laws of the State of Texas, including particularly the PID Act, as amended. The Bonds shall be issued in the aggregate principal amount of \$3,151,000 for the purpose of (i) paying a portion of the Actual Costs of the Improvement Area #1 Improvements, (ii) paying a portion of the interest on the Bonds during and after the period of acquisition and construction of the Improvement Area #1 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 of the Bonds.

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

(a) The Bonds shall be dated June 20, 2023 (the "Bond Date") and shall be issued in Authorized Denominations. The Bonds shall be in fully registered form, without coupons, and shall be numbered separately from R-1 upward, except the Initial Bond, which shall be numbered T-1.

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

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

<u>Year</u>	<u>Principal Amount(\$)</u>	<u>Interest Rate (%)</u>
2030	421,000	4.375
***	***	***
2043	1,184,000	5.250
***	***	***
2053_	1,546,000	5.375

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

Section 3.3. Conditions Precedent to Delivery of the Bonds.

The Bonds shall be executed by the County 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 County, but only upon delivery to the Trustee of:

- (i) a copy of the executed Assessment Order;
- (ii) a copy of the executed Bond Order;
- (iii) a copy of the executed Development Agreement;
- (iv) a copy of the executed Financing Agreement;
- (v) a copy of this Indenture executed by the Trustee and the County;
- (vi) a County 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 County;
- (vii) a copy of the executed opinion of Bond Counsel;
- (viii) a copy of the executed Continuing Disclosure Agreements; and
- (ix) the approving opinion of the Attorney General of the State and the State Comptroller's registration certificate.

Section 3.4. Medium, Method and Place of Payment.

(a) Principal of and interest on the Bonds 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 or more thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Trustee, if and when funds for the payment of such interest have been received from or on behalf of the County. Notice of the Special Record Date

and of the scheduled payment date of the past due interest (the "Special Payment Date," which shall be 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 County to be used for any lawful purpose. Thereafter, none of the County, the Paying Agent/Registrar, or any other Person shall be liable or responsible to any Owners of such 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 County by the County Judge of the County and countersigned by the and County Clerk of the County, by their manual or facsimile signatures, and the official seal of the County shall be impressed or placed in facsimile thereon. Such facsimile signatures on the 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 such officers, and such facsimile seal on the Bonds Similarly Secured shall have the same effect as if the official seal of the County had been manually impressed upon each of the Bonds Similarly Secured.

(b) In the event that any officer of the County 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 the Initial Bond has been duly approved by the Attorney General of the State of Texas, is a valid and binding obligation of the County, and has been registered by the Comptroller of Public Accounts of the State of Texas.

(d) On each Closing Date for each Series of Bonds Similarly Secured, one Initial Bond representing the entire principal amount of such Series of Bonds Similarly Secured, payable in stated installments to the purchase of such Series of Bonds Similarly Secured, or its designee, executed with the manual or facsimile signatures of the County Judge and the County Clerk, approved by the Attorney General, and registered and manually signed by the Comptroller of Public Accounts, will be delivered to the Purchaser of such Bonds Similarly Secured or its designee. Upon payment for the Initial Bond, the Trustee shall cancel the Initial Bond and deliver to DTC on behalf of such Purchaser one registered definitive bond for each year of maturity of such Series of the Bonds Similarly Secured, in the aggregate principal amount of 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. Refunding Bonds.

(a) Except in accordance with the provisions of this Indenture, including Section 13.2, the County shall not issue additional bonds, notes or other obligations payable from any portion of the Trust Estate, other than Refunding Bonds. The County reserves the right to issue Refunding Bonds, the proceeds of which would be utilized to refund all or any portion of the Outstanding Bonds Similarly Secured and to pay all costs incident to the Refunding Bonds, as authorized by the laws of the State of Texas. Except as limited by the terms of this Indenture, including Section 13.2, the County reserves the right to incur debt payable from sources other than the Trust Estate, including revenue derived from contracts with other entities, including private corporations, municipalities and political subdivisions issued particularly for the purchase, construction, improvement, extension, replacement, enlargement or repair of the facilities needed in performing any such contract.

(b) The principal of all Refunding Bonds must be scheduled to be paid, be subject to mandatory sinking fund redemption or mature on September 1 of the years in which such principal is scheduled to be paid. All Refunding Bonds must bear interest at a fixed rate and any interest payment dates for Refunding Bonds must be March 1 and September 1. The date, rate or rates of interest on, interest payment dates, maturity dates, redemption and all other terms and provisions of Refunding Bonds shall be set forth in a Supplemental Indenture.

(c) Upon their authorization by the County, the Refunding Bonds of a Series issued under this Section 3.6 shall be issued and shall be delivered to the purchasers or owners thereof, but before, or concurrently with, the delivery of said Refunding Bonds to such purchasers or owners there shall have been filed with the Trustee the items required by Section 13.2(d)(ii) below.

Section 3.7. Ownership.

(a) The County, 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 County nor the Trustee, nor the Paying Agent/Registrar, shall be bound by any notice or knowledge to the contrary.

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

Section 3.8. Registration, Transfer and Exchange.

(a) So long as any Bond Similarly Secured remains Outstanding, the County shall cause the Paying Agent/Registrar to keep at the Designated Payment/Transfer Office a Register in which, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of 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 County, and shall cause the Register to be current with all registration and transfer information as from time to time may be applicable.

(b) A 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 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 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 County 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 County 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 County 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 3.9. 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 3.10. Temporary Bonds Similarly Secured.

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

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

(c) The County, 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 3.11. Replacement Bonds.

(a) Upon the presentation and surrender to the Paying Agent/Registrar of a mutilated bond, the Trustee shall authenticate and deliver in exchange therefor a replacement bond of like

tenor and principal amount, bearing a number not contemporaneously outstanding. The County 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 County harmless;

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

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

(c) After the delivery of such replacement 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 County 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 County, the Paying Agent/Registrar or the Trustee in connection therewith.

(d) In the event that any such mutilated, lost, apparently destroyed or wrongfully taken 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 County 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 3.12. 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 County to DTC. On the Closing Date for

the applicable 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 County and the Paying Agent/Registrar shall have no responsibility or obligation to any DTC Participant or to any Person on behalf of whom such a DTC Participant holds an interest in the Bonds Similarly Secured. Without limiting the immediately preceding sentence, the County and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the 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 County 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 Bonds 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 County'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 County 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 3.13. Successor Securities Depository: Transfer Outside Book-Entry-Only System.

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

Section 3.14. Payments to Cede & Co.

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

**ARTICLE IV
REDEMPTION OF BONDS BEFORE MATURITY**

Section 4.1. Limitation on Redemption.

The Bonds shall be subject to redemption before their scheduled maturity only as provided in this Article IV. Each Series of Bonds Similarly Secured, other than the Bonds, shall be subject to mandatory sinking fund redemption and optional redemption as provided in the Supplemental Indenture authorizing the issuance of such Series of Bonds Similarly Secured.

Section 4.2. Mandatory Sinking Fund Redemption.

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

Term Bonds Maturing September 1, 2030

<u>Redemption Date</u>	<u>Sinking Fund Installment (\$)</u>
September 1, 2024	54,000
September 1, 2025	56,000
September 1, 2026	58,000
September 1, 2027	60,000
September 1, 2028	62,000
September 1, 2029	64,000
September 1, 2030*	67,000

* maturity

Term Bonds Maturing September 1, 2043

<u>Redemption Date</u>	<u>Sinking Fund Installment (\$)</u>
September 1, 2031	69,000
September 1, 2032	72,000
September 1, 2033	75,000
September 1, 2034	78,000
September 1, 2035	82,000
September 1, 2036	86,000
September 1, 2037	90,000
September 1, 2038	94,000
September 1, 2039	98,000
September 1, 2040	103,000
September 1, 2041	107,000
September 1, 2042	112,000
September 1, 2043*	118,000

* maturity

Term Bonds Maturing September 1, 2053

<u>Redemption Date</u>	<u>Sinking Fund Installment (\$)</u>
September 1, 2044	123,000
September 1, 2045	129,000
September 1, 2046	135,000
September 1, 2047	142,000
September 1, 2048	149,000
September 1, 2049	157,000
September 1, 2050	165,000
September 1, 2051	173,000
September 1, 2052	182,000
September 1, 2053*	191,000

* maturity

(b) At least forty-five (45) days prior to each mandatory sinking fund redemption date, and subject to any prior reduction authorized by subparagraphs (c) and (d) of this Section 4.2, the Trustee shall select a principal amount of 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.

(c) The principal amount of Bonds of a Stated Maturity required to be redeemed on any mandatory sinking fund redemption date pursuant to subparagraph (a) of this Section 4.2 shall be reduced, at the option of the County, 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 County at a price not exceeding the principal amount of such Bonds plus accrued and unpaid interest to the date of purchase thereof, and delivered to the Trustee for cancellation.

(d) The principal amount of Bonds required to be redeemed on any mandatory sinking fund redemption date pursuant to subparagraph (a) of this Section 4.2 shall be reduced on a pro rata basis among Sinking Fund Installments by the principal amount of any Bonds which, at least 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.

The County reserves the right and option to redeem Bonds maturing on or after September 1, 2032, before their respective scheduled maturity date, in whole or in part, on any date on or after September 1, 2031, at the Redemption Price.

Section 4.4. Extraordinary Optional Redemption.

Notwithstanding any provision in this Indenture to the contrary, the County 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 specified in a County Certificate, on any date, at the Redemption Price of such Bonds Similarly Secured, or portions thereof, to be redeemed plus accrued interest to the date of redemption from amounts on deposit in the Redemption Fund as

a result of Prepayments (including related transfers to the Redemption Fund made pursuant to this Indenture) or as a result of unexpended amounts transferred from the Project Fund pursuant to the terms of this Indenture. The County will provide the Trustee a County Certificate directing the Bonds Similarly Secured to be redeemed pursuant to this Section 4.4, and in accordance with the provisions Section 4.5 hereof.

Section 4.5. Partial Redemption.

(a) If less than all of the Bonds Similarly Secured are to be redeemed pursuant to Section 4.2, 4.3, or 4.4, as applicable, Bonds Similarly Secured shall be redeemed in minimum principal amounts of \$1,000 or any integral multiple thereof. Each Bond shall be treated as representing the number of Bonds 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.

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

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

(d) Notwithstanding the above provisions relating to the Bonds Similarly Secured, if less than all of the 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, to be redeemed shall be allocated on a pro rata basis (as nearly as practicable) among all Outstanding Bonds Similarly Secured.

(e) Upon surrender of any Bond Similarly Secured for redemption in part, the Trustee in accordance with Section 3.7 of this Indenture, shall authenticate and deliver an exchange Bond Similarly Secured or Bonds Similarly Secured 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 thirty (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 Bonds Similarly Secured Outstanding 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 County 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 County may condition redemption on the receipt of such funds by the Trustee on or before the date fixed for the redemption, or on the satisfaction of any other prerequisites set forth in the notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption are not satisfied and sufficient funds are not received, the notice shall be of no force and effect, the County shall not redeem the Bonds 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 County 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 (initially, Houston, Texas) on or after the date fixed for redemption, the Trustee shall pay the Redemption Price on such Bond Similarly Secured to the date of redemption from the moneys set aside for such purpose.

Section 4.8. Effect of Redemption.

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

**ARTICLE V
FORM OF THE BONDS SIMILARLY SECURED**

Section 5.1. Form Generally.

(a) The Bonds Similarly Secured, including the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the Certificate of the Trustee, and the Assignment to appear on each of the Bonds Similarly Secured, (i) shall be, with respect to the Bonds, substantially in the form set forth in Exhibit A to this Indenture with such appropriate

insertions, omissions, substitutions, and other variations as are permitted or required by this Indenture, and, with respect to any Refunding Bonds, 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 County 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) The Initial Bond of each Series of Bonds Similarly Secured submitted to the Attorney General of the State of Texas may be typewritten and photocopied or otherwise reproduced.

Section 5.2. CUSIP Registration.

The County may secure identification numbers through the CUSIP Services, managed by FactSet Research Systems Inc. on behalf of The American Bankers Association, New York, New York, and may authorize the printing of such numbers on the face of the Bonds Similarly Secured. It is expressly provided, however, that the presence or absence of CUSIP numbers on the Bonds Similarly Secured shall be of no significance or effect as regards the legality thereof; and none of the County, the Trustee, nor the attorneys approving the Bonds Similarly Secured as to legality are to be held responsible for CUSIP numbers incorrectly printed on the Bonds Similarly Secured. The Trustee may include in any redemption notice a statement to the effect that the CUSIP numbers on the Bonds Similarly Secured have been assigned by an independent service and are included in such notice solely for the convenience of the Owners of the Bonds Similarly Secured and that neither the County nor the Trustee shall be liable for any inaccuracies of such numbers.

Section 5.3. Legal Opinion.

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

ARTICLE VI FUNDS AND ACCOUNTS

Section 6.1. Establishment of Funds and Accounts.

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

- (i) Pledged Revenue Fund;
- (ii) Bond Fund;

- (iii) Project Fund;
- (iv) Reserve Fund;
- (v) Redemption Fund;
- (vi) Rebate Fund; and
- (vii) Administrative Fund.

(b) Creation of Accounts.

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

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

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

- (A) Improvement Area #1 Projects Account; and
- (B) Costs of Issuance Account.

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

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

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

(e) The Trustee may, from time to time, upon written direction from the County pursuant to a County Certificate, create additional Funds or Accounts hereunder as may be necessary for the receipt and application of the Assessment Revenues to account properly for the payment of the Actual Costs of the Improvement Area #1 Projects or to facilitate the payment or redemption for the Bonds Similarly Secured.

Section 6.2. Initial Deposits to Funds and Accounts.

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: \$32,280.59;
- (ii) to the Improvement Area #1 Projects Account of the Project Fund: \$2,541,594.00;
- (iii) to the Costs of Issuance Account of the Project Fund: \$205,743.27;
- (iv) to the Reserve Account of the Reserve Fund: \$217,676.26; and
- (v) to the Administrative Fund: \$40,000.00.

Section 6.3. Pledged Revenue Fund.

(a) On or before February 20, 2024, and on or before each February 20 and August 20 of each year thereafter while the Bonds Similarly Secured are Outstanding, the County shall deposit or cause to be deposited the Pledged Revenues into the Pledged Revenue Fund pursuant to this Section 6.3(a) and the Trustee shall apply the Pledged Revenues in the following order of priority: (i) first, retain in the Pledged Revenue Fund an amount sufficient to pay debt service on the Bonds Similarly Secured next coming due in such calendar year, (ii) second, deposit to the Reserve Account of the Reserve Fund an amount to cause the amount in the Reserve Account to equal the Reserve Account Requirement, in accordance with Section 6.7(a) hereof, (iii) third, deposit to the Additional Interest Reserve Account of the Reserve Fund in an amount equal to the Additional Interest collected, in accordance with Section 6.7(b) hereof, (iv) fourth, to pay other Actual Costs of the Improvement Area #1 Improvements, and (v) fifth, to pay other costs permitted by the PID Act.

Along with each deposit of Pledged Revenues to the Pledged Revenue Fund, the County shall provide a County Certificate to the Trustee as to (i) the Funds and Accounts into which the amounts are to be deposited or retained, as applicable, and (ii) the amounts of any payments to be made from such Funds and Accounts.

(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 Pledged Revenue Fund and transfer to the Principal and Interest Account of the Bond Fund, an amount, taking into account any amounts then on deposit in such Principal and Interest Account 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) Notwithstanding Section 6.3(a) hereof, the Trustee shall deposit Prepayments to the Pledged Revenue Fund and as soon as practicable after such deposit shall transfer such Prepayments to the Redemption Fund.

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

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

Section 6.4. Bond Fund.

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

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

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

<u>Date</u>	<u>Amount (\$)</u>
September 1, 2023	32,280.59

Any amounts on deposit in the Capitalized Interest Account after the payment of interest on the dates and in the amounts listed above shall be transferred to the Improvement Area #1 Projects Account of the Project Fund, or if the Improvement Area #1 Projects Account of the Project Fund has been closed as provided in Section 6.5(f) herein, such amounts shall be transferred to the Redemption Fund to be used to redeem Bonds 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.

(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 County Certificates, containing a properly executed and completed Certification for Payment.

(c) Disbursements from the Improvement Area #1 Projects Account of the Project Fund to pay Actual Costs of the Improvement Area #1 Improvements shall be made by the Trustee upon receipt by the Trustee of one or more County Certificates, in the form attached hereto as Exhibit B, containing a properly executed and completed Certification for Payment. The disbursement of funds from the Improvement Area #1 Projects Account of the Project Fund pursuant to a County Certificate shall be pursuant to and in accordance with the disbursement procedures described in the Financing Agreement or as provided in such written direction; provided, however, that all disbursement of funds for the Actual Costs of Improvement Area #1 Improvements made pursuant to a County Certificate shall be made from the Improvement Area #1 Projects Account. Such provisions and procedures related to such disbursement contained in the Financing Agreement and no other provisions of the Financing Agreement, are herein incorporated by reference and deemed set forth herein in full.

(d) If the County Representative determines in his or her sole discretion that amounts then on deposit in the Improvement Area #1 Projects Account of the Project Fund are not expected to be expended for purposes of the Improvement Area #1 Projects Account of the Project Fund due to the abandonment, or constructive abandonment of the Improvement Area #1 Improvements, such that, in the opinion of the County Representative, it is unlikely that the amounts in the Improvement Area #1 Projects Account of the Project Fund will ever be expended for the purposes of the Improvement Area #1 Projects Account of the Project Fund, the County Representative shall file a County Certificate with the Trustee which identifies the amounts then on deposit in the Improvement Area #1 Projects Account of the Project Fund that are not expected to be used for purposes of the Project Fund. If such County Certificate is so filed, the amounts on deposit in the Improvement Area #1 Projects 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.

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

(f) Upon the filing of a County Certificate stating that all Improvement Area #1 Improvements have been completed and that all Actual Costs of the Improvement Area #1 Improvements have been paid, or that any such Actual Costs are not required to be paid from the Improvement Area #1 Projects Account of the Project Fund pursuant to either a Certification for Payment or written direction from the County or its designee, the Trustee shall transfer the amount, if any, remaining within the Improvement Area #1 Projects Account of the Project Fund to the Bond Fund and the Improvement Area #1 Projects Account of the Project Fund shall be closed. If the Improvement Area #1 Projects Account of the Project Fund has been closed pursuant to the provisions of this Section and the Costs of Issuance Account of the Project Fund has been closed pursuant to the provisions of Section 6.5(g), then the Project Fund shall be closed.

(g) Not later than six months following the Closing Date, or upon a determination by the County Representative that all costs of issuance of the applicable Series of Bonds Similarly Secured have been paid, any amounts remaining in the Costs of Issuance Account shall be transferred to the Improvement Area #1 Projects Account in the Project Fund and used to pay Actual Costs of the Improvement Area #1 Improvements, or if the Improvement Area #1 Projects Account of the Project Fund is closed, to the Principal and Interest Account of the Bond Fund and used to pay interest on the Bonds Similarly Secured, as directed by the County in a County Certificate filed with the Trustee, and following such transfer, the Costs of Issuance Account shall be closed.

(h) The aggregate amount of funds that the Trustee may disburse from the Improvement Area #1 Projects Account of the Project Fund shall not exceed the Unrestricted Amount except and until the Release Restriction (as defined below) has been satisfied. The Trustee may make disbursements from the Improvement Area #1 Projects Account of the Project Fund that exceed the Unrestricted Amount only when the Developer provides written certification to the Trustee and the County in a Certification for Payment in the form attached to the Financing Agreement that the Release Restriction has been satisfied. The first Certification for Payment that requests funds in excess of the Unrestricted Amount from the Improvement Area #1 Projects Account of the Project Fund and which evidences satisfaction of the Release Restriction shall be submitted to the County, the Trustee, and the Administrator for review and confirmation. Moneys may be disbursed from the Improvement Area #1 Projects Account of the Project Fund in excess of the Unrestricted Amount only if the Developer has sold and closed at least 4 homes within Improvement Area #1 to end-users, as evidenced by a certificate of the Developer, including a list of the closed properties' addresses and respective closing dates, and copies of the recorded special warranty deeds attached, delivered to the Trustee and the Administrator (the "Release Restriction"). The County may not approve a Certification for Payment from the Improvement Area #1 Projects Account of the Project Fund for any amounts that exceed the Unrestricted Amount until the Release Restriction has been satisfied.

Section 6.6. Redemption Fund.

Subject to adequate amounts on deposit in the Pledged Revenue Fund, the Trustee, as directed by a County Certificate, shall cause to be deposited to the Redemption Fund from 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 Reserve Account of the Reserve Fund will be initially funded with a deposit of \$217,676.26 from the proceeds of the Bonds in the amount of the Reserve Account Requirement. The County agrees with the Owners of the Bonds Similarly Secured to accumulate from the deposits outlined 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 Pledged Revenue Fund to the Additional Interest Reserve Account on March 1 and September 1 of each year, commencing March 1, 2024, an amount equal to the Additional Interest until the Additional Interest Reserve Requirement has been accumulated in the Additional Interest Reserve Account. If the amount on deposit in the Additional Interest Reserve Account shall at any time be less than the Additional Interest Reserve Requirement, the Trustee shall notify the County, in writing, of the amount of such shortfall, and the County shall resume collecting the Additional Interest and shall file a County Certificate with the Trustee instructing the Trustee to resume depositing the Additional Interest from the Pledged Revenue Fund into the Additional Interest Reserve Account until the Additional Interest Reserve Requirement has been accumulated in the Additional Interest Reserve Account; provided, however, that the County shall not be required to replenish the Additional Interest Reserve Account in the event funds are transferred from the Additional

Interest Reserve Account to the Redemption Fund as a result of an extraordinary optional redemption of Bonds Similarly Secured from the proceeds of a Prepayment pursuant to Section 4.4 of this Indenture. If, after such deposits, there is surplus Additional Interest remaining, the Trustee shall transfer such surplus Additional Interest to the Redemption Fund and shall notify the County of such transfer in writing. In calculating the amounts to be transferred pursuant to this Section, the Trustee may conclusively rely on the Annual Installments as shown on the Assessment Roll in the Service and Assessment Plan or an Annual Service Plan Update unless and until it receives a County 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 County, specifying the amount withdrawn and the source of such 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 County and the Trustee), from the Reserve Account of the Reserve Fund to the Redemption Fund, an amount specified in a County Certificate to be applied to the redemption of the 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 County Certificate as a result of such Prepayments and as a result of the transfer from the Reserve Account under this Section 6.7(d), the Trustee shall transfer an amount equal to the shortfall, and/or any additional amounts necessary to permit the Bonds Similarly Secured to be redeemed in minimum principal amounts of \$1,000, from the Additional Interest Reserve Account to the Redemption Fund to be applied to the redemption of the Bonds Similarly Secured.

(e) Whenever, on any Interest Payment Date, or on any other date at the written request of a County Representative, the amount in the Reserve Account exceeds the Reserve Account Requirement, the Trustee shall provide written notice to the County Representative of the amount of the excess. Such excess shall be transferred to the 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 County Representative, the Trustee receives a County Certificate instructing the Trustee to apply such excess: (i) to pay amounts due under Section 6.8 hereof, (ii) to the Improvement Area #1 Projects Account of the Project Fund if such application and the expenditure of funds is expected to occur within three years of the date hereof, or (iii) for such other use specified in such County Certificate if the County receives a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that such alternate use will not adversely affect the exemption from federal income tax of the interest on any Bond Similarly Secured.

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

the amounts necessary to cure such deficiency.

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

(h) If, after a Reserve Account withdrawal pursuant to Section 6.7(f) hereof, 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 County to be designated "Bastrop County, 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 the Tax Certificate.

(c) The Trustee conclusively shall be deemed to have complied with the provisions of this Section and Section 7.5(h) and shall not be liable or responsible if it follows the instructions of the County 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 County.

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

Section 6.9. Administrative Fund.

(a) On or before February 20, 2024, and on or before each February 20 and August 20 of each year thereafter while the Bonds are Outstanding, the County shall deposit or cause to be deposited to the Administrative Fund the amounts collected each year to pay the Annual Collection Costs and Delinquent Collection Costs.

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

(c) The Administrative Fund shall not be part of the Trust Estate and shall not be

security for the Bonds Similarly Secured.

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 County pursuant to a County Certificate filed with the Trustee at least two (2) days in advance of the making of such investment. The money in any Fund or Account shall be invested in time deposits or certificates of deposit secured in the manner required by law for public funds, or be invested in direct obligations of, including obligations the principal and interest on which are unconditionally guaranteed by, the United States of America, in obligations of any agencies or instrumentalities thereof, or in such other investments as are permitted under the Public Funds Investment Act, Texas Government Code, Chapter 2256, as amended, or any successor law, as in effect from time to time; provided that all such deposits and investments shall be made in such manner (which may include repurchase agreements for such investment with any primary dealer of such agreements) that the money required to be expended from any Fund will be available at the proper time or times. Such investments shall be valued each year in terms of current market value as of September 30. Amounts in the Additional Interest Reserve Account may not be invested above the Yield (as defined in Section 7.5(a) hereof) on the Bonds Similarly Secured, unless and until the County receives a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that failure to comply with such yield restriction will not adversely affect the exemption from federal income tax of the interest on any Bond Similarly Secured. For purposes of maximizing investment returns, to the extent permitted by law, money in such Funds 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 are held by or on behalf of each such Fund. If necessary, such investments shall be promptly sold to prevent any default. In the event the County does not provide written investment directions, the Trustee is instructed to invest funds into the Goldman Sachs Financial Square Treasury Instruments (CUSIP No. 38142B609).

(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 County to the Trustee, such transfer may be accomplished by transferring a like amount of Investment Securities.

(c) The Trustee and its affiliates may act as sponsor, depository, principal or agent in the acquisition or disposition of any investment. The Trustee shall have no investment discretion and the Trustee's only responsibility for investments shall be to follow the written instructions contained in any County Certificate and to ensure that an investment it is directed to purchase is a permitted investment pursuant to the terms of this Indenture. The Trustee shall not incur any liability for losses arising from any investments made pursuant to this Section. The parties hereto acknowledge that the Trustee is not providing investment supervision, recommendations, or advice.

(d) Investments in any and all Funds and Accounts may be commingled in a separate fund or funds for purposes of making, holding and disposing of investments, notwithstanding provisions herein for transfer to or holding in or to the credit of particular Funds or Accounts of

amounts received or held by the Trustee hereunder, provided that the Trustee shall at all times account for such investments strictly in accordance with the Funds and Accounts to which they are credited and otherwise as provided in this Indenture.

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

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

Section 6.11. Security of Funds.

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

**ARTICLE VII
COVENANTS**

Section 7.1. Confirmation of Assessments.

The County hereby confirms, covenants, and agrees that the Assessments to be collected from the Assessed Property are as so reflected in the Service and Assessment Plan (as it may be updated from time to time), and, in accordance with the Assessment Order, it has levied the Assessments against the respective Assessed Property 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 reimburse it for its funds it has contributed to pay Actual Costs of the Improvement Area #1 Improvements, the County covenants, agrees and warrants that it will take and pursue all actions permissible under Applicable Laws to cause the Assessments to be collected and the liens thereof enforced continuously, in the manner and to the maximum extent permitted by Applicable Laws, and, to the extent permitted by Applicable Laws to cause no reduction, abatement or exemption in the Assessments.

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

Section 7.3. Against Encumbrances.

(a) Other than Refunding Bonds, or liens created in connection with indebtedness issued in compliance with Section 13.2 hereof, the County shall not create and, to the extent Pledged Revenues are received, shall not suffer to remain, any lien, encumbrance or charge upon the Trust Estate, 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, the County shall not issue any bonds, notes or other evidences of indebtedness other than the Bonds 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 of this Indenture.

Section 7.4. Records, Accounts, Accounting Reports.

The County 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 reimburse it for funds it has contributed to pay Actual Costs of the Improvement Area #1 Improvements 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 the Owners of any Bonds Similarly Secured or any duly authorized agent or agents of such Owners shall have the right at all reasonable times to inspect all such records, accounts, and data relating thereto, upon written request to the County by the Trustee or duly authorized representative, as applicable. The County shall provide the Trustee or duly authorized representative, as applicable, an opportunity to inspect such books and records relating to the Bonds Similarly Secured during the County's regular business hours and on a mutually agreeable date not later than thirty days after the County receives such request.

Section 7.5. Covenants to Maintain Tax-Exempt Status.

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

"Closing Date" means the date on which the Bonds are first authenticated and delivered to the initial purchasers against payment therefor.

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

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

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

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

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

“Regulations” means any proposed, temporary or final Income Tax Regulations issued pursuant to Sections 103 and 141 through 150 of the Code, and 103 of the Internal Revenue Code of 1954, which are applicable to the Bonds. Any reference to any specific Regulation shall also mean, as appropriate, any proposed, temporary or final Income Tax Regulation designed to supplement, amend or replace the specific Regulation referenced.

“Yield” of (1) any Investment has the meaning set forth in Section 1.148-5 of the Regulations; and (2) the Bonds has the meaning set forth in Section 1.148-4 of the Regulations.

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

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

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

(d) No Private Loan.

(i) Except to the extent permitted by Section 141 of the Code and the Regulations and rulings thereunder, the County shall not use Gross Proceeds of the Bonds to make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, such Gross Proceeds are considered to be "loaned" to a person or entity if: (1) property acquired, constructed or improved with such Gross Proceeds is sold or leased to such person or entity in a transaction which creates a debt for federal income tax purposes; (2) capacity in or service from such property is committed to such person or entity under a take-or-pay, output or similar contract or arrangement; or (3) indirect benefits, or burdens and benefits of ownership, of such Gross Proceeds or any property acquired, constructed or improved with such Gross Proceeds are otherwise transferred in a transaction which is the economic equivalent of a loan.

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

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

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

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

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

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

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

after the final Computation Date.

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

(iii) The County shall exercise reasonable diligence to assure that no errors are made in the calculations and payments required by paragraphs (ii) and (iii), and if an error is made, to discover and promptly correct such error within a reasonable amount of time thereafter (and in all events within 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 County shall not, at any time prior to the earlier of the Stated Maturity or final payment of the Bonds, enter into any transaction that reduces the amount required to be paid to the United States pursuant to Subsection (h) of this Section because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the Yield of the Bonds not been relevant to either party.

(j) Elections. The County hereby directs and authorizes the County Judge or County Clerk, individually or jointly, to make elections permitted or required pursuant to the provisions of the Code or the Regulations, as they deem necessary or appropriate in connection with the Bonds, in the Tax Certificate or similar or other appropriate certificate, form or document.

ARTICLE VIII LIABILITY OF COUNTY

The County 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 County shall not be liable in connection with the performance of its duties hereunder, except for its own willful default or act of bad faith. The County shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions covenants or agreements of the Trustee herein or of any of the documents executed by the Trustee in connection with the Bonds Similarly Secured, or as to the existence of a default or Event of Default thereunder.

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

No provision of this Indenture, the Bonds Similarly Secured, the Assessment Order, or any agreement, document, instrument, or certificate executed, delivered or approved in connection with the issuance, sale, delivery, or administration of the Bonds Similarly Secured (the "Bond Documents"), shall require the County to expend or risk its own general funds or otherwise incur any financial liability (other than with respect to the Trust Estate and the Annual Collection Costs) in the performance of any of its obligations hereunder, or in the exercise of any of its rights or powers, if in the judgment of the County there are reasonable grounds for believing that the repayment of such funds or liability is not reasonably assured to it.

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

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

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

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

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

ARTICLE IX THE TRUSTEE

Section 9.1. Trustee as Paying Agent/Registrar.

The Trustee is hereby designated and agrees to act as Paying Agent/Registrar for and in respect to the 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 sole and exclusive judgment proper to be done by it as the Trustee, without indemnity, and in such case the Trustee may make transfers from the Administrative Fund, and to the extent money in the Administrative Fund is insufficient, from the Pledged Revenue Fund to pay all 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 County and the Trustee assumes no responsibility for the correctness of the same. The Trustee makes no representations as to the validity or sufficiency of the offering documents, this 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 County or others in accordance with this Indenture, except as to the application of any moneys paid to it in its capacity as Trustee; (iv) any calculation of arbitrage or rebate under the Code; (v) any loss suffered in connection with any investment of funds in accordance with this Indenture, or (vi) to undertake any other action unless specifically authorized pursuant to a written direction by the County pursuant to this Indenture. 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 no implied covenants or obligations shall be read into this Indenture against the Trustee, 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 County. In no event shall the Trustee be liable for incidental, indirect, special or consequential damages in connection with or arising from this Indenture for the existence, furnishing or use of the Improvement Area #1 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 County or by the Owners of at least fifty-one percent (51%) of the aggregate principal amount of Bonds Similarly Secured then Outstanding. In the absence of delivery of a notice satisfying those requirements, the Trustee may assume conclusively that there is no default or Event of Default.

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.

The permissive rights of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and, with respect to such permissive rights, the Trustee shall not be answerable for other than its own negligence and willful misconduct.

Section 9.4. Trustee Joining in Supplemental Indentures; Supplemental Indentures Part of Indenture.

The Trustee is authorized to join with the County in the execution of any such Supplemental Indentures and to make the further agreements and stipulations which may be contained therein. Any Supplemental Indenture executed accordance with the provisions of this Section shall thereafter form a part of this Indenture, and all the terms and conditions contained in any such Supplemental Indenture as to any provisions authorized to be contained therein shall be and shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes. In case of the execution and delivery of any Supplemental Indenture, express reference may be made thereto in the text of any Bonds Similarly Secured issued thereafter, if deemed necessary or desirable by the Trustee or the County.

Upon execution of any Supplemental Indenture pursuant to the provisions of this Section, this Indenture shall be and be deemed to be modified and amended in accordance therewith, and the respective rights, duties, and obligations under this Indenture of the County and 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.

Section 9.5. 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 9.6. Trustee Protected in Relying on Certain Documents.

The Trustee may rely upon any order, notice, request, consent, waiver, certificate, statement, affidavit, requisition, bond, or other document provided to the Trustee in accordance with the terms of this Indenture that it shall in good faith reasonably believe to be genuine and to have been adopted or signed by the proper board or Person or to have been prepared and furnished pursuant to any of the provisions of this Indenture, or upon the written opinion of any counsel, architect, engineer, insurance consultant, management consultant, or accountant

believed by the Trustee to be qualified in relation to the subject matter, and the Trustee shall be under no duty to make any investigation or inquiry into any statements contained or matters referred to in any such instrument. The Trustee may consult with counsel, who may or may not be Bond Counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered, or omitted to be taken by it in good faith and in accordance therewith.

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

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

Section 9.7. Compensation.

Unless otherwise provided by contract with the Trustee, the Trustee shall transfer from the 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 County shall fail to make any payment required by this Section, the Trustee may make such payment from any moneys in its possession in the Administrative Fund.

Section 9.8. Permitted Acts.

The Trustee and its directors, officers, employees, or agents may become the owner of or may in good faith buy, sell, own, hold and deal in 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 County or any committee formed to protect the rights of Owners or to effect or aid in any reorganization growing out of the enforcement of the 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 9.9. Resignation of Trustee.

The Trustee may at any time resign and be discharged of its duties and obligations hereunder by giving not fewer than 30 days' written notice, specifying the date when such resignation shall take effect, to the County and each Owner of any Outstanding Bond Similarly Secured. Such resignation shall take effect upon the appointment of a successor as provided in Section 9.11 and the acceptance of such appointment by such successor.

Section 9.10. Removal of Trustee.

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

Section 9.11. Successor Trustee.

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

If the position of Trustee shall become vacant for any of the foregoing reasons or for any other reason, a successor Trustee may be appointed within one year after any such vacancy shall have occurred by the Owners of at least a Quarter in Interest 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 County.

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

If in a proper case no appointment of a successor Trustee shall be made within 45 days after the giving by any Trustee of any notice of resignation in accordance with Section 9.9 herein or after the occurrence of any other event requiring or authorizing such appointment, the Trustee or any Owner of 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 County shall be responsible for the costs of such appointment process.

Any successor Trustee appointed under the provisions of this Section shall be a

commercial bank or trust company or national banking association (i) having a capital and surplus and undivided profits aggregating at least \$50,000,000, if there be such a commercial bank or trust company or national banking association willing and able to accept the appointment on reasonable and customary terms, and (ii) authorized by law to perform all the duties of the Trustee required by this 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 9.12. Transfer of Rights and Property to Successor Trustee.

Any successor Trustee appointed under the provisions of Section 9.11 shall execute, acknowledge, and deliver to its predecessor and the County an instrument in writing accepting such appointment, and thereupon such successor, without any further act, deed, or conveyance, shall become fully vested with all moneys, estates, properties, rights, immunities, powers, duties, obligations, and trusts of its predecessor hereunder, with like effect as if originally appointed as Trustee. However, the Trustee then ceasing to act shall nevertheless, on request of the County or of such successor, execute, acknowledge, and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor all the rights, immunities, powers, and trusts of such Trustee and all the right, title, and interest of such Trustee in and to the Trust Estate, and shall pay over, assign, and deliver to such successor any moneys or other properties subject to the trusts and conditions herein set forth. Should any deed, conveyance, or instrument in writing from the County be required by such successor for more fully and certainly vesting in and confirming to it any such moneys, estates, properties, rights, powers, duties, or obligations, any and all such deeds, conveyances, and instruments in writing, on request and so far as may be authorized by law, shall be executed, acknowledged, and delivered by the County.

Section 9.13. Merger, Conversion or Consolidation of Trustee.

Any corporation or association into which the Trustee may be merged or with which it may be consolidated or any corporation or association resulting from any merger, conversion or consolidation to which it shall be a party or any corporation or association to which the Trustee may sell or transfer all or substantially all of its corporate trust business shall be the successor to such Trustee hereunder, without any further act, deed or conveyance, provided that such corporation or association shall be a commercial bank or trust company or national banking association qualified to be a successor to such Trustee under the provisions of Section 9.11, or a trust company that is a wholly-owned subsidiary of any of the foregoing.

Section 9.14. Security Interest in Trust Estate.

Chapter 1208, Texas Government Code, applies to the issuance of the Bonds Similarly Secured and the pledge of the Trust Estate provided for herein, and such pledge is, under current law, valid, effective and perfected. The County shall cause to be filed all appropriate initial financing statements, if any, to ensure that the Trustee (for the benefit of the Owners of the Bonds Similarly Secured) is granted a valid and perfected first priority lien on the entire Trust Estate. Nothing herein shall obligate the Trustee to file any initial financing statements. Upon the County's timely delivery of a copy of such filed initial financing statement, if any, to the Trustee, the Trustee shall file continuation statements of such initial financing statement(s) in the same jurisdictions as the initial financing statement(s) previously provided to the Trustee. Unless the Trustee is otherwise notified in writing by the County, the Trustee may rely upon the initial financing statements in filing any continuation statements hereunder.

Section 9.15. 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 County, 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 9.16. 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.

This Indenture and the rights and obligations of the County 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 so affected by such modification or amendment, or with the written consent without a meeting, of the Owners of at least 51% of the aggregate principal amount of the Bonds Similarly Secured then Outstanding and so affected by such modification or amendment. No such modification or amendment shall (i) extend the maturity of any Bond Similarly Secured or reduce the principal of or interest rate thereon, or otherwise alter or impair the obligation of the County to pay the principal of, and the interest and any premium on, any Bond Similarly Secured, without the express consent of the Owner of such Bond Similarly Secured, (ii) permit the creation by the County of any pledge or lien upon the Trust Estate superior to or on a parity with the pledge and lien created for the benefit of the Bonds Similarly Secured (except as otherwise permitted by Applicable Laws and this Indenture), or (iii) 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.

This Indenture and the rights and obligations of the County 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 County 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 County;
- (ii) to make modifications not adversely affecting any Outstanding Bonds Similarly Secured in any material respect;
- (iii) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in this Indenture, or in regard to questions arising under this Indenture, as the County 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 in any material

respect;

(iv) to provide for the issuance of Refunding Bonds, as set forth in Section 13.2 herein; 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.

Any modification or amendment made pursuant to this paragraph shall not be subject to the notice procedures specified in Section 10.3 below.

Notwithstanding the above, no Supplemental Indenture under this Section shall be effective unless the County first delivers to the Trustee an opinion of Bond Counsel to the effect that such amendment is permitted and will not adversely affect the: (i) interest of the Owners in any material respect, or (ii) exclusion of interest on any Bond from gross income for purposes of federal income taxation.

Section 10.2. Owners' Meetings.

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

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

The County and the Trustee may at any time adopt a Supplemental Indenture amending the provisions of the 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 County or Bond Counsel, acting on the County's behalf, has delivered to the Trustee an opinion of Bond Counsel to the effect that such amendment is permitted and will not adversely affect the exclusion of interest on any Bond from gross income for purposes of federal income taxation. Each such consent shall be effective only if accompanied by proof of ownership of the 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 County shall mail a notice to the Owners in the manner hereinbefore provided in this Section for the mailing of the Supplemental Indenture,

stating in substance that the Supplemental Indenture has been consented to by the Owners of the required percentage of Bonds Similarly Secured and will be effective as provided in this Section (but failure to mail copies of such notice shall not affect the validity of the Supplemental Indenture or consents thereto). Proof of the mailing of such notice shall be filed with the Trustee. A record, consisting of the papers required by this Section 10.3 to be filed with the Trustee, shall be proof of the matters therein stated until the contrary is proved. The Supplemental Indenture shall become effective upon the filing with the Trustee of the proof of mailing of such notice, and the Supplemental Indenture shall be deemed conclusively binding (except as otherwise hereinabove specifically provided in this Article) upon the County and the Owners of all 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 County, the Trustee, and all Owners of Bonds Similarly Secured Outstanding shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

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

The County 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 County, as to such action. In that case, upon demand of the Owner of any Outstanding Bond Similarly Secured 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 County may select and designate for that purpose, a suitable notation shall be made on such Bond Similarly Secured. The County may determine that new Bonds Similarly Secured, so modified as in the opinion of the County 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 the Owners of at least fifty-one percent (51%) in aggregate principal amount of the applicable Series of Bonds Similarly Secured then Outstanding and so affected by such default, the Owners may waive compliance by the County 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 County 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 or otherwise.

**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 County to deposit the Pledged Revenues to the Pledged Revenue Fund;

(ii) The failure of the County 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 County to make any such payments; and

(iv) Default in the performance or observance of any covenant, agreement or obligation of the County under this Indenture and the continuation thereof for a period of ninety (90) days after written notice to the County by the Trustee, or by the Owners of at least a Quarter in Interest of the Series of Bonds Similarly Secured so affected by such Event of Default, 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 a Quarter in Interest of the Series of Bonds Similarly Secured so affected by such Event of Default and its receipt of indemnity satisfactory, shall proceed against the County 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 County may be

sought or shall be permitted. The Trustee retains the right to obtain the advice of counsel in its exercise of remedies of default.

(b) THE PRINCIPAL OF THE 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 County shall determine, in its absolute discretion, and shall instruct the Trustee by County Certificate, which Trust Estate assets shall be applied to such payment and shall not be liable to any Owner or other Person by reason of such selection and application. In the event that the County shall fail to deliver to the Trustee such County Certificate, the Trustee shall select and liquidate or sell Trust Estate assets as provided in the following paragraph, and shall not be liable to any Owner, or other Person, or the County by reason of such selection, liquidation or sale.

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

Section 11.3. Restriction on Owner's Action.

(a) No Owner shall have any right to institute any action, suit or proceeding at law or in equity for the enforcement of this Indenture or for the execution of any trust thereof or any other remedy hereunder, unless (i) a default has occurred and is continuing of which the Trustee has been notified in writing, (ii) such default has become an Event of Default and the Owners of at least a Quarter in Interest of the Series of Bonds Similarly Secured then Outstanding and so affected by such Event of Default 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 51% of the aggregate principal amount of the Series of Bonds Similarly Secured then Outstanding and so affected by such Event of Default, 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 County 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 County, the Trustee and the Owners shall be restored to their former positions and rights hereunder, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

Section 11.4. Application of Revenues 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 County, 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 or Redemption Price 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 County to its prior position after any and all defaults have been cured, as provided in Section 11.3, shall not extend to or affect any subsequent default under this 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 County or the Trustee in accordance therewith.

Section 11.7. No Acceleration.

In the event of the occurrence of an Event of Default under Section 11.1 hereof, the right of acceleration of any Stated Maturity is not granted as a remedy hereunder and the right of acceleration under this 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 County 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 County 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 of Owners.

Anything herein to the contrary notwithstanding, the Owners of at least a Quarter in Interest of the applicable Series of Bonds Similarly Secured so affected by such Event of Default shall have the right by an instrument in writing executed and delivered to the Trustee, to direct the choice of remedies and the time, method, and place of conducting a proceeding for any remedy available to the Trustee hereunder, under each Supplemental Indenture, or otherwise, or exercising any trust or power conferred upon the Trustee, including the power to direct or withhold directions with respect to any remedy available to the Trustee or the Owners, provided, (i) such direction shall not be otherwise than in accordance with Applicable Laws and the provisions hereof, (ii) that the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction, and (iii) that the Trustee shall have the right to decline to follow any such direction which, in the opinion of the Trustee, would be unjustly prejudicial to Owners not parties to such direction.

ARTICLE XII GENERAL COVENANTS AND REPRESENTATIONS

Section 12.1. Representations as to Trust Estate.

(a) The County represents and warrants that it is authorized by Applicable Laws to authorize and issue the 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 County shall at all times, to the extent permitted by Applicable Laws, defend, preserve and protect the pledge of the Trust Estate and all the rights of the Owners and the Trustee, under this Indenture against all claims and demands of all Persons whomsoever.

(c) The County will take all steps reasonably necessary and appropriate, and will direct the Trustee to take all steps reasonably necessary and appropriate, to collect all delinquencies in the collection of the Assessments and any other amounts pledged to the payment of the 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 County, to the affected property owners on the same statement or such other mechanism that is used by the County, so that such Annual Installments are collected

simultaneously with ad valorem taxes and shall be subject to the same penalties, procedures, and foreclosure sale in case of delinquencies as are provided for ad valorem taxes of the County.

Section 12.2. Accounts, Periodic Reports and Certificates.

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

Section 12.3. General.

The County shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the County under the provisions of this Indenture.

ARTICLE XIII SPECIAL COVENANTS

Section 13.1. Further Assurances; Due Performance.

(a) At any and all times the County will duly execute, acknowledge and deliver, or will cause to be done, executed and delivered, all and every such further acts, conveyances, transfers, and assurances in a manner as the Trustee shall reasonably require for better conveying, transferring, pledging, and confirming unto the Trustee, all and singular, the revenues, Funds, Accounts and properties constituting the Pledged Revenues, and the Trust Estate hereby transferred and pledged, or intended so to be transferred and pledged.

(b) The County will duly and punctually keep, observe and perform each and every term, covenant and condition on its part to be kept, observed and performed, contained in this Indenture.

Section 13.2. Additional Obligations or Other Liens; Refunding Bonds.

(a) The County reserves the right, subject to the provisions contained in this Section 13.2, to issue Additional Obligations under other indentures, assessment orders, or similar agreements or other obligations which do not constitute or create a lien on any portion of the Trust Estate and are not payable from any portion of the Trust Estate.

(b) Other than Refunding Bonds, the County will not create or voluntarily permit to be created any debt, lien or charge on any portion of the Trust Estate, and will not do or omit to do or suffer to be omitted to be done any matter or things whatsoever whereby the lien of this Indenture or the priority hereof might or could be lost or impaired.

(c) Additionally, the County 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.

(d) The County reserves the right to issue Refunding Bonds, the proceeds of which would be utilized to refund all or any portion of the Outstanding Bonds or Outstanding Refunding Bonds and to pay all costs incident to the Refunding Bonds, as authorized by the laws of the State, and in accordance with the conditions set forth below:

(i) The principal of all Refunding Bonds must (i) be scheduled to be paid, (ii) be

subject to mandatory sinking fund redemption or (iii) mature, on September 1 of the years in which such principal (i) is scheduled to be paid, (ii) is subject to mandatory sinking fund redemption or (iii) matures. All Refunding Bonds must bear interest at a fixed rate and any interest payment dates for Refunding Bonds must be March 1 and September 1. The date, rate or rates of interest on, interest payment dates, maturity dates, redemption and all other terms and provisions of Refunding Bonds shall be set forth in a Supplemental Indenture; and

(ii) Upon their authorization by the County, the Refunding Bonds of a Series issued under this Section 13.2 shall be issued and shall be delivered to the purchasers or owners thereof, but before, or concurrently with, the delivery of said Refunding Bonds to such purchasers or owners there shall have been filed with the Trustee (1) a copy, certified by the County Clerk of the County, of the order or orders of the County authorizing the issuance, sale, execution and delivery of the Refunding Bonds and the execution and delivery of a Supplemental Indenture establishing, among other things, the date, rate or rates of interest on, interest payment dates, maturity dates, redemption and all other terms and provisions of such Refunding Bonds, and (2) an original executed counterpart of the Supplemental Indenture for such Refunding Bonds.

Section 13.3. Books of Record.

(a) The County shall cause to be kept full and proper books of record and accounts, in which full, true and proper entries will be made of all dealing, business and affairs of the County, which relate to the 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 the 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 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 which are secured hereby are fully paid or provision is made for their payment as provided in this Article.

Section 14.2. Satisfaction of Indenture.

If the County shall pay or cause to be paid, or there shall otherwise be paid to the Owners, principal of and interest on all of the 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 County 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 County 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 County 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 County.

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 such date as provided herein, (ii) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Defeasance Securities the principal of and the interest on which when due will provide moneys which, together with any moneys deposited with the Trustee for such purpose, shall be sufficient to pay when due the principal of and interest on of the Bonds Similarly Secured to become due on such Bonds Similarly Secured on and prior to the redemption date or maturity date thereof, as the case may be, (iii) the Trustee shall have received a report by an independent certified public accountant selected by the County verifying the sufficiency of the moneys and/or Defeasance Securities deposited with the Trustee to pay when due the principal of and interest on 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 the Bonds Similarly Secured are then rated, the Trustee shall have received written confirmation from each rating agency then publishing a rating on the Bonds Similarly Secured that such deposit will not result in the reduction or withdrawal of the rating on the 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 County 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 County, 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 County shall be for the sole and exclusive benefit of the Owners and the Trustee.

Section 15.2. Successor is Deemed Included in All References to Predecessor.

Whenever in this Indenture or any Supplemental Indenture either the County or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of the County or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 15.3. Execution of Documents and Proof of Ownership by Owners.

Any request, declaration, or other instrument which this Indenture may require or permit to be executed by Owners may be in one or more instruments of similar tenor and shall be executed by Owners in person or by their attorneys duly appointed in writing.

Except as otherwise herein expressly provided, the fact and date of the execution by any Owner or his attorney of such request, declaration, or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the Person signing such request, declaration, or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

Except as otherwise herein expressly provided, the ownership of registered Bonds Similarly Secured and the amount, maturity, number, and date of holding the same shall be proved by the Register.

Any request, declaration or other instrument or writing of the Owner of any Bond Similarly Secured shall bind all future Owners of such Bond Similarly Secured in respect of anything done or suffered to be done by the County or the Trustee in good faith and in accordance therewith.

Section 15.4. Waiver of Personal Liability.

No member, officer, agent, or employee of the County shall be individually or personally liable for the payment of the principal of, or interest or any premium on, the 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 County and Trustee.

(a) Except as otherwise expressly provided in this Indenture, all notices or other instruments required or permitted under this Indenture, including any County Certificate, shall be in writing and shall be telexed, cabled, delivered by hand, mailed by first-class mail, postage prepaid, or transmitted by facsimile or e-mail and addressed as follows:

If to the County: Bastrop County, Texas
804 Pecan Street
Bastrop, Texas 78602
Attn: County Judge

With a copy to: P3Works, LLC
Attn: Mary V. Petty, Managing Partner
9284 Huntington Square
North Richland Hills, Texas 76182
Email: Admin@P3-Works.com
Telephone: 817.393.0353

If to the Trustee
or the Paying Agent/Registrar: BOKF, NA
Attn: Rachel Roy
1401 McKinney Street, Suite 1000
Houston, Texas 77010
Fax No.: 713-354-0279
Email: rachel.roy@bankoftexas.com

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 agrees to accept and act upon instructions or directions pursuant to this Indenture sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that the County shall provide to the Trustee an incumbency certificate listing designated persons authorized to provide such instructions, which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. If the County elects to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee in its sole discretion elects to act upon such instructions, the Trustee's understanding of such instructions shall be deemed controlling. 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 instructions conflict or are inconsistent with a previous or subsequent written instruction. The County agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions 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.

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 County 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 County 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 County 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 County 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 County 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 the 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.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the County and the Trustee have caused this Indenture of Trust to be executed all as of the date hereof.

BASTROP COUNTY, TEXAS

By: _____
County Judge

ATTEST:

County Clerk

[COUNTY SEAL]

BOKF, NA,
as Trustee

By: _____
Authorized Officer

**EXHIBIT A
FORM OF BOND**

(a) Form of Bond.

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

REGISTERED
No. _____

REGISTERED
\$ _____

United States of
America State of Texas

BASTROP COUNTY, TEXAS
SPECIAL ASSESSMENT REVENUE BOND, SERIES 2023 (DOUBLE
EAGLE RANCH PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #1 PROJECT)

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATE OF DELIVERY</u>	<u>CUSIP NUMBER</u>
_____ %	September 1, 20__	_____	_____

Bastrop County, Texas (the "County"), for value received, hereby promises to pay, solely
from the Trust Estate, to

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

_____ DOLLARS

unless this Bond shall have been sooner called for redemption and the payment of the principal hereof shall have been paid or provision for such payment shall have been made, and to pay interest on the unpaid principal amount hereof from the later of the Date of Delivery, as specified above, or the most recent Interest Payment Date to which interest has been paid or provided for until such principal amount shall have been paid or provided for, at the per annum rate of interest specified above, computed on the basis of a 360-day year of twelve 30-day months, such interest to be paid semiannually on March 1 and September 1 of each year, commencing September 1, 2023, until maturity or prior redemption.

Capitalized terms appearing herein that are defined terms in the Indenture defined below, have the meanings assigned to them in the Indenture. Reference is made to the Indenture for such definitions and for all other purposes.

The principal of this Bond shall be payable without exchange or collection charges in lawful money of the United States of America upon presentation and surrender of this Bond at the

corporate trust office in Houston, Texas (the "Designated Payment/Transfer Office"), of BOKF, NA, as trustee and paying agent/registrar (the "Trustee", which term includes any successor trustee under the Indenture), or, with respect to a successor trustee and paying agent/registrar, at the Designated Payment/Transfer Office of such successor. Interest on this Bond is payable by check dated as of the Interest Payment Date, mailed by the Trustee to the registered owner at the address shown on the registration books kept by the Trustee or by such other customary banking arrangements acceptable to the Trustee, requested by, and at the risk and expense of, the Person to whom interest is to be paid. For the purpose of the payment of interest on this Bond, the registered owner shall be the Person in whose name this Bond is registered at the close of business on the "Record Date," which shall be the fifteenth calendar day of the month next preceding such Interest Payment Date; provided, however, that in the event of nonpayment of interest on a scheduled Interest Payment Date, and for 30 days or more thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Trustee, if and when funds for the payment of such interest have been received from the County. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "Special Payment Date," which shall be 15 days after the Special Record Date) shall be sent at least five Business Days prior to the Special Record Date by United States mail, first-class, postage prepaid, to the address of each Owner of a Bond appearing on the books of the Trustee at the close of business on the last Business Day preceding the date of mailing such notice.

If a date for the payment of the principal of or interest on the Bonds is a Saturday, Sunday, legal holiday, or a day on which banking institutions in the city in which the Designated Payment/Transfer Office is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding Business Day, and payment on such date shall have the same force and effect as if made on the original date payment was due.

This Bond is one of a duly authorized issue of assessment revenue bonds of the County having the designation specified in its title (herein referred to as the "Bonds"), dated June 20, 2023, issued in the aggregate principal amount of \$3,151,000 and issued, with the limitations described herein, pursuant to an Indenture of Trust, dated as of June 1, 2023 (the "Indenture"), by and between the County 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 County, and the terms upon which the Bonds are, and are to be, authenticated and delivered and by this reference to the terms of which each holder of this Bond hereby consents. All Bonds issued under the Indenture are equally and ratably secured by the amounts thereby pledged and assigned. The Bonds are being issued for the purpose of (i) paying a portion of the Actual Costs of the Improvement Area #1 Improvements, (ii) paying a portion of the interest on the Bonds during and after the period of acquisition and construction of the Improvement Area #1 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 of the Bonds.

The Bonds Similarly Secured, including the Bonds, are special, limited obligations of the County 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 County, the Trustee and the Owners. The Owner of this Bond Similarly Secured, 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 County to make money available to pay this Bond may be defeased by the deposit of money and/or certain direct or indirect Defeasance Securities sufficient for such purpose as described in the 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 Stated Maturity and will be redeemed by the County in part at the Redemption Price from moneys available for such purpose in the Principal and Interest Account of the Bond Fund pursuant to Article VI of the Indenture, on the dates and in the Sinking Fund Installment amounts as set forth in the following schedule:

Term Bonds Maturing September 1, 2030

<u>Redemption Date</u>	<u>Sinking Fund Installment (\$)</u>
September 1, 2024	54,000
September 1, 2025	56,000
September 1, 2026	58,000
September 1, 2027	60,000
September 1, 2028	62,000
September 1, 2029	64,000
September 1, 2030*	67,000

* maturity

Term Bonds Maturing September 1, 2043

<u>Redemption Date</u>	<u>Sinking Fund Installment (\$)</u>
September 1, 2031	69,000
September 1, 2032	72,000
September 1, 2033	75,000
September 1, 2034	78,000
September 1, 2035	82,000
September 1, 2036	86,000
September 1, 2037	90,000
September 1, 2038	94,000
September 1, 2039	98,000
September 1, 2040	103,000
September 1, 2041	107,000
September 1, 2042	112,000
September 1, 2043*	118,000

* maturity

Term Bonds Maturing September 1, 2053

<u>Redemption Date</u>	<u>Sinking Fund Installment (\$)</u>
September 1, 2044	123,000
September 1, 2045	129,000
September 1, 2046	135,000
September 1, 2047	142,000
September 1, 2048	149,000
September 1, 2049	157,000
September 1, 2050	165,000
September 1, 2051	173,000

September 1, 2052	182,000
<u>September 1, 2053*</u>	<u>191,000</u>
* maturity	

At least 45 days prior to each mandatory sinking fund redemption date, and subject to any prior reduction authorized by the Indenture, the Trustee shall select 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 of a Stated Maturity required to be redeemed on any mandatory sinking fund redemption date shall be reduced, at the option of the County, by the principal amount of any Bonds of such maturity which, at least 45 days prior to the mandatory sinking fund redemption date shall have been acquired by the County at a price not exceeding the principal amount of such Bonds plus accrued and unpaid interest to the date of purchase thereof, and delivered to the Trustee for cancellation.

The principal amount of Bonds required to be redeemed on any mandatory sinking fund redemption date shall be reduced on a pro rata basis among Sinking Fund Installments by the principal amount of any Bonds which, at least 45 days prior to the mandatory sinking fund redemption date, shall have been redeemed pursuant to the optional redemption or extraordinary optional redemption provisions of the Indenture and not previously credited to a mandatory sinking fund redemption.

The County reserves the right and option to redeem Bonds maturing on or after September 1, 2032 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 County, at the Redemption Price.

Bonds are subject to extraordinary optional redemption prior to maturity in whole or in part, on any date, at the 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.

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

In selecting the Bonds to be redeemed pursuant to Section 4.2 of the Indenture, the Trustee may select Bonds in any method that results in a random selection.

In selecting the Bonds to be redeemed pursuant to Section 4.3 of the Indenture, the Trustee may rely on the directions provided in a County Certificate.

If less than all of the Bonds are called for extraordinary optional redemption pursuant to Section 4.4 of the Indenture, the Bonds or portion of a Bond, as applicable, to be redeemed shall be allocated on a pro rata basis (as nearly as practicable) among all Outstanding Bonds.

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

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.

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

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

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the County and the rights of the holders of the Bonds under the 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 County with certain past defaults under the Bond Order 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 County nor the Trustee shall be required to issue, transfer or exchange any Bond called for redemption where such redemption is scheduled to occur within 45 calendar days of the transfer or exchange date; provided, however, such limitation shall not be applicable to an exchange by the registered owner of the uncalled principal balance of a Bond redeemed in part.

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

The County has reserved the right to issue Refunding Bonds on the terms and conditions specified in the Indenture.

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF BASTROP COUNTY, TEXAS, THE STATE OF TEXAS, OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE BONDS.

IT IS HEREBY CERTIFIED AND RECITED that the issuance of this Bond and the series of which it is a part is duly authorized by law; that all acts, conditions and things required to be done precedent to and in the issuance of the Bonds have been properly done and performed and have happened in regular and due time, form and manner, as required by law; and that the total indebtedness of the County, including the Bonds, does not exceed any Constitutional or statutory limitation.

IN WITNESS WHEREOF, the Commissioners Court of the County has caused this Bond to be executed under the official seal of the County.

County Judge, Bastrop County, Texas

County Clerk, Bastrop County, Texas

[County Seal]

(b) Form of Comptroller's Registration Certificate.

The following Registration Certificate of Comptroller of Public Accounts shall appear on the Initial Bond:

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER§
OF PUBLIC ACCOUNTS §

REGISTER NO. _____

THE STATE OF TEXAS §

I HEREBY CERTIFY THAT there is on file and of record in my office an opinion to the effect that the Attorney General of the State of Texas has approved this Bond, and that this Bond has been registered this day by me.

WITNESS MY SIGNATURE AND SEAL OF OFFICE this

Comptroller of Public Accounts of the
State of Texas

[SEAL]

(c) Form of Certificate of Trustee.

The following Certificate of Trustee shall appear on all bonds except the Initial Bond:

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.

BOKF, NA, Houston, Texas, as Trustee

DATED: _____

By: _____
Authorized Signatory

(d) Form of Assignment.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto (print or typewrite name, address and zip code of transferee):

(Social Security or other identifying number _____) the within Bond and all rights hereunder and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Bond on the books kept for registration hereof, with full power of substitution in the premises.

Date: _____

Signature Guaranteed By:

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

Authorized Signatory

(e) The Initial Bond shall be in the form set forth in paragraphs (a) 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>Year</u>	<u>Principal Amount (\$)</u>	<u>Interest Rate (%)</u>
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(Information to be inserted from Section 3.2(c) hereof); and

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

EXHIBIT B
FORM OF COUNTY CERTIFICATE

[County Letterhead]

BOKF, NA
Attn: Rachel Roy
1401 McKinney Street, Suite 1000
Houston, Texas 77010
Fax No.: 713-354-0279
Email: rachel.roy@bankoftexas.com

Re: Bastrop County, Texas Special Assessment Revenue Bonds (Double Eagle Ranch Public Improvement District Improvement Area #1 Project)

Reference is made to the Indenture of Trust (the “Indenture”) by and between Bastrop County, Texas (the “County”) and BOKF, NA (the “Trustee”), regarding the above-described transaction. In accordance with the Indenture, we hereby instruct you as follows:

[insert instructions]

This County Certificate, as executed by the County Representative (as defined in the Indenture) below, is provided in accordance with and complies with the provisions of the Indenture. The Trustee is hereby authorized to rely upon this County Certificate and to take the foregoing action(s). By submission of this County Certificate, the County hereby affirms that it remains in compliance with the covenants as set forth in the Indenture and all supplements related thereto.

Very truly yours,

BASTROP COUNTY, TEXAS

By: /s/
Name:
Title:

APPENDIX C

FORM OF SERVICE AND ASSESSMENT PLAN

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Double Eagle Ranch Public Improvement District

SERVICE AND ASSESSMENT PLAN

MAY 22, 2023



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INTRODUCTION

Capitalized terms used in this Service and Assessment Plan shall have the meanings given to them in **Section I** unless otherwise defined in this Service and Assessment Plan or unless the context in which a term is used clearly requires a different meaning. Unless otherwise defined, a reference to a “Section” or an “Exhibit” shall be a reference to a Section of this Service and Assessment Plan or an Exhibit attached to and made a part of this Service and Assessment Plan for all purposes.

On May 10, 2021, the County passed and approved a Resolution authorizing the creation of the Double Eagle Ranch Public Improvement District in accordance with the PID Act, which authorization was effective upon publication as required by the PID Act.

On May 22, 2023, the County adopted Order No. _____ approving this Service and Assessment Plan and the Assessment Roll for the Double Eagle Ranch Public Improvement District. The Assessment Order also levied the Improvement Area #1 Assessments against benefited properties within Improvement Area #1 and established a lien on such properties.

The purpose of the District is to finance the Actual Costs of Authorized Improvements that confer a special benefit on property within the District. The District contains approximately 195.879 acres located within the limits of the County, as described by metes and bounds on **Exhibit A-1** and depicted on **Exhibit B-1**.

The PID Act requires a service plan that covers a period of at least five years, defines the annual indebtedness and projected cost of the Authorized Improvements and includes a copy of the notice form required by Section 5.014 of the Texas Property Code, as amended. The Service Plan is contained in **Section IV** and the form of notice is attached as **Exhibit N**.

The PID Act requires that the Service Plan include an assessment plan that assesses the Actual Costs of the Authorized Improvements against Assessed Property within the District based on the special benefits conferred on such property by the Authorized Improvements. The Assessment Plan is contained in **Section V**.

The PID Act requires an Assessment Roll that states the Assessment against each Parcel determined by the method chosen by the County. The Assessment against each Assessed Property must be sufficient to pay the share of the Actual Costs apportioned to the Assessed Property and cannot exceed the special benefit conferred on the Assessed Property by the Authorized Improvements. The Improvement Area #1 Assessment Roll is contained in **Exhibit F**.

SECTION I: DEFINITIONS

“Actual Costs” mean, with respect to Authorized Improvements, the actual costs paid or incurred by or on behalf of the Owner of the District: (1) to plan, design, acquire, construct, install, and dedicate such improvements to the County; (2) to prepare plans, specifications (including bid packages), contracts, and as-built drawings; (3) to obtain zoning, licenses, plan approvals, permits, inspections, and other governmental approvals; (4) for third-party professional consulting services including but not limited to, engineering, surveying, geotechnical, land planning, architectural, landscaping, legal, accounting, and appraisals; (5) of labor, materials, equipment, fixtures, payment and performance bonds and other construction security, and insurance premiums; and (6) to implement, administer, and manage the above-described activities, including a 4% construction management fee. Actual Costs shall not include general contractor’s fees in an amount that exceeds a percentage equal to the percentage of work completed or construction management fees in an amount that exceeds an amount equal to the construction management fee amortized in approximately equal monthly installments over the term of the applicable construction management contract. Amounts expended for costs described in subsections (3), (4) and (6) above shall be excluded from the amount upon which the general contractor and construction management fees are calculated.

“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 an Assessment as authorized by Section 372.018 of the PID Act.

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

“Annual Collection Costs” means the actual or budgeted costs and expenses relating to collecting the Annual Installments, including, but not limited to, costs and expenses for: (1) the Administrator and County staff; (2) legal counsel, engineers, accountants, financial advisors, and other consultants engaged by the County; (3) calculating, collecting, and maintaining records with respect to Assessments and Annual Installments; (4) preparing and maintaining records with respect to Assessment Rolls and Annual Service Plan Updates; (5) issuing, paying, and redeeming PID Bonds; (6) investing or depositing Assessments and Annual Installments; (7) complying with this Service and Assessment Plan and the PID Act with respect to the administration of the District, including continuing disclosure requirements; and (8) the paying agent/registrar and Trustee in connection with PID Bonds, including their respective legal counsel. Annual Collection

Costs collected but not expended in any year shall be carried forward and applied to reduce Annual Collection Costs for subsequent years.

“Annual Installment” means the annual installment payment of an Assessment as calculated by the Administrator and approved by the County Commissioners Court, that may include: (1) principal; (2) interest; (3) Annual Collection Costs; and (4) Additional Interest.

“Annual Service Plan Update” means an update to this Service and Assessment Plan prepared no less frequently than annually by the Administrator and approved by the County Commissioners Court, in accordance with the PID Act.

“Assessed Property” means any Parcel within the District that benefits from the Authorized Improvements and on which an Assessment is levied as shown on the Assessment Roll and which includes any and all Parcels within the District other than Non-Benefited Property.

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

“Assessment Order” means the order adopted by the County Commissioners Court in accordance with the PID Act that approves the Service and Assessment Plan and levies the Assessment on Assessed Property within the District, as shown on any Assessment Roll.

“Assessment Plan” means the methodology employed to assess the Actual Costs of the Authorized Improvements against Assessed Property within the District based on the special benefits conferred on such property by the Authorized Improvements, as more specifically described in **Section V**.

“Assessment Roll” means the assessment roll for the Assessed Property within the District, as updated, modified, or amended from time to time in accordance with the procedures set forth herein and in the PID Act, including updates prepared in connection with the issuance of PID Bonds, or in connection with any Annual Service Plan Update.

“Authorized Improvements” means the improvements authorized by Section 372.003 of the PID Act, including, but not limited to, the Improvement Area #1 Improvements, Bond Issuance Costs, and first year Annual Collections Costs, as more specifically described in **Section III** and depicted on **Exhibit C**.

“Bond Issuance Costs” mean the costs associated with issuing PID Bonds, including but not limited to attorney fees, financial advisory fees, consultant fees, appraisal fees, printing costs,

publication costs, County costs, reserve fund requirements, capitalized interest, underwriter discount, fees charged by the Texas Attorney General, and any other cost or expense directly associated with the issuance of PID Bonds.

“County” means Bastrop County, Texas.

“Delinquent Collection Costs” mean, for an Assessed Property, interest, penalties, and other costs and expenses authorized by the PID Act that directly or indirectly relate to the collection of delinquent Assessments, delinquent Annual Installments, or any other delinquent amounts due under this Service and Assessment Plan, including costs and expenses to foreclose liens.

“District” means the Double Eagle Ranch Public Improvement District, consisting of approximately 195.879 acres within the limits of the County, as described legally by metes and bounds on **Exhibit A-1** and as depicted by the map on **Exhibit B-1**.

“District Formation Expenses” mean costs incurred creating the District, including attorney fees, consultant fees, and other fees and expenses related to the formation of the District and the levy of Assessments.

“Estimated Buildout Value” means the estimated buildout value of an Assessed Property at the time Assessments are levied, and shall be determined by the Administrator and confirmed by the County Commissioners Court by considering such factors as density, lot size, proximity to amenities, view premiums, location, market conditions, historical sales, builder contracts, discussions with homebuilders, reports from third party consultants, or any other information that may impact value.

“Improvement Area” means specifically defined and designated portions of the District that are developed in phases, including Improvement Area #1 and each area within the District that is specifically defined and designated as a phase of development.

“Improvement Area #1” means the approximately 55.05 acres within the District, as described legally by metes and bounds on **Exhibit A-2** and as depicted by the map on **Exhibit B-2**.

“Improvement Area #1 Annual Installment” means the annual installment payment on the Improvement Area #1 Assessment as calculated by the Administrator and approved by the County Commissioners Court that includes: (1) principal, (2) interest, (3) Annual Collection Costs, and (4) Additional Interest.

“Improvement Area #1 Assessed Property” means any Parcel within Improvement Area #1 against which an Improvement Area #1 Assessment is levied.

“Improvement Area #1 Assessment” means an Assessment levied against a Parcel within Improvement Area #1 and imposed pursuant to an Assessment Order and the provisions herein, as shown on the Improvement Area #1 Assessment Roll, subject to reallocation upon the subdivision of such Parcel or reduction according to the provisions herein and in the PID Act.

“Improvement Area #1 Assessment Roll” means the Assessment Roll for the Improvement Area #1 Assessed Property within the District and included in this Service and Assessment Plan as **Exhibit F**, as updated, modified, or amended from time to time in accordance with the procedures set forth herein and in the PID Act, including updates prepared in connection with the issuance of PID Bonds or in connection with any Annual Service Plan Update.

“Improvement Area #1 Bonds” means those certain “Bastrop County, Texas, Special Assessment Revenue Bonds, Series 2023 (Double Eagle Ranch Public Improvement District Improvement Area #1 Project)”, that are secured by Improvement Area #1 Assessments.

“Improvement Area #1 Improvements” mean those certain Authorized Improvements that only benefit Improvement Area #1 and Improvement Area #1’s allocable share of the District Formation Expenses, as described in **Section III** and as depicted on **Exhibit I**.

“Improvement Area #1 Projects” means the Improvement Area #1 Improvements, first year Annual Collection Costs, and Bond Issuance Costs relating to the Improvement Area #1 Bonds.

“Improvement Area #2” means the approximately 140.83 acres within the District, as described legally by metes and bounds on **Exhibit A-3** and as depicted by the map on **Exhibit B-3**.

“Indenture” means an indenture of trust entered into in connection with the issuance of PID Bonds, as amended or supplemented from time to time, between the County and the Trustee setting forth terms and conditions related to the PID Bonds.

“Lot” means (1) for any portion of the District for which a subdivision plat has been recorded in the official public records of the County, a tract of land described as a “lot” in such subdivision plat, and (2) for any portion of the District for which a subdivision plat has not been recorded in the official public records of the County, a tract of land anticipated to be described as a “lot” in a final recorded subdivision plat as shown on a concept plan or plat.

“Lot Type” means a classification of final building Lots with similar characteristics (e.g. lot size, home product, buildout value, etc.), as determined by the Administrator and confirmed and approved by the County Commissioners Court. In the case of single-family residential Lots, the Lot Type shall be further defined by classifying the residential Lots by the Estimated Buildout

Value of the Lot as calculated by the Administrator and confirmed and approved by the County Commissioners Court.

“Lot Type 1” means a Lot within Improvement Area #1 designated as a 50’ residential lot by the Owner, as shown on the map attached as **Exhibit J**.

“Maximum Assessment” means the amount shown for each Lot Type on **Exhibit H**. The Maximum Assessment shall be reduced annually by the principal portion of the Annual Installment.

“Non-Benefited Property” means Parcels within the boundaries of the District that accrue no special benefit from Authorized Improvements as determined by the County Commissioners Court.

“Owner” means Meritage Homes of Texas, LLC and any successor owner of property within the District, or any portion thereof.

“Parcel(s)” means a property within the boundaries of the District, identified by either a tax map identification number assigned by the Bastrop Central Appraisal District for real property tax purposes, by metes and bounds description, by lot and block number in a final subdivision plat recorded in the official public records of the County, or by any other means as determined by the County Commissioners Court.

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

“PID Bonds” means any bonds issued by the County in accordance with the PID Act, that are secured by Assessments levied on Assessed Property within the District, including, but not limited to, the Improvement Area #1 Bonds.

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

“Prepayment Costs” means interest, including Additional Interest (if applicable), and Annual Collection Costs incurred up to the date of Prepayment.

“Service and Assessment Plan” means this Service and Assessment Plan, as it may be modified, amended, supplemented and updated from time to time.

“Service Plan” covers a period of at least five years and defines the annual indebtedness and projected costs of the Authorized Improvements, more specifically described in **Section IV**.

“Trustee” means the trustee (or successor trustee) under an Indenture.

“Water and Wastewater Improvements” means the water and wastewater improvements to be constructed by the Owner that are necessary to deliver finished lots to end-users. The Water and Wastewater Improvements do not constitute Authorized Improvements and may not be financed with PID Bond proceeds or Assessments.

SECTION II: THE DISTRICT

The District includes approximately 195.879 acres within the limits of the County, as described legally by metes and bounds on **Exhibit A-1** and as depicted by the map on **Exhibit B-1**. Development of the District is anticipated to include 482 single-family homes.

Improvement Area #1 includes approximately 55.05 acres within the limits of the County, as described legally by metes and bounds on **Exhibit A-2** and as depicted by the map on **Exhibit B-2**. Development of Improvement Area #1 is anticipated to include 105 single-family homes.

SECTION III: AUTHORIZED IMPROVEMENTS

The County, based on information provided by the Owner and its engineer and review by the County staff and by third-party consultants retained by the County, determined that the Authorized Improvements confer a special benefit on the Assessed Property. Improvement Area #1 Improvements will be designed and constructed in accordance with County standards and specifications and will be owned and operated by the County once accepted, except for the sidewalks and any drainage system improvements outside of the closed drainage system, which will be maintained by the HOA pursuant to a maintenance agreement between the County and the HOA. The trail improvements will be dedicated to and maintained by the HOA on behalf of the County. The HOA will grant a public access easement to the County with respect to the trail improvements. The budget for the Authorized Improvements, as well as the allocation of the Actual Costs of the Authorized Improvements, is shown on **Exhibit C**.

A. Improvement Area #1 Improvements

▪ *Street Improvements*

Improvements include subgrade preparation (including excavation and drainage), stabilized subgrade, aggregate base course and asphalt roadway with concrete curb and gutter. Intersections and signage are included. These roadway improvements will provide street access to each Lot. Residential streets will be constructed to local street standards (50' row/29' pavement) and Red Tailed Hawk Lane will be constructed to local street standards utilizing a 60' row and 29' pavement. Residential streets typical sections will include 2" H.M.A.C and 12" of crushed limestone base over 8" moisture conditioned subgrade. Red Tailed Hawk Lane paving section will include 3" H.M.A.C and 12" of crushed limestone base over a geogrid and 8" moisture conditioned subgrade. The constructed improvements provide improved access to each lot and the project includes an emergency access point to the adjoining subdivision which provides for community benefit. Sidewalks will be constructed on both sides of the road on all streets within

Improvement Areas #1. They will be used as public pedestrian pathways to provide accessible routes throughout the development.

- *Drainage Improvements*

Improvements include trench excavation and embedment, trench safety, reinforced concrete piping, manholes, inlets, headwalls and open channels/swales. These improvements will allow the developed conditions stormwater to be collected and outfall within the limits of Improvement Area #1. Rainfall runoff will be collected and conveyed subsurface into Moss Branch, Dry Creek and the Colorado River. Detention structures are not proposed. The limits of the floodplain are contained within lots that will be dedicated as drainage easements. No portion of the FEMA 100-year floodplain encroaches on any single family lots within this subdivision. The development has been designed so that the post developed 100-year floodplain does not encroach on any single family lots within this subdivision and does not adversely affect any upstream property owners.

- *Erosion Control Improvements*

Improvements include silt fence, rock berms, construction entrances, inlet protection, topsoil and revegetation, and irrigation sleeves for the limits of Improvement Area #1.

- *Trails*

Includes construction of recreational trails within and throughout many of the open space lots to provide as a public amenity within the limits of Improvement Area #1.

- *Soft Costs*

Includes costs related to designing, constructing, and installing the Improvement Area #1 Improvements including land planning and design, County permits and fees, engineering, soil testing, survey, construction management, legal, special assessment consulting, and contingency.

- *Improvement Area #1's Allocable Share of District Formation Expenses*

Improvement Area #1's allocable share of the costs incurred creating the District, including attorney fees, consultant fees, and other fees and expenses related to the formation of the District and the levy of Assessments.

B. Bond Issuance Costs

- *Debt Service Reserve Requirement*

Equals the amount required to fund a reserve under the Indenture in connection with the issuance of PID Bonds.

- *Capitalized Interest*
Equals the capitalized interest payments on PID Bonds as reflected in an applicable Indenture.
- *Underwriter's Discount*
Equals a percentage of the par amount of a particular series of PID Bonds, and includes a fee for underwriter's counsel.
- *Cost of Issuance*
Costs associated with issuing PID Bonds, including but not limited to attorney fees, financial advisory fees, consultant fees, appraisal fees, printing costs, publication costs, County costs, fees charged by the Texas Attorney General, and any other cost or expense directly associated with the issuance of PID Bonds.

C. District Formation Expenses

Costs incurred creating the District, including attorney fees, consultant fees, and other fees and expenses related to the formation of the District and the levy of Assessments.

D. First year Annual Collection Costs

Estimated cost of the first year Annual Collections Costs.

SECTION IV: SERVICE PLAN

The PID Act requires the Service Plan to cover a period of at least five years. The Service Plan is required to define the projected costs and annual indebtedness for the Authorized Improvements undertaken within the District during the five-year period. The Service Plan shall be updated at least annually in each Annual Service Plan Update. **Exhibit D** summarizes the Service Plan for the District. The Service Plan is also required to include a copy of the buyer disclosure notice form required by Section 5.014 of the Texas Property Code, as amended. The buyer disclosures are attached hereto as **Exhibit N**.

Exhibit E summarizes the sources and uses of funds required to construct certain Authorized Improvements, as well as the amounts required to pay the Bond Issuance Costs, District Formation Expenses and first year Annual Collection Costs. The sources and uses of funds shown on **Exhibit E** shall be updated in each Annual Service Plan Update.

SECTION V: ASSESSMENT PLAN

The PID Act requires the County to apportion the Actual Costs of the Authorized Improvements to the Assessed Property based on the special benefit received from the Authorized Improvements. The PID Act provides that such costs may be apportioned: (1) equally per front foot or square foot; (2) according to the value of property as determined by the County, with or without regard to improvements constructed on the property; or (3) in any other manner approved by the County that results in imposing equal shares of such costs on property similarly benefited. The PID Act further provides that the County Commissioners Court may establish by order reasonable classifications and formulas for the apportionment of the cost between the County and the area to be assessed and the methods of assessing the special benefits for various classes of improvements.

This section of this Service and Assessment Plan describes the special benefit received by each Assessed Property within the District as a result of the Authorized Improvements and provides the basis and justification for the determination that this special benefit exceeds the amount of the Assessments levied on the Assessed Property for such Authorized Improvements.

The determination by the County of the assessment methodologies set forth below is the result of the discretionary exercise by the County Commissioners Court of its legislative authority and governmental powers and is conclusive and binding on the Owner and all future owners and developers of the Assessed Property.

A. Assessment Methodology

The County Commissioners Court, acting in its legislative capacity based on information provided by the Owner and its engineer and reviewed by the County staff and by third-party consultants retained by the County, determined that the costs of the Improvement Area #1 Projects shall be allocated entirely to the Improvement Area #1 Assessed Property and that the District Formation Expenses shall be allocated between the Improvement Area #1 Assessed Property and Improvement Area #2 Assessed Property pro rata based on Estimated Buildout Value as shown on **Exhibit L**.

B. Assessments

Improvement Area #1 Assessments are levied on the Improvement Area #1 Assessed Property according to the Improvement Area #1 Assessment Roll attached hereto as **Exhibit F**. The projected Improvement Area #1 Annual Installments are shown on **Exhibit G**, subject to revisions made during any Annual Service Plan Update.

The Maximum Assessment for each Lot Type is shown on **Exhibit H**. In no case will the Assessment for any Lot Type exceed the Maximum Assessment.

C. Findings of Special Benefit

The County Commissioners Court, acting in its legislative capacity based on information provided by the Owner and its engineer and reviewed by the County staff and by third-party consultants retained by the County, has found and determined:

- The cost of the Improvement Area #1 Projects equals \$3,151,000 as shown on **Exhibit C**; and
- The Improvement Area #1 Assessed Property receives special benefit equal to or greater than the Improvement Area #1 Projects; and
- The Improvement Area #1 Assessed Property was allocated 100% of the Improvement Area #1 Assessments levied for the Improvement Area #1 Projects, which equals \$3,151,000 as shown on **Exhibit F**; and
- The special benefit (\geq \$3,151,000) received by the Improvement Area #1 Assessed Property from the Improvement Area #1 Projects is greater than or equal to the amount of Improvement Area #1 Assessments (\$3,151,000) levied on the Improvement Area #1 Assessed Property for the Improvement Area #1 Projects; and
- At the time the County Commissioners Court approved the Assessment Order, the Owner owned 100% of the Improvement Area #1 Assessed Property. In a landowner consent certificate executed by the Owner and filed with the County Clerk of the County, the Owner acknowledged that the Improvement Area #1 Projects confer a special benefit on the Improvement Area #1 Assessed Property and consented to the imposition of the Improvement Area #1 Assessments to pay for the Actual Costs associated therewith. The Owner ratified, confirmed, accepted, agreed to, and approved (1) the determinations and findings by the County Commissioners Court as to the special benefits described herein and in the Assessment Order, (2) the Service and Assessment Plan and the Assessment Order, and (3) the levying of the Improvement Area #1 Assessments on the Improvement Area #1 Assessed Property.

D. Annual Collection Costs

The Annual Collection Costs shall be paid for on a pro rata basis by each Assessed Property based on the amount of outstanding Assessment remaining on the Assessed Property. The Annual Collection Costs shall be collected as part of and in the same manner as Annual Installments in the amounts shown on the Assessment Roll, which may be revised based on actual costs incurred in Annual Service Plan Updates.

E. Additional Interest

The interest rate on Assessments levied on the Assessed Property may exceed the interest rate on the PID Bonds by the Additional Interest Rate. Additional Interest shall be collected as part of each Annual Installment and shall be deposited pursuant to the applicable Indenture.

SECTION VI: TERMS OF THE ASSESSMENTS

A. Reallocation of Assessments

1. *Upon Division Prior to Recording of Subdivision Plat*

Upon the division of any Assessed Property (without the recording of subdivision plat), the Administrator shall reallocate the Assessment for the Assessed Property prior to the division among the newly divided Assessed Properties according to the following formula:

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

Where the terms have the following meanings:

A = the Assessment for the newly divided Assessed Property

B = the Assessment for the Assessed Property prior to division

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

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

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

2. *Upon Subdivision by a Recorded Subdivision Plat*

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

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

Where the terms have the following meanings:

A = the Assessment for the newly subdivided Lot

B = the Assessment for the Parcel prior to subdivision

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

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

E= the number of Lots with the same Lot Type

Prior to the recording of a subdivision plat, the Owner shall provide the County an Estimated Buildout Value as of the date of the recorded subdivision plat for each Lot created by the recorded subdivision plat.

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

3. Upon Consolidation

If two or more Lots or Parcels are consolidated, the Administrator shall allocate the Assessments against the Lots or Parcels before the consolidation to the consolidated Lot or Parcel, which allocation shall be approved by the County Commissioners Court in the next Annual Service Plan Update.

The Assessment for any resulting Lot will not exceed the Maximum Assessment, shown on **Exhibit H** for the applicable Lot Type, and compliance may require a mandatory Prepayment of Assessments pursuant to **Section VI.B**.

B. True-up of Assessments if Maximum Assessment Exceeded

Prior to the County approving a final subdivision plat, the Administrator will certify that such plat will not result in the Assessment per Lot for any Lot Type to exceed the Maximum Assessment. If the Administrator determines that the resulting Assessment per Lot for any Lot Type will exceed the Maximum Assessment, then (i) the Assessment applicable to each Lot Type exceeding the Maximum Assessment shall be reduced to the Maximum Assessment, and (ii) the person or entity filing the plat shall pay to the County the amount the Assessment was reduced, plus Prepayment Costs and Delinquent Collection Costs, prior to the County approving the final plat. The County's approval of a final subdivision plat without payment of such amounts does not eliminate the obligation of the person or entity filing the plat to pay the amounts referenced in (ii) in the immediately preceding sentence.

C. Mandatory Prepayment of Assessments

If Assessed Property is transferred to a person or entity that is exempt from payment of the Assessments, the owner transferring the Assessed Property shall pay to the County or the Administrator on behalf of the County the full amount of the outstanding Assessment, plus Prepayment Costs and Delinquent Collection Costs, if any, for such Assessed Property, prior to

the transfer. If the owner of the Assessed Property causes the Assessed Property to become Non-Benefited Property, the owner causing the change in status shall pay the full amount of the outstanding Assessment, plus Prepayment Costs and Delinquent Collection Costs, if any, prior to the change in status.

D. Reduction of Assessments

If as a result of cost savings or Authorized Improvements not being constructed, the Actual Costs of completed Authorized Improvements are less than the Assessments, (i) in the event PID Bonds are not issued, the County Commissioners Court shall reduce each Assessment on a pro rata basis such that the sum of the resulting reduced Assessments for all Assessed Property equals the reduced Actual Costs, or (ii) in the event PID Bonds are issued, the Trustee shall apply amounts on deposit in the applicable account of the project fund, relating to the PID Bonds, that are not expected to be used for purposes of the project fund to redeem outstanding PID Bonds, in accordance with the applicable Indenture. The Assessments shall not, however, be reduced to an amount less than the outstanding PID Bonds.

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

E. Prepayment of Assessments

The owner of any Assessed Property may pay, at any time, all or any part of an Assessment in accordance with the PID Act. Interest costs from the date of Prepayment to the date of redemption of the applicable PID Bonds, may be paid from a reserve established under the applicable Indenture. If an Annual Installment has been billed prior to the Prepayment, the Annual Installment shall be due and payable and shall be credited against the Prepayment.

If an Assessment is pre-paid in full, with Prepayment Costs: (1) the Administrator shall cause the Assessment to be reduced to zero and the Assessment Roll to be revised accordingly; (2) the Administrator shall cause the revised Assessment Roll to be approved by the County Commissioners Court as part of the next Annual Service Plan Update; (3) the obligation to pay the Assessment and corresponding Annual Installments shall terminate; and (4) the County shall provide the owner with a recordable "Notice of PID Assessment Termination," a form of which is attached as **Exhibit M**.

If an Assessment is pre-paid in part, with Prepayment Costs: (1) the Administrator shall cause the Assessment to be reduced and the Assessment Roll revised accordingly; (2) the Administrator shall cause the revised Assessment Roll to be approved by the County Commissioners Court as part of the next Annual Service Plan Update; and (3) the obligation to pay the Assessment and corresponding Annual Installments shall be reduced to the extent of the Prepayment made.

F. Prepayment as a result of Eminent Domain Proceeding or Taking

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

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

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

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

Prepayment of the Assessment against the Remaining Property and the Assessment on the Remaining Property shall be adjusted to be \$90.

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

Notwithstanding the previous paragraphs in this subsection (F), the Assessments shall not, however, be reduced to an amount less than the outstanding PID Bonds.

G. Payment of Assessment in Annual Installments

Assessments that are not paid in full shall be due and payable in Annual Installments. **Exhibit G** shows the projected Annual Installments for the District. In no case will the Assessment for any Lot Type exceed the Maximum Assessment. Annual Installments are subject to adjustment in each Annual Service Plan Update.

The Administrator shall prepare and submit to the County Commissioners Court for its review and approval an Annual Service Plan Update to allow for the billing and collection of Annual Installments. Each Annual Service Plan Update shall include updated Assessment Rolls and updated calculations of Annual Installments. Annual Collection Costs shall be allocated pro rata among Assessed Properties for which the Assessments remain unpaid in proportion to the amount of the Annual Installments for the Assessed Property. Annual Installments shall be collected by the County in the same manner and at the same time as ad valorem taxes. Annual Installments shall be subject to the penalties, procedures, and foreclosure sale in case of delinquencies as set forth in the PID Act and in the same manner as ad valorem taxes for the County. The County Commissioners Court may provide for other means of collecting Annual Installments. Assessments shall have the lien priority specified in the PID Act.

Sales of the Assessed Property for nonpayment of Annual Installments shall be subject to the lien for the remaining unpaid Annual Installments against the Assessed Property, and the Assessed Property may again be sold at a judicial foreclosure sale if the purchaser fails to timely pay the Annual Installments as they become due and payable.

The County reserves the right to refund PID Bonds in accordance with the PID Act. In the event of a refunding, the Administrator shall recalculate the Annual Installments so that total Annual

Installments will be sufficient to pay the refunding bonds, and the refunding bonds shall constitute "PID Bonds."

Each Annual Installment of an Assessment, including interest on the unpaid principal of the Assessment, shall be updated annually. Each Annual Installment shall be due when billed and shall be delinquent if not paid prior to February 1 of the following year. Failure of an owner of Assessed Property to receive an invoice for an Annual Installment on the property tax bill or otherwise shall not relieve the owner of Assessed Property of the obligation to pay the Assessment. Assessments, or Annual Installments thereof, that are delinquent shall incur Delinquent Collection Costs.

SECTION VII: ASSESSMENT ROLL

The Improvement Area #1 Assessment Roll is attached as **Exhibit F**. The Administrator shall prepare and submit to the County Commissioners Court for review and approval, proposed revisions to the Assessment Rolls and Annual Installments for each Parcel within the Assessed Property as part of each Annual Service Plan Update.

SECTION VIII: ADDITIONAL PROVISIONS

A. Calculation Errors

If the owner of an Assessed Property claims that an error has been made in any calculation required by this Service and Assessment Plan, including, but not limited to, any calculation made as part of any Annual Service Plan Update, the sole and exclusive remedy of the owner of Assessed Property shall be to submit a written notice of error to the Administrator by December 1st of each year following County Commissioners Court approval of the calculation; otherwise, the owner shall be deemed to have unconditionally approved and accepted the calculation. Upon receipt of a written notice of error from an owner the Administrator shall provide a written response to the County Commissioners Court and the owner within 30 days of such referral. The County Commissioners Court shall consider the owner's notice of error and the Administrator's response at a public meeting, and within 30 days after adjourning such meeting, the County Commissioners Court shall make a final determination as to whether an error has been made. If the County Commissioners Court determines that an error has been made, the County Commissioners Court shall take such corrective action as is authorized by the PID Act, this Service and Assessment Plan, the applicable Assessment Order, or the applicable Indenture, or is otherwise authorized by the discretionary power of the County Commissioners Court. The determination by the County Commissioners Court as to whether an error has been made, and any corrective action taken by the County Commissioners Court, shall be final and binding on the owner and the Administrator.

B. Amendments

Amendments to this Service and Assessment Plan must be made by the County Commissioners Court in accordance with the PID Act. To the extent permitted by the PID Act, this Service and Assessment Plan may be amended without notice to owners of the Assessed Property: (1) to correct mistakes and clerical errors; (2) to clarify ambiguities; and (3) to provide procedures to collect Assessments, Annual Installments, and other charges imposed by this Service and Assessment Plan.

C. Administration and Interpretation

The Administrator shall: (1) perform the obligations of the Administrator as set forth in this Service and Assessment Plan; (2) administer the District for and on behalf of and at the direction of the County Commissioners Court; and (3) interpret the provisions of this Service and Assessment Plan. Interpretations of this Service and Assessment Plan by the Administrator shall be in writing and shall be appealable to the County Commissioners Court by owners of Assessed Property adversely affected by the interpretation. Appeals shall be decided by the County Commissioners Court after providing an opportunity for all interested parties to be heard at a public meeting of the County Commissioners Court. Decisions by the County Commissioners Court shall be final and binding on the owners and developers and their successors and assigns.

D. Severability

If any provision of this Service and Assessment Plan is determined by a governmental agency or court to be unenforceable, the unenforceable provision shall be deleted and, to the maximum extent possible, shall be rewritten to be enforceable. Every effort shall be made to enforce the remaining provisions.

E. Termination of Assessments

Each Assessment shall terminate on the date the Assessment is paid in full, including unpaid Annual Installments and Delinquent Collection Costs, if any. After termination of an Assessment, the County shall provide the owner of the affected Parcel a recordable "Notice of PID Assessment Termination" a form of which is attached as **Exhibit M**.

F. Form of Buyer Disclosure

Per Section 5.014 of the Texas Property Code, as amended, this Service and Assessment Plan, and any future Annual Service Plan Updates, shall include a form of the buyer disclosures for the District. The buyer disclosures are attached hereto in **Exhibit N**. Within seven days of approval by the County Commissioners Court, the County shall file and record in the real property records of the County the executed order approving this Service and Assessment Plan, or any future Annual Service Plan Updates. The executed order, including any attachments, approving this Service and

Assessment Plan or any future Annual Service Plan Updates shall be filed and recorded in its entirety.

LIST OF EXHIBITS

Exhibit A-1	District Legal Description
Exhibit A-2	Improvement Area #1 Legal Description
Exhibit A-3	Improvement Area #2 Legal Description
Exhibit B-1	District Boundary Map
Exhibit B-2	Improvement Area #1 Boundary Map
Exhibit B-3	Improvement Area #2 Boundary Map
Exhibit C	Authorized Improvements
Exhibit D	Service Plan – Five Year Plan
Exhibit E	Service Plan – Sources and Uses
Exhibit F	Assessment Roll
Exhibit G	Annual Installments
Exhibit H	Maximum Assessment per Lot Type
Exhibit I	Maps of Improvement Area #1 Improvements
Exhibit J	Lot Type Classification Map
Exhibit K	Improvement Area #1 Final Plat
Exhibit L	Estimated Buildout Value of Improvement Area #1 and Improvement Area #2
Exhibit M	Notice of PID Assessment Termination
Exhibit N	Lot Type 1 Buyer Disclosure

EXHIBIT A-1 – DISTRICT LEGAL DESCRIPTION

APPENDIX 11

195.879 ACRES
JOSE ANTONIO NAVARRO SURVEY
ABSTRACT NUMBER 53
BASTROP COUNTY, TX

FIELD NOTES

BEING ALL OF THAT CERTAIN 195.879 ACRE TRACT OR PARCEL OF LAND OUT OF THE JOSE ANTONIO NAVARRO SURVEY, ABSTRACT NUMBER 53, SITUATED IN BASTROP COUNTY, TEXAS, BEING A PORTION OF A CALLED 300.357 ACRE TRACT OF LAND DESCRIBED AS TRACT 1 AND BEING ALSO A PORTION OF A CALLED 382.755 ACRE TRACT OF LAND DESCRIBED AS TRACT 2, BOTH CONVEYED TO DE DEVELOPMENT, INC., IN DOCUMENT NUMBER 201704468 OF THE OFFICIAL PUBLIC RECORDS OF BASTROP COUNTY, TEXAS (O.P.R.B.C.TX.), SAID 195.879 ACRE TRACT OF LAND BEING MORE FULLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING, at a capped $\frac{1}{2}$ " iron rod found stamped "CBD SETSTONE", at a point of curvature, for a curve to the left, being the northeast corner of Lot 35, Block F of Double Eagle Ranch, Section 3, Phase A, a subdivision recorded in Cabinet 7, Page 24A, 24B and 25A, of the Plat Records of Bastrop County, Texas (P.R.B.C.TX.), for the **POINT OF BEGINNING** of the herein described tract,

THENCE, with the common boundary line of said 382.755 acre tract, said 300.357 acre tract and said Double Eagle Ranch, Section 3, Phase A, the following eight (8) courses and distances, numbered 1 through 8,

1. with said curve to the left, having a radius of 400.00 feet, an arc length of 295.83 feet, and whose chord bears S86°57'33"W, a distance of 289.13 feet to a capped $\frac{1}{2}$ " iron rod found stamped "CBD SETSTONE",
2. S65°46'19"W, a distance of 53.03 feet to a capped $\frac{1}{2}$ " iron rod found stamped "CBD SETSTONE", at a point of curvature, for a curve to the left,
3. with said curve to the left, having a radius of 15.00 feet, an arc length of 22.42 feet, and whose chord bears S22°57'33"W, a distance of 20.39 feet to a capped $\frac{1}{2}$ " iron rod found stamped "CBD SETSTONE",
4. S62°24'06"W, a distance of 60.62 feet to a capped $\frac{1}{2}$ " iron rod found stamped "CBD SETSTONE" for the northeasterly corner of Block H,
5. S54°38'02"W, a distance of 325.30 feet to a capped $\frac{1}{2}$ " iron rod found stamped "CBD SETSTONE",
6. S34°14'05"W, a distance of 300.41 feet to a capped $\frac{1}{2}$ " iron rod found stamped "CBD SETSTONE",
7. N73°24'22"W, a distance of 232.46 feet to a capped $\frac{1}{2}$ " iron rod found stamped "CBD SETSTONE", and
8. N68°17'01"W, a distance of 98.43 feet to a capped $\frac{1}{2}$ " iron rod found stamped "CBD SETSTONE", being a northern corner of Lot 35, Block H of said Double Eagle Ranch, Section 3, Phase A,

THENCE, crossing said 300.357 acre tract, the following thirteen (13) courses and distances, numbered 1 through 13,

1. N28°42'06"W, a distance of 164.27 feet to a calculated point,
2. N63°09'25"W, a distance of 466.96 feet to a calculated point,
3. N15°46'42"E, a distance of 244.01 feet to a calculated point,
4. N45°50'49"W, a distance of 253.06 feet to a calculated point,
5. N71°13'59"W, a distance of 219.08 feet to a calculated point,
6. N61°16'55"W, a distance of 259.66 feet to a calculated point,
7. N35°34'41"W, a distance of 132.43 feet to a calculated point,
8. N35°51'01"W, a distance of 112.87 feet to a calculated point,

9. N29°33'58"W, a distance of 249.03 feet to a calculated point,
10. S81°56'10"W, a distance of 182.75 feet to a calculated point,
11. S59°57'14"W, a distance of 299.19 feet to a calculated point,
12. N81°03'29"W, a distance of 283.93 feet to a calculated point, and
13. N27°46'27"W, a distance of 10.43 feet to a calculated point, being a point on the westerly boundary line of said 300.357 acre tract and being also a point on the easterly boundary line of the called 4.63 acre tract of land described as Reserve "F" Nature Trail, as dedicated in River Crossing Section 2, a subdivision recorded in Cabinet 3, Slide 109A (P.R.B.C.TX.) from which a 1/2-inch iron rod found for an angle point of said Reserve "F" bears S64°22'53"W, a distance of 215.35 feet,

THENCE, with the common boundary line of said 300.357 acre tract and said River Crossing Section 2, the following five (5) courses and distances, numbered 1 through 5,

1. N64°22'53"E, a distance of 139.17 feet to a calculated point,
2. N88°18'14"E, a distance of 52.94 feet to a calculated point,
3. N41°10'20"E, a distance of 372.24 feet to a calculated point,
4. N32°16'32"E, a distance of 510.39 feet to a calculated point, and
5. N28°17'23"E, at a distance of 2,044.95 feet pass a capped ½" iron rod found in line, continuing a total distance of 2,080.49 feet to a calculated point, being the northwest corner of said 300.357 acre tract, same being the northeast corner of said 4.63 acre Reserve "F" Nature Trail, and being also a point on the southerly Low Bank of the Colorado River,

THENCE, with the common boundary line of said 300.357 acre tract and with the approximate meanders of said southerly Low Bank of the Colorado River, the following five (5) courses and distances, numbered 1 through 5,

1. S66°39'19"E, a distance of 412.18 feet to a calculated point,
2. S72°56'50"E, a distance of 838.46 feet to a calculated point,
3. S54°37'21"E, a distance of 583.24 feet to a calculated point,
4. S29°54'40"E, a distance of 125.90 feet to a calculated point, and
5. S46°33'38"E, a distance of 413.00 feet to a calculated point, being a northerly corner of said 300.357 acre tract, same being a point on the said southerly Low Bank of the Colorado River, and being also a westerly corner of a called 18.928 acre tract of land conveyed to J.J. Collins Family LTD., in Volume 2190, Page 461 (O.P.R.B.C.TX.),

THENCE, with the common boundary line of said 300.357 acre tract and said 18.928 acre tract, the following three (3) courses and distances, numbered 1 through 3,

1. S05°41'11"E, a distance of 172.80 feet to a calculated point in Dry Creek,
2. S33°05'25"E, a distance of 647.82 feet to a calculated point in Dry Creek, and
3. S45°04'38"E, a distance of 267.16 feet to a calculated point in Dry Creek at a northerly corner of said 300.357 acre tract, same being the southernmost corner of said 18.928 acre tract and being also the westernmost corner of a called 17.000 acre tract of land conveyed to J.J. Collins Family LTD., in Document Number 201500777 (O.P.R.B.C.TX.) from which a 1/2-inch iron rod with a cap stamped "CBD SETSTONE" found for the southwesterly corner of the called 0.456 acre tract conveyed unto J.J. Collins Family LTD in Document No. 201500776 (O.P.R.B.C.TX.) bears N46°40'04"E, a distance of 103.92 feet,

THENCE, with the common boundary line of said 300.357 acre tract and said 17.000 acre tract, the following four (4) courses and distances, numbered 1 through 4,

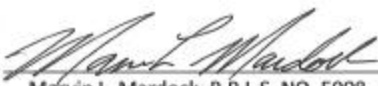
1. S87°27'33"E, a distance of 107.40 feet to a calculated point in Dry Creek,
2. S57°45'37"E, a distance of 135.80 feet to a calculated point in Dry Creek,
3. S48°33'46"E, a distance of 109.44 feet to a calculated point in Dry Creek, and
4. S15°48'51"E, a distance of 224.58 feet to a calculated point in Dry Creek at a northerly corner of said 300.357 acre tract, same being the southwest corner of said 17.000 acre tract, same being the northwest corner of a called 4.487 acre tract of land conveyed to J.J. Collins Family LTD., in Document Number 201500776 (O.P.R.B.C.TX.) from which found 1/2-inch iron rod with a cap stamped "CBD SETSTONE" found on the common lines of said 17.000 acre tract and said 4.487 acre tract bears S82°01'48"E, a distance of 150.85 feet ,

THENCE, with the common boundary line of said 300.357 acre tract and said 4.487 acre tract, S05°00'54"E, a distance of 83.90 feet to a calculated point in Dry Creek for an angle point of the herein described tract, from which the southwest corner of said 4.487 acre tract bears S05°00'54"E, a distance of 46.10 feet,

THENCE, crossing said 300.357 acre tract and said 382.755 acre tract, the following four (4) courses and distances, numbered 1 through 4,

1. S69°23'20"W, a distance of 301.09 feet to a calculated point,
2. N65°50'06"W, a distance of 1,322.26 feet to a calculated point,
3. S00°25'15"W, a distance of 769.06 feet to a calculated point, and
4. S04°12'39"E, a distance of 617.98 feet to the **POINT OF BEGINNING** and containing 195.879 acres of land.

Surveyed by:

 11/04/2020
Marvin L. Mardock, R.P.L.S. NO. 5008
Carlson, Brigrance and Doering, Inc.
T.B.P.E.L.S. Land Surveyor Firm Reg. # 10024900
5501 West William Cannon
Austin, TX 78749
Ph: 512-280-5160 Fax: 512-280-5165
m.mardock@cbdeng.com



Note: field notes to accompany sketch 195.879 AC DE SEC 5 SEC 6 REV.1.dwg
Dated 11/04/2020

BEARING BASIS: THE NORTHERLY LINE OF BLOCK "H", DOUBLE EAGLE RANCH SECTION 3, PHASE A, CAB 7, PG. 24A-24B, 25A, PLAT RECORDS, BASTROP COUNTY, TEXAS.

EXHIBIT A-2 – IMPROVEMENT AREA #1 LEGAL DESCRIPTION

55.051 ACRES
JOSE ANTONIO NAVARRO SURVEY
ABSTRACT NUMBER 53
BASTROP COUNTY, TX

FIELD NOTES

BEING ALL OF THAT CERTAIN 55.051 ACRE TRACT OR PARCEL OF LAND OUT OF THE JOSE ANTONIO NAVARRO SURVEY, ABSTRACT NUMBER 53, SITUATED IN BASTROP COUNTY, TEXAS, BEING A PORTION OF A CALLED 195.879 ACRE TRACT OF LAND CONVEYED TO MERITAGE HOMES OF TEXAS, LLC., IN DOCUMENT NUMBER 202110987 OF THE OFFICIAL PUBLIC RECORDS OF BASTROP COUNTY, TEXAS (O.P.R.B.C.TX.), SAID 55.051 ACRE TRACT OF LAND BEING MORE FULLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING, at a capped 1/2" iron rod found stamped "CBD SETSTONE", at a point of curvature, for a curve to the left, being the northeast corner of Lot 35, Block F of Double Eagle Ranch, Section 3, Phase A, a subdivision recorded in Cabinet 7, Page 24A, 24B and 25A, of the Plat Records of Bastrop County, Texas (P.R.B.C.TX.), for the POINT OF BEGINNING of the herein described tract,

THENCE, with the common boundary line of said 195.879 acre tract and said Double Eagle Ranch, Section 3, Phase A, the following eight (8) courses and distances, numbered 1 through 8:

1. With said curve to the left, having a radius of 400.00 feet, an arc length of 295.83 feet, and whose chord bears S86°57'33"W, a distance of 289.13 feet to a capped 1/2" iron rod found stamped "CBD SETSTONE",
2. S65°46'19"W, a distance of 53.03 feet to a capped 1/2" iron rod found stamped "CBD SETSTONE", at a point of curvature, for a curve to the left,
3. With said curve to the left, having a radius of 15.00 feet, an arc length of 22.42 feet, and whose chord bears S22°57'33"W, a distance of 20.39 feet to a capped 1/2" iron rod found stamped "CBD SETSTONE",
4. S62°24'06"W, a distance of 60.62 feet to a capped 1/2" iron rod found stamped "CBD SETSTONE" for the northeasterly corner of Block H,
5. S54°38'02"W, a distance of 325.30 feet to a capped 1/2" iron rod found stamped "CBD SETSTONE",
6. S34°14'05"W, a distance of 300.41 feet to a capped 1/2" iron rod found stamped "CBD SETSTONE",
7. N73°24'22"W, a distance of 232.46 feet to a capped 1/2" iron rod found stamped "CBD SETSTONE", and
8. N68°17'01"W, a distance of 98.43 feet to a capped 1/2" iron rod found stamped "CBD SETSTONE", being a northern corner of Lot 35, Block H of said Double Eagle Ranch, Section 3, Phase A,

THENCE, crossing said 195.879 acre tract, the following twenty-one (21) courses and distances, numbered 1 through 21:

1. N28°42'06"W, a distance of 164.27 feet to a 1/2" iron rod set stamped "CBD SETSTONE",
2. N63°09'25"W, a distance of 466.96 feet to a 1/2" iron rod set stamped "CBD SETSTONE",
3. N15°46'42"E, a distance of 244.01 feet to a 1/2" iron rod set stamped "CBD SETSTONE",
4. N45°50'49"W, a distance of 253.06 feet to a 1/2" iron rod set stamped "CBD SETSTONE",
5. N71°13'59"W, a distance of 219.08 feet to a 1/2" iron rod set stamped "CBD SETSTONE",
6. N61°16'55"W, a distance of 259.66 feet to a 1/2" iron rod set stamped "CBD SETSTONE",
7. N75°45'38"E, a distance of 289.28 feet to a 1/2" iron rod set stamped "CBD SETSTONE",
8. N53°19'22"E, a distance of 274.42 feet to a 1/2" iron rod set stamped "CBD SETSTONE",
9. N69°37'56"E, a distance of 236.40 feet to a 1/2" iron rod set stamped "CBD SETSTONE",

J: 5081\SURVEY\FIELD NOTES\FN – 195.879 AC DE SEC 5 SEC 6 Rev.1.doc

10. N25°42'55"E, a distance of 104.17 feet to a 1/2" iron rod set stamped "CBD SETSTONE",
11. N31°20'33"E, a distance of 245.94 feet to a 1/2" iron rod set stamped "CBD SETSTONE",
12. S19°53'11"E, a distance of 344.42 feet to a 1/2" iron rod set stamped "CBD SETSTONE",
13. N70°08'14"E a distance of 60.00 feet to a 1/2" iron rod set stamped "CBD SETSTONE",
14. N19°53'11"W, a distance of 345.48 feet to a 1/2" iron rod set stamped "CBD SETSTONE",
15. N56°39'49"E, a distance of 74.64 feet to a 1/2" iron rod set stamped "CBD SETSTONE",
16. N90°00'00"E, a distance of 105.23 feet to a 1/2" iron rod set stamped "CBD SETSTONE",
17. S79°05'23"E, a distance of 198.96 feet to a 1/2" iron rod set stamped "CBD SETSTONE",
18. N83°28'22"E, a distance of 153.34 feet to a 1/2" iron rod set stamped "CBD SETSTONE",
19. N90°00'00"E, a distance of 112.80 feet to a 1/2" iron rod set stamped "CBD SETSTONE",
20. N69°21'52"E, a distance of 108.49 feet to a 1/2" iron rod set stamped "CBD SETSTONE",
21. N39°25'56"E, a distance of 196.58 feet to a 1/2" iron rod set stamped "CBD SETSTONE",
22. N69°27'34"E, a distance of 130.83 feet to a 1/2" iron rod set stamped "CBD SETSTONE",
AND
23. S75°39'25"E, a distance of 232.37 feet to a capped 1/2 inch iron rod set stamped "CBD SETSTONE"

THENCE, along the common boundary line of said 195.879 acre tract and a called 382.755 acre tract described as Tract 2, conveyed to DE Development, Inc. in Document Number 201704468, O.P.R.B.C.TX., the following two (2) courses and distances, numbered 1 and 2:

1. S00°25'15"W, a distance of 769.06 feet to a calculated point, and
2. S04°12'39"E, a distance of 617.98 feet to the **POINT OF BEGINNING** and containing 55.051 acres of land.

Surveyed by:



2/14/2023

AARON V. THOMASON, R.P.L.S. NO. 6214

Carlson, Brigrance and Doering, Inc.

5501 West William Cannon

Austin, TX 78749

Phone: 512-280-5160 Fax: 512-280-5165



BEARING BASIS: THE NORTHERLY LINE OF BLOCK "H", DOUBLE EAGLE RANCH SECTION 3, PHASE A, CAB 7, PG. 24A-24B, 25A, PLAT RECORDS, BASTROP COUNTY, TEXAS.

EXHIBIT A-3 – IMPROVEMENT AREA #2 LEGAL DESCRIPTION

140.83 acres of land within the District consisting of all land within the District save and except the land within Improvement Area #1.

EXHIBIT B-1 – DISTRICT BOUNDARY MAP

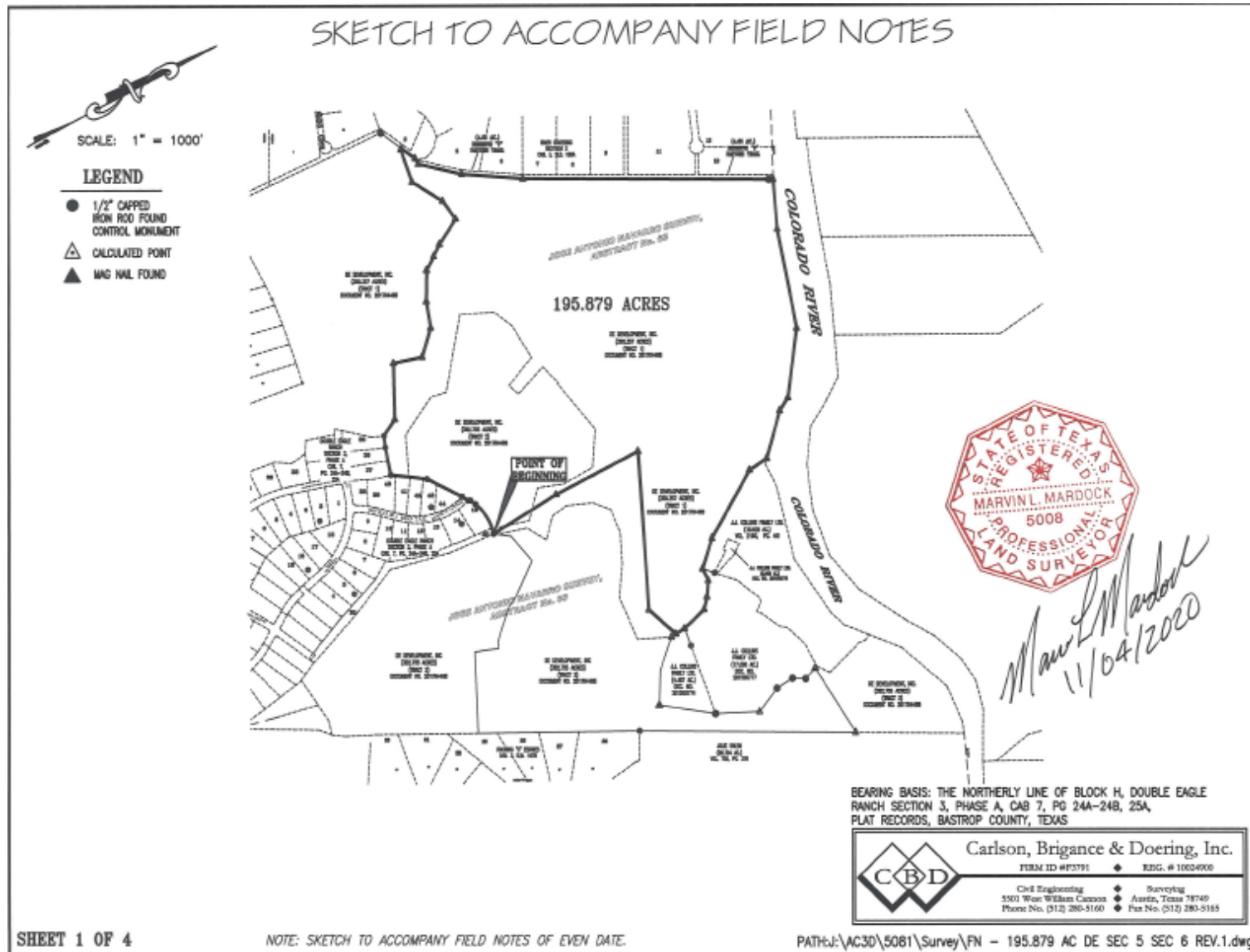


EXHIBIT B-2 – IMPROVEMENT AREA #1 BOUNDARY MAP



EXHIBIT B-3 – IMPROVEMENT AREA #2 BOUNDARY MAP

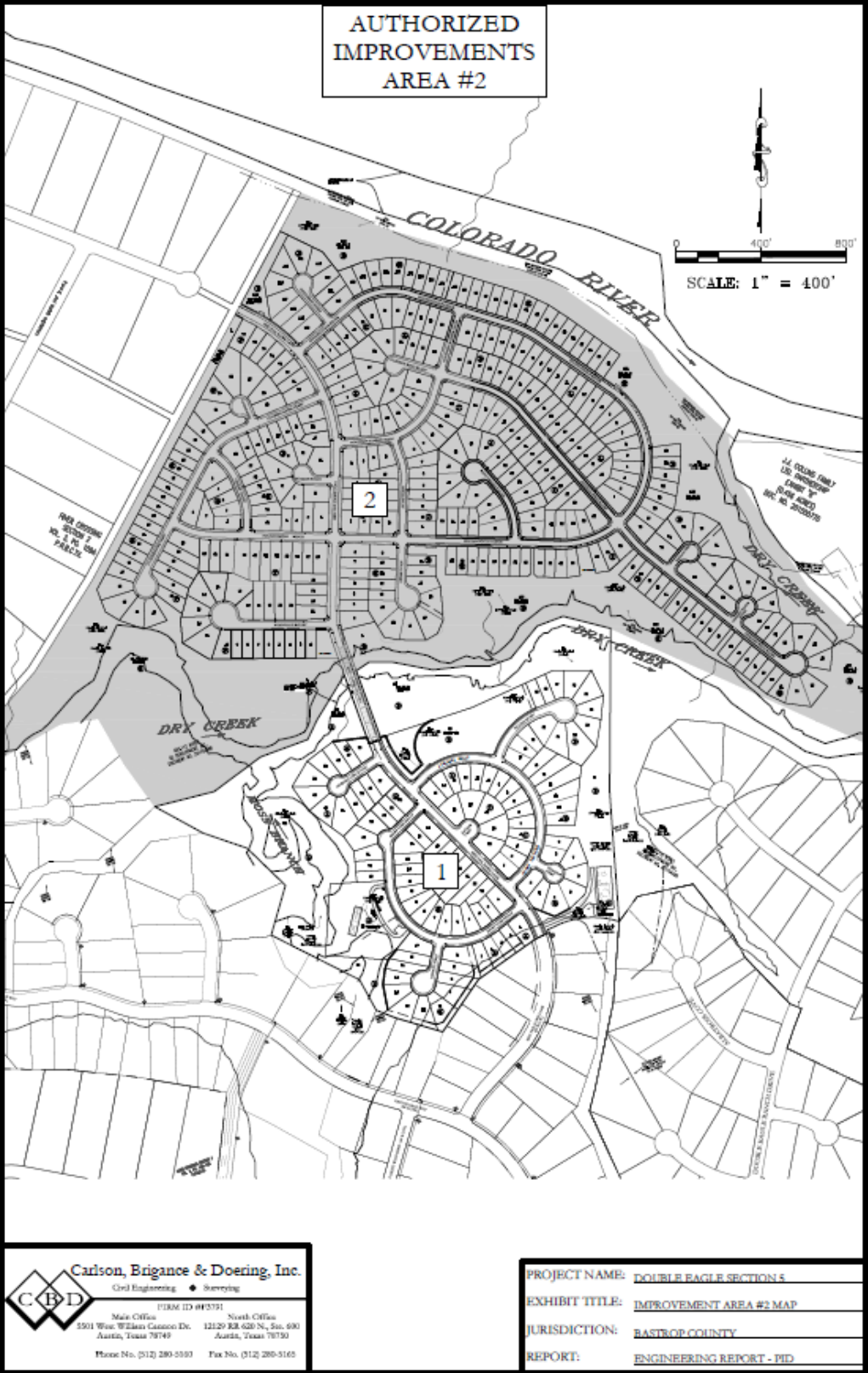


EXHIBIT C – AUTHORIZED IMPROVEMENTS

	Total Costs
<i>Improvement Area #1 Improvements [a]</i>	
Street Improvements [b]	\$ 1,397,063
Drainage Improvements	466,881
Erosion Control Improvements	75,549
Trails	104,770
Soft Costs	388,410
District Formation Expenses [c]	108,921
	<u>\$ 2,541,594</u>
 <i>Bond Issuance Costs</i>	
Debt Service Reserve Fund	\$ 217,676
Capitalized Interest	32,281
Underwriter's Discount	94,530
Cost of Issuance	205,743
Original Issue Discount	19,176
	<u>\$ 569,406</u>
 <i>First Year Annual Collection Costs</i>	
	<u>\$ 40,000</u>
	\$ 40,000
 Authorized Improvements Total	 \$ 3,151,000
 <i>Water and Wastewater Improvements [d]</i>	
	<u>\$ 1,487,000</u>
	\$ 1,487,000

[a] Per the Engineer's Report prepared by Carlson, Brigance & Doering, Inc. dated January 11, 2023.

[b] Includes Street Excavation and Grading.

[c] District Formation Expenses are estimated to total \$500,000 for the entire District and are allocated between Improvement Area #1 and Improvement Area #2 on a pro rata basis based on Estimated Buildout Value as shown on **Exhibit L**.

[d] The Water and Wastewater Improvements do not constitute Authorized Improvements and may not be financed with PID Bond proceeds or Assessments.

EXHIBIT D – SERVICE PLAN – FIVE YEAR PLAN

Double Eagle Public Improvement District						
Annual Installments		1/31/2023 [a]	1/31/2024	1/31/2025	1/31/2026	1/31/2027
Principal		\$ -	\$ 54,000.00	\$ 56,000.00	\$ 58,000.00	\$ 60,000.00
Interest		\$ 32,280.59	\$ 163,676.26	\$ 161,313.76	\$ 158,863.76	\$ 156,326.26
Capitalized Interest		\$ (32,280.59)	\$ -	\$ -	\$ -	\$ -
	(1)	\$ -	\$ 217,676.26	\$ 217,313.76	\$ 216,863.76	\$ 216,326.26
Additional Interest	(2)	\$ -	\$ 15,755.00	\$ 15,485.00	\$ 15,205.00	\$ 14,915.00
Annual Collection Costs	(3)	\$ -	\$ 40,800.00	\$ 41,616.00	\$ 42,448.32	\$ 43,297.29
Total Annual Installment	(4) = (1) + (2) + (3)	\$ -	\$ 274,231.26	\$ 274,414.76	\$ 274,517.08	\$ 274,538.55

Footnotes:

[a] For illustrative purposes only to reflect Capitalized Interest paid. No Annual Installment was collected in 2023.

EXHIBIT E – SERVICE PLAN – SOURCES AND USES

Sources of Funds		
Improvement Area #1 PID Bonds	\$	3,151,000
Owner Contribution [a]		1,487,000
Total Sources	\$	4,638,000
Uses of Funds		
Improvement Area #1 Improvements	\$	2,541,594
	\$	2,541,594
Water and Wastewater Improvements [b]	\$	1,487,000
	\$	1,487,000
<i>Bond Issuance Costs</i>		
Debt Service Reserve Fund	\$	217,676
Capitalized Interest		32,281
Underwriter's Discount		94,530
Cost of Issuance		205,743
Original Issue Discount		19,176
	\$	569,406
First Year Annual Collection Costs	\$	40,000
	\$	40,000
Total Uses	\$	4,638,000

Footnotes:

[a] Not subject to reimbursement to Owner. Includes the costs to fund the Water and Wastewater Improvements.

[b] The Water and Wastewater Improvements do not constitute Authorized Improvements and may not be financed with PID Bond proceeds or Assessments.

EXHIBIT F – ASSESSMENT ROLL

Property ID	Legal Description	Lot Type	Outstanding Assessment	Annual Installment due 1/31/24
8727820	Double Eagle Ranch Section 5A BLK A LOT 18	Non-Benefited Property	\$ -	\$ -
8727821	Double Eagle Ranch Section 5A BLK A LOT 19	Non-Benefited Property	\$ -	\$ -
8727885	Double Eagle Ranch Section 5A BLK D LOT 1	Non-Benefited Property	\$ -	\$ -
8727914	Double Eagle Ranch Section 5A BLK D LOT 30	Non-Benefited Property	\$ -	\$ -
8727894	Double Eagle Ranch Section 5A BLK D LOT 10	Non-Benefited Property	\$ -	\$ -
8727803	Double Eagle Ranch Section 5A BLK A LOT 1	Non-Benefited Property	\$ -	\$ -
8727841	Double Eagle Ranch Section 5A BLK A LOT 39	Non-Benefited Property	\$ -	\$ -
8727842	Double Eagle Ranch Section 5A BLK B LOT 1	1	\$ 30,009.52	\$ 2,611.73
8727843	Double Eagle Ranch Section 5A BLK B LOT 2	1	\$ 30,009.52	\$ 2,611.73
8727844	Double Eagle Ranch Section 5A BLK B LOT 3	1	\$ 30,009.52	\$ 2,611.73
8727845	Double Eagle Ranch Section 5A BLK B LOT 4	1	\$ 30,009.52	\$ 2,611.73
8727846	Double Eagle Ranch Section 5A BLK B LOT 5	1	\$ 30,009.52	\$ 2,611.73
8727847	Double Eagle Ranch Section 5A BLK B LOT 6	1	\$ 30,009.52	\$ 2,611.73
8727848	Double Eagle Ranch Section 5A BLK B LOT 7	1	\$ 30,009.52	\$ 2,611.73
8727849	Double Eagle Ranch Section 5A BLK B LOT 8	1	\$ 30,009.52	\$ 2,611.73
8727850	Double Eagle Ranch Section 5A BLK B LOT 9	1	\$ 30,009.52	\$ 2,611.73
8727851	Double Eagle Ranch Section 5A BLK B LOT 10	1	\$ 30,009.52	\$ 2,611.73
8727852	Double Eagle Ranch Section 5A BLK B LOT 11	1	\$ 30,009.52	\$ 2,611.73
8727853	Double Eagle Ranch Section 5A BLK B LOT 12	1	\$ 30,009.52	\$ 2,611.73
8727854	Double Eagle Ranch Section 5A BLK B LOT 13	1	\$ 30,009.52	\$ 2,611.73
8727855	Double Eagle Ranch Section 5A BLK B LOT 14	1	\$ 30,009.52	\$ 2,611.73
8727856	Double Eagle Ranch Section 5A BLK B LOT 15	1	\$ 30,009.52	\$ 2,611.73
8727857	Double Eagle Ranch Section 5A BLK B LOT 16	1	\$ 30,009.52	\$ 2,611.73
8727858	Double Eagle Ranch Section 5A BLK B LOT 17	1	\$ 30,009.52	\$ 2,611.73
8727859	Double Eagle Ranch Section 5A BLK B LOT 18	1	\$ 30,009.52	\$ 2,611.73
8727860	Double Eagle Ranch Section 5A BLK B LOT 19	1	\$ 30,009.52	\$ 2,611.73
8727861	Double Eagle Ranch Section 5A BLK B LOT 20	1	\$ 30,009.52	\$ 2,611.73
8727862	Double Eagle Ranch Section 5A BLK B LOT 21	1	\$ 30,009.52	\$ 2,611.73
8727863	Double Eagle Ranch Section 5A BLK B LOT 22	1	\$ 30,009.52	\$ 2,611.73
8727864	Double Eagle Ranch Section 5A BLK B LOT 23	1	\$ 30,009.52	\$ 2,611.73
8727865	Double Eagle Ranch Section 5A BLK C LOT 1	1	\$ 30,009.52	\$ 2,611.73
8727866	Double Eagle Ranch Section 5A BLK C LOT 2	1	\$ 30,009.52	\$ 2,611.73
8727867	Double Eagle Ranch Section 5A BLK C LOT 3	1	\$ 30,009.52	\$ 2,611.73
8727868	Double Eagle Ranch Section 5A BLK C LOT 4	1	\$ 30,009.52	\$ 2,611.73
8727869	Double Eagle Ranch Section 5A BLK C LOT 5	1	\$ 30,009.52	\$ 2,611.73
8727870	Double Eagle Ranch Section 5A BLK C LOT 6	1	\$ 30,009.52	\$ 2,611.73
8727871	Double Eagle Ranch Section 5A BLK C LOT 7	1	\$ 30,009.52	\$ 2,611.73
8727872	Double Eagle Ranch Section 5A BLK C LOT 8	1	\$ 30,009.52	\$ 2,611.73
8727873	Double Eagle Ranch Section 5A BLK C LOT 9	1	\$ 30,009.52	\$ 2,611.73
8727874	Double Eagle Ranch Section 5A BLK C LOT 10	1	\$ 30,009.52	\$ 2,611.73
8727875	Double Eagle Ranch Section 5A BLK C LOT 11	1	\$ 30,009.52	\$ 2,611.73
8727876	Double Eagle Ranch Section 5A BLK C LOT 12	1	\$ 30,009.52	\$ 2,611.73
8727877	Double Eagle Ranch Section 5A BLK C LOT 13	1	\$ 30,009.52	\$ 2,611.73
8727878	Double Eagle Ranch Section 5A BLK C LOT 14	1	\$ 30,009.52	\$ 2,611.73
8727879	Double Eagle Ranch Section 5A BLK C LOT 15	1	\$ 30,009.52	\$ 2,611.73

Property ID	Legal Description	Lot Type	Outstanding Assessment	Annual Installment due 1/31/24
8727880	Double Eagle Ranch Section 5A BLK C LOT 16	1	\$ 30,009.52	\$ 2,611.73
8727881	Double Eagle Ranch Section 5A BLK C LOT 17	1	\$ 30,009.52	\$ 2,611.73
8727882	Double Eagle Ranch Section 5A BLK C LOT 18	1	\$ 30,009.52	\$ 2,611.73
8727883	Double Eagle Ranch Section 5A BLK C LOT 19	1	\$ 30,009.52	\$ 2,611.73
8727884	Double Eagle Ranch Section 5A BLK C LOT 20	1	\$ 30,009.52	\$ 2,611.73
8727804	Double Eagle Ranch Section 5A BLK A LOT 2	1	\$ 30,009.52	\$ 2,611.73
8727805	Double Eagle Ranch Section 5A BLK A LOT 3	1	\$ 30,009.52	\$ 2,611.73
8727806	Double Eagle Ranch Section 5A BLK A LOT 4	1	\$ 30,009.52	\$ 2,611.73
8727807	Double Eagle Ranch Section 5A BLK A LOT 5	1	\$ 30,009.52	\$ 2,611.73
8727808	Double Eagle Ranch Section 5A BLK A LOT 6	1	\$ 30,009.52	\$ 2,611.73
8727809	Double Eagle Ranch Section 5A BLK A LOT 7	1	\$ 30,009.52	\$ 2,611.73
8727810	Double Eagle Ranch Section 5A BLK A LOT 8	1	\$ 30,009.52	\$ 2,611.73
8727811	Double Eagle Ranch Section 5A BLK A LOT 9	1	\$ 30,009.52	\$ 2,611.73
8727812	Double Eagle Ranch Section 5A BLK A LOT 10	1	\$ 30,009.52	\$ 2,611.73
8727813	Double Eagle Ranch Section 5A BLK A LOT 11	1	\$ 30,009.52	\$ 2,611.73
8727814	Double Eagle Ranch Section 5A BLK A LOT 12	1	\$ 30,009.52	\$ 2,611.73
8727815	Double Eagle Ranch Section 5A BLK A LOT 13	1	\$ 30,009.52	\$ 2,611.73
8727816	Double Eagle Ranch Section 5A BLK A LOT 14	1	\$ 30,009.52	\$ 2,611.73
8727817	Double Eagle Ranch Section 5A BLK A LOT 15	1	\$ 30,009.52	\$ 2,611.73
8727818	Double Eagle Ranch Section 5A BLK A LOT 16	1	\$ 30,009.52	\$ 2,611.73
8727819	Double Eagle Ranch Section 5A BLK A LOT 17	1	\$ 30,009.52	\$ 2,611.73
8727822	Double Eagle Ranch Section 5A BLK A LOT 20	1	\$ 30,009.52	\$ 2,611.73
8727823	Double Eagle Ranch Section 5A BLK A LOT 21	1	\$ 30,009.52	\$ 2,611.73
8727824	Double Eagle Ranch Section 5A BLK A LOT 22	1	\$ 30,009.52	\$ 2,611.73
8727825	Double Eagle Ranch Section 5A BLK A LOT 23	1	\$ 30,009.52	\$ 2,611.73
8727826	Double Eagle Ranch Section 5A BLK A LOT 24	1	\$ 30,009.52	\$ 2,611.73
8727827	Double Eagle Ranch Section 5A BLK A LOT 25	1	\$ 30,009.52	\$ 2,611.73
8727828	Double Eagle Ranch Section 5A BLK A LOT 26	1	\$ 30,009.52	\$ 2,611.73
8727829	Double Eagle Ranch Section 5A BLK A LOT 27	1	\$ 30,009.52	\$ 2,611.73
8727830	Double Eagle Ranch Section 5A BLK A LOT 28	1	\$ 30,009.52	\$ 2,611.73
8727831	Double Eagle Ranch Section 5A BLK A LOT 29	1	\$ 30,009.52	\$ 2,611.73
8727832	Double Eagle Ranch Section 5A BLK A LOT 30	1	\$ 30,009.52	\$ 2,611.73
8727833	Double Eagle Ranch Section 5A BLK A LOT 31	1	\$ 30,009.52	\$ 2,611.73
8727834	Double Eagle Ranch Section 5A BLK A LOT 32	1	\$ 30,009.52	\$ 2,611.73
8727835	Double Eagle Ranch Section 5A BLK A LOT 33	1	\$ 30,009.52	\$ 2,611.73
8727836	Double Eagle Ranch Section 5A BLK A LOT 34	1	\$ 30,009.52	\$ 2,611.73
8727837	Double Eagle Ranch Section 5A BLK A LOT 35	1	\$ 30,009.52	\$ 2,611.73
8727838	Double Eagle Ranch Section 5A BLK A LOT 36	1	\$ 30,009.52	\$ 2,611.73
8727839	Double Eagle Ranch Section 5A BLK A LOT 37	1	\$ 30,009.52	\$ 2,611.73
8727840	Double Eagle Ranch Section 5A BLK A LOT 38	1	\$ 30,009.52	\$ 2,611.73
8727895	Double Eagle Ranch Section 5A BLK D LOT 11	1	\$ 30,009.52	\$ 2,611.73
8727896	Double Eagle Ranch Section 5A BLK D LOT 12	1	\$ 30,009.52	\$ 2,611.73
8727897	Double Eagle Ranch Section 5A BLK D LOT 13	1	\$ 30,009.52	\$ 2,611.73
8727898	Double Eagle Ranch Section 5A BLK D LOT 14	1	\$ 30,009.52	\$ 2,611.73
8727899	Double Eagle Ranch Section 5A BLK D LOT 15	1	\$ 30,009.52	\$ 2,611.73

Property ID	Legal Description	Lot Type	Outstanding Assessment	Annual Installment due 1/31/24
8727900	Double Eagle Ranch Section 5A BLK D LOT 16	1	\$ 30,009.52	\$ 2,611.73
8727901	Double Eagle Ranch Section 5A BLK D LOT 17	1	\$ 30,009.52	\$ 2,611.73
8727902	Double Eagle Ranch Section 5A BLK D LOT 18	1	\$ 30,009.52	\$ 2,611.73
8727903	Double Eagle Ranch Section 5A BLK D LOT 19	1	\$ 30,009.52	\$ 2,611.73
8727904	Double Eagle Ranch Section 5A BLK D LOT 20	1	\$ 30,009.52	\$ 2,611.73
8727905	Double Eagle Ranch Section 5A BLK D LOT 21	1	\$ 30,009.52	\$ 2,611.73
8727906	Double Eagle Ranch Section 5A BLK D LOT 22	1	\$ 30,009.52	\$ 2,611.73
8727907	Double Eagle Ranch Section 5A BLK D LOT 23	1	\$ 30,009.52	\$ 2,611.73
8727908	Double Eagle Ranch Section 5A BLK D LOT 24	1	\$ 30,009.52	\$ 2,611.73
8727909	Double Eagle Ranch Section 5A BLK D LOT 25	1	\$ 30,009.52	\$ 2,611.73
8727910	Double Eagle Ranch Section 5A BLK D LOT 26	1	\$ 30,009.52	\$ 2,611.73
8727911	Double Eagle Ranch Section 5A BLK D LOT 27	1	\$ 30,009.52	\$ 2,611.73
8727912	Double Eagle Ranch Section 5A BLK D LOT 28	1	\$ 30,009.52	\$ 2,611.73
8727913	Double Eagle Ranch Section 5A BLK D LOT 29	1	\$ 30,009.52	\$ 2,611.73
8727886	Double Eagle Ranch Section 5A BLK D LOT 2	1	\$ 30,009.52	\$ 2,611.73
8727887	Double Eagle Ranch Section 5A BLK D LOT 3	1	\$ 30,009.52	\$ 2,611.73
8727888	Double Eagle Ranch Section 5A BLK D LOT 4	1	\$ 30,009.52	\$ 2,611.73
8727889	Double Eagle Ranch Section 5A BLK D LOT 5	1	\$ 30,009.52	\$ 2,611.73
8727890	Double Eagle Ranch Section 5A BLK D LOT 6	1	\$ 30,009.52	\$ 2,611.73
8727891	Double Eagle Ranch Section 5A BLK D LOT 7	1	\$ 30,009.52	\$ 2,611.73
8727892	Double Eagle Ranch Section 5A BLK D LOT 8	1	\$ 30,009.52	\$ 2,611.73
8727893	Double Eagle Ranch Section 5A BLK D LOT 9	1	\$ 30,009.52	\$ 2,611.73
Total			\$ 3,151,000.00	\$ 274,231.26

Note: Totals may not sum due to rounding.

EXHIBIT G – ANNUAL INSTALLMENTS

Annual Installments Due 1/31	Principal	Interest ¹	Capitalized Interest	Additional Interest ²	Annual Collection Costs	Total Annual Installment ³
2023 ⁴	\$ -	\$ 32,280.59	\$ (32,280.59)	\$ -	\$ -	\$ -
2024	54,000.00	163,676.26	-	15,755.00	40,800.00	274,231.26
2025	56,000.00	161,313.76	-	15,485.00	41,616.00	274,414.76
2026	58,000.00	158,863.76	-	15,205.00	42,448.32	274,517.08
2027	60,000.00	156,326.26	-	14,915.00	43,297.29	274,538.55
2028	62,000.00	153,701.26	-	14,615.00	44,163.23	274,479.49
2029	64,000.00	150,988.76	-	14,305.00	45,046.50	274,340.26
2030	67,000.00	148,188.76	-	13,985.00	45,947.43	275,121.19
2031	69,000.00	145,257.50	-	13,650.00	46,866.38	274,773.88
2032	72,000.00	141,635.00	-	13,305.00	47,803.70	274,743.70
2033	75,000.00	137,855.00	-	12,945.00	48,759.78	274,559.78
2034	78,000.00	133,917.50	-	12,570.00	49,734.97	274,222.47
2035	82,000.00	129,822.50	-	12,180.00	50,729.67	274,732.17
2036	86,000.00	125,517.50	-	11,770.00	51,744.27	275,031.77
2037	90,000.00	121,002.50	-	11,340.00	52,779.15	275,121.65
2038	94,000.00	116,277.50	-	10,890.00	53,834.73	275,002.23
2039	98,000.00	111,342.50	-	10,420.00	54,911.43	274,673.93
2040	103,000.00	106,197.50	-	9,930.00	56,009.66	275,137.16
2041	107,000.00	100,790.00	-	9,415.00	57,129.85	274,334.85
2042	112,000.00	95,172.50	-	8,880.00	58,272.45	274,324.95
2043	118,000.00	89,292.50	-	8,320.00	59,437.90	275,050.40
2044	123,000.00	83,097.50	-	7,730.00	60,626.65	274,454.15
2045	129,000.00	76,486.26	-	7,115.00	61,839.19	274,440.45
2046	135,000.00	69,552.50	-	6,470.00	63,075.97	274,098.47
2047	142,000.00	62,296.26	-	5,795.00	64,337.49	274,428.75
2048	149,000.00	54,663.76	-	5,085.00	65,624.24	274,373.00
2049	157,000.00	46,655.00	-	4,340.00	66,936.72	274,931.72
2050	165,000.00	38,216.26	-	3,555.00	68,275.46	275,046.72
2051	173,000.00	29,347.50	-	2,730.00	69,640.97	274,718.47
2052	182,000.00	20,048.76	-	1,865.00	71,033.79	274,947.55
2053	191,000.00	10,266.26	-	955.00	72,454.46	274,675.72
Total	\$3,151,000.00	\$3,170,049.47	\$ (32,280.59)	\$ 295,520.00	\$1,655,177.63	\$8,239,466.51

Footnotes:

- 1) The interest rate is shown at a the actual rate of the PID Bonds.
- 2) Additional Interest is calculated at the Additional Interest Rate.
- 3) The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, interest earnings, or other available offsets could increase or decrease the amounts shown.
- 4) For illustrative purposes only to reflect Capitalized Interest paid. No Annual Installment was collected in 2023.

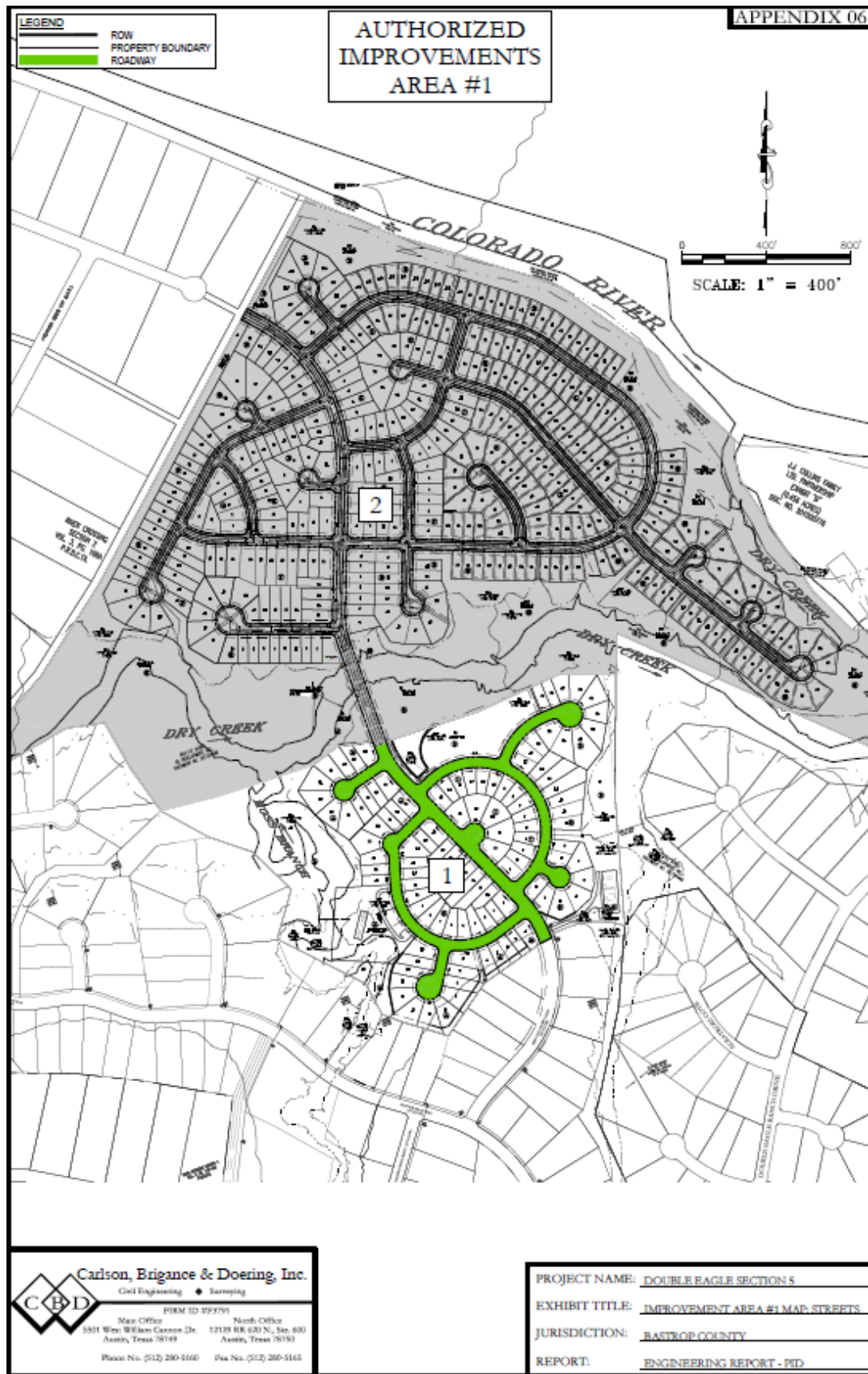
EXHIBIT H – MAXIMUM ASSESSMENT PER LOT TYPE

Lot Type	Improvement Area	Maximum Assessment ¹
Lot Type 1	Improvement Area #1	\$ 30,009.52

¹ The Maximum Assessment will be reduced annually by the principal portion of the Annual Installment.

EXHIBIT I – MAPS OF IMPROVEMENT AREA #1 IMPROVEMENTS





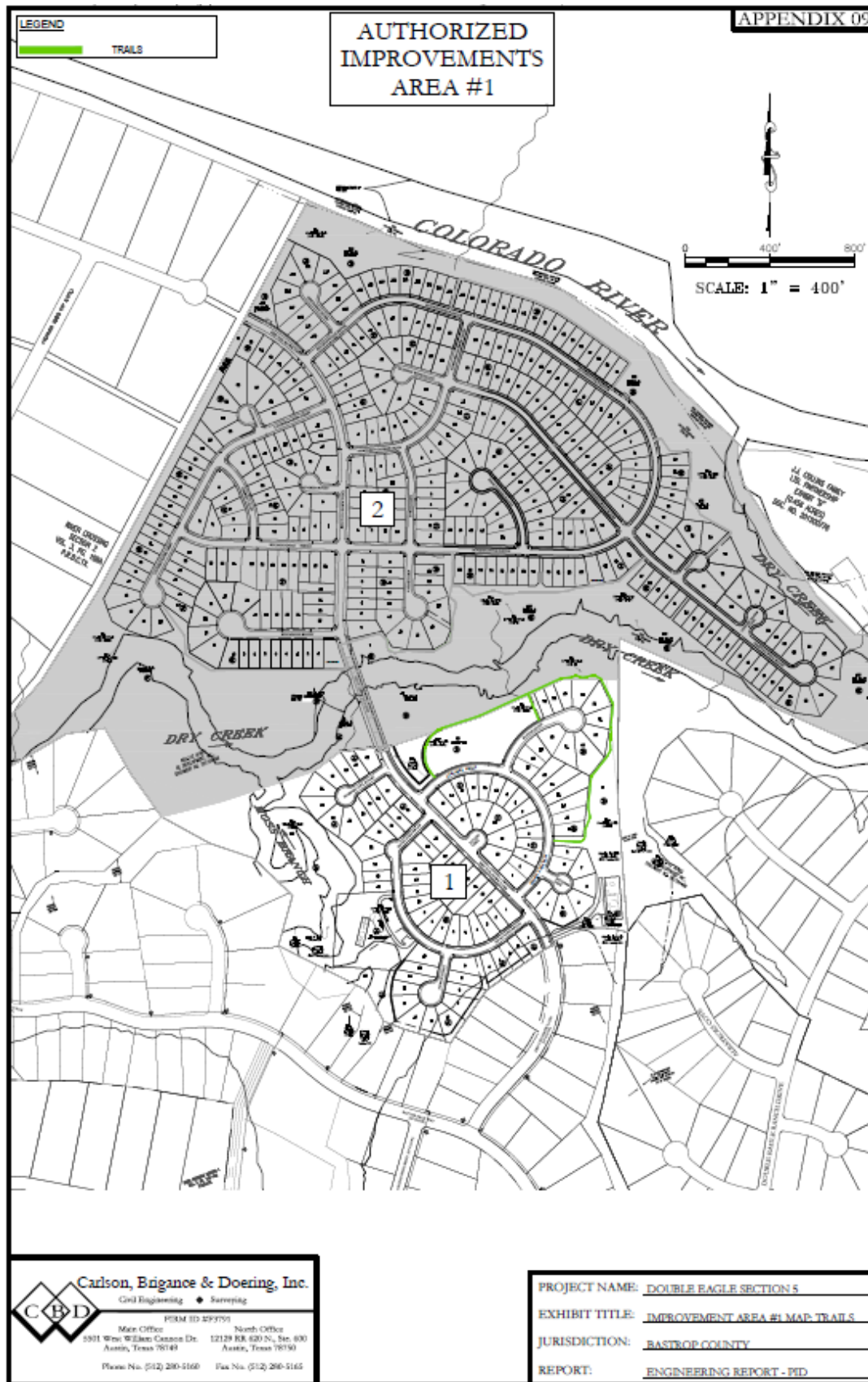


EXHIBIT J – LOT TYPE CLASSIFICATION MAP



EXHIBIT K – IMPROVEMENT AREA #1 FINAL PLAT



**EXHIBIT L – ESTIMATED BUILDOUT VALUE OF IMPROVEMENT AREA #1 AND
IMPROVEMENT AREA #2**

Lot Size	Units	Estimated Buildout Value Per Unit	Estimated Buildout Value	% of District
Improvement Area #1				
50'	105	\$ 380,500	\$ 39,952,500	
Total			\$ 39,952,500	21.78%
Improvement Area #2				
50'	377	\$ 380,500	\$143,448,500	
Total			\$143,448,500	78.22%

EXHIBIT M – NOTICE OF PID ASSESSMENT TERMINATION



P3Works, LLC
9824 Huntington Square, Suite 100
North Richland Hills, TX 76182

[Date]

Bastrop County Clerk's Office
Honorable [County Clerk Name]
Bastrop County Clerk
803 Pine Street
Bastrop, TX 78602

Re: County of Bastrop Lien Release documents for filing

Dear Ms./Mr. [County Clerk Name],

Enclosed is a lien release that the County of Bastrop is requesting to be filed in your office. Lien release for [insert legal description]. Recording Numbers: [Plat]. Please forward copies of the filed documents below:

County of Bastrop
Attn: [County Secretary]
804 Pecan Street
Bastrop, TX 78602

Please contact me if you have any questions or need additional information.

Sincerely,
[Signature]

Jon Snyder
P: (817) 393-0353
admin@p3-works.com

AFTER RECORDING RETURN TO:

[County Secretary Name]
804 Pecan Street
Bastrop, TX 78602

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

FULL RELEASE OF PUBLIC IMPROVEMENT DISTRICT LIEN

STATE OF TEXAS	§	
	§	KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF BASTROP	§	

THIS FULL RELEASE OF PUBLIC IMPROVEMENT DISTRICT LIEN (this "Full Release") is executed and delivered as of the Effective Date by the County of Bastrop, Texas.

RECITALS

WHEREAS, the governing body (hereinafter referred to as the "County Commissioners Court") of Bastrop County, Texas (hereinafter referred to as the "County"), is authorized by Chapter 372, Texas Local Government Code, as amended (hereinafter referred to as the "Act"), to create public improvement districts within the County; and

WHEREAS, on or about May 10, 2021, the County Commissioners Court for the County, approved a resolution, creating the Double Eagle Ranch Public Improvement District; and

WHEREAS, the Double Eagle Ranch Public Improvement District consists of approximately 195.879 contiguous acres located within the County; and

WHEREAS, on or about ____, ____, the County Commissioners Court, approved Order No. ____, (hereinafter referred to as the "Assessment Order") approving a service and assessment plan and assessment roll for the Property within the Double Eagle Ranch Public Improvement District; and

WHEREAS, the Assessment Order imposed an assessment in the amount of \$____ (hereinafter referred to as the "Lien Amount") for the following property:

[legal description], a subdivision in Bastrop County, Texas, according to the map or plat of record in Document/Instrument No. _____ of the Plat Records of Bastrop County, Texas (hereinafter referred to as the "Property"); and

WHEREAS, the property owners of the Property have paid unto the County the Lien Amount.

RELEASE

NOW THEREFORE, the County, the owner and holder of the Lien, Instrument No. _____, in the Real Property Records of Bastrop County, Texas, in the amount of the Lien Amount against the Property releases and discharges, and by these presents does hereby release and discharge, the above-described Property from said lien held by the undersigned securing said indebtedness.

EXECUTED to be **EFFECTIVE** this the _____ day of _____, 20__.

BASTROP COUNTY, TEXAS,

By: _____
[County Official Name], County Official Title

ATTEST:

[Secretary Name], County Clerk

STATE OF TEXAS	§
	§
COUNTY OF BASTROP	§

This instrument was acknowledged before me on the _____ day of _____, 20__, by [County Official Name], [County Official Title] for the County of Bastrop, Texas, on behalf of said County.

Notary Public, State of Texas

EXHIBIT N – LOT TYPE 1 BUYER DISCLOSURE

NOTICE OF OBLIGATIONS RELATED TO PUBLIC IMPROVEMENT DISTRICT

A person who proposes to sell or otherwise convey real property that is located in a public improvement district established under Subchapter A, Chapter 372, Local Government Code (except for public improvement districts described under Section 372.0035), or Chapter 382, Local Government Code, shall first give to the purchaser of the property this written notice, signed by the seller.

For the purposes of this notice, a contract for the purchase and sale of real property having a performance period of less than six months is considered a sale requiring the notice set forth below.

This notice requirement does not apply to a transfer:

- 1) under a court order or foreclosure sale;
- 2) by a trustee in bankruptcy;
- 3) to a mortgagee by a mortgagor or successor in interest or to a beneficiary of a deed of trust by a trustor or successor in interest;
- 4) by a mortgagee or a beneficiary under a deed of trust who has acquired the land at a sale conducted under a power of sale under a deed of trust or a sale under a court-ordered foreclosure or has acquired the land by a deed in lieu of foreclosure;
- 5) by a fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust;
- 6) from one co-owner to another co-owner of an undivided interest in the real property;
- 7) to a spouse or a person in the lineal line of consanguinity of the seller;
- 8) to or from a governmental entity; or
- 9) of only a mineral interest, leasehold interest, or security interest

The following notice shall be given to a prospective purchaser before the execution of a binding contract of purchase and sale, either separately or as an addendum or paragraph of a purchase contract. In the event a contract of purchase and sale is entered into without the seller having provided the required notice, the purchaser, subject to certain exceptions, is entitled to terminate the contract.

A separate copy of this notice shall be executed by the seller and the purchaser and must be filed in the real property records of the county in which the property is located at the closing of the purchase and sale of the property.

AFTER RECORDING¹ RETURN TO:

NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO
BASTROP COUNTY, TEXAS
CONCERNING THE FOLLOWING PROPERTY

PROPERTY ADDRESS

LOT TYPE 1 PRINCIPAL ASSESSMENT: \$30,009.52

As the purchaser of the real property described above, you are obligated to pay assessments to the County of Bastrop, Texas, for the costs of a portion of a public improvement or services project (the "Authorized Improvements") undertaken for the benefit of the property within ***Double Eagle Ranch Public Improvement District*** (the "District") created under Subchapter A, Chapter 372, Local Government Code.

AN ASSESSMENT HAS BEEN LEVIED AGAINST YOUR PROPERTY FOR THE AUTHORIZED IMPROVEMENTS, WHICH MAY BE PAID IN FULL AT ANY TIME. IF THE ASSESSMENT IS NOT PAID IN FULL, IT WILL BE DUE AND PAYABLE IN ANNUAL INSTALLMENTS THAT WILL VARY FROM YEAR TO YEAR DEPENDING ON THE AMOUNT OF INTEREST PAID, COLLECTION COSTS, ADMINISTRATIVE COSTS, AND DELINQUENCY COSTS.

The exact amount of the assessment may be obtained from the County of Bastrop. The exact amount of each annual installment will be approved each year by the Bastrop County Commissioners Court in the annual service plan update for the district. More information about the assessments, including the amounts and due dates, may be obtained from the County of Bastrop.

Your failure to pay any assessment or any annual installment may result in penalties and interest being added to what you owe or in a lien on and the foreclosure of your property.

¹ To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Bastrop County when updating for the Current Information of Obligation to Pay Improvement District Assessment.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE:

DATE:

SIGNATURE OF PURCHASER

SIGNATURE OF PURCHASER

The undersigned seller acknowledges providing this notice to the potential purchaser before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE:

DATE:

SIGNATURE OF SELLER

SIGNATURE OF SELLER]²

² To be included in copy of the notice required by Section 5.014, Tex. Prop. Code, to be executed by seller in accordance with Section 5.014(a-1), Tex. Prop. Code.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above. The undersigned purchaser acknowledged the receipt of this notice including the current information required by Section 5.0143, Texas Property Code, as amended.

DATE:

DATE:

SIGNATURE OF PURCHASER

SIGNATURE OF PURCHASER

STATE OF TEXAS

§

§

COUNTY OF BASTROP

§

The foregoing instrument was acknowledged before me by _____ and _____, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this _____, 20__.

Notary Public, State of Texas]³

³ To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Bastrop County.

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 BASTROP

§

The foregoing instrument was acknowledged before me by _____ and _____, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this _____, 20__.

Notary Public, State of Texas]⁴

⁴ To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Bastrop County.

ANNUAL INSTALLMENTS - LOT TYPE 1

Annual Installments Due 1/31	Principal	Interest ¹	Capitalized Interest	Additional Interest ²	Annual Collection Costs	Total Annual Installment ³
2023 ⁴	\$ -	\$ 307.43	\$ (307.43)	\$ -	\$ -	\$ -
2024	514.29	1,558.82	-	150.05	388.57	2,611.73
2025	533.33	1,536.32	-	147.48	396.34	2,613.47
2026	552.38	1,512.99	-	144.81	404.27	2,614.45
2027	571.43	1,488.82	-	142.05	412.36	2,614.65
2028	590.48	1,463.82	-	139.19	420.60	2,614.09
2029	609.52	1,437.99	-	136.24	429.01	2,612.76
2030	638.10	1,411.32	-	133.19	437.59	2,620.20
2031	657.14	1,383.40	-	130.00	446.35	2,616.89
2032	685.71	1,348.90	-	126.71	455.27	2,616.61
2033	714.29	1,312.90	-	123.29	464.38	2,614.86
2034	742.86	1,275.40	-	119.71	473.67	2,611.64
2035	780.95	1,236.40	-	116.00	483.14	2,616.50
2036	819.05	1,195.40	-	112.10	492.80	2,619.35
2037	857.14	1,152.40	-	108.00	502.66	2,620.21
2038	895.24	1,107.40	-	103.71	512.71	2,619.07
2039	933.33	1,060.40	-	99.24	522.97	2,615.94
2040	980.95	1,011.40	-	94.57	533.43	2,620.35
2041	1,019.05	959.90	-	89.67	544.09	2,612.71
2042	1,066.67	906.40	-	84.57	554.98	2,612.62
2043	1,123.81	850.40	-	79.24	566.08	2,619.53
2044	1,171.43	791.40	-	73.62	577.40	2,613.85
2045	1,228.57	728.44	-	67.76	588.94	2,613.72
2046	1,285.71	662.40	-	61.62	600.72	2,610.46
2047	1,352.38	593.30	-	55.19	612.74	2,613.61
2048	1,419.05	520.61	-	48.43	624.99	2,613.08
2049	1,495.24	444.33	-	41.33	637.49	2,618.40
2050	1,571.43	363.96	-	33.86	650.24	2,619.49
2051	1,647.62	279.50	-	26.00	663.25	2,616.37
2052	1,733.33	190.94	-	17.76	676.51	2,618.55
2053	1,819.05	97.77	-	9.10	690.04	2,615.96
Total	\$ 30,009.52	\$ 30,190.95	\$ (307.43)	\$ 2,814.48	\$ 15,763.60	\$ 78,471.11

Footnotes:

- 1) The interest rate is shown at a the actual rate of the PID Bonds.
- 2) Additional Interest is calculated at the Additional Interest Rate.
- 3) The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, interest earnings, or other available offsets could increase or decrease the amounts shown.
- 4) For illustrative purposes only to reflect Capitalized Interest paid. No Annual Installment was collected in 2023.



Carlson, Brigance & Doering, Inc.

Civil Engineering ❖ Surveying

Double Eagle Ranch Improvement Areas 1 and 2 Development

PREPARED FOR:

Meritage Homes of Texas, LLC
8920 Business Park Drive, Suite 350
Austin, TX 78759

PREPARED BY:

Mr. Brendan P. McEntee, P.E.
CARLSON, BRIGANCE AND DOERING, INC.
Firm #F-3791
12129 RR 620 N., Suite 600
Austin, Texas 78750



CBD No. 5081
REVISED 9/1/2023
January 9, 2023

TABLE OF CONTENTS

- 1) Introduction
- 2) Development Cost
- 3) Development Improvements
 - Streets
 - Drainage
 - Erosion Control
 - Clearing
- 4) Development Schedule
 - Site Entitlement
 - Site Design
 - Site Construction

List of Appendices

- Appendix 1 - Location Map
- Appendix 2 - Engineer's Opinion of Probable Cost
- Appendix 3 - Overall Improvements Map: Drainage
- Appendix 4 - Overall Improvements Map: Streets
- Appendix 5 - Improvement Area #1 Map: Drainage
- Appendix 6 - Improvement Area #1 Map: Streets
- Appendix 7 - Improvement Area #2 Map: Drainage
- Appendix 8 - Improvement Area #2 Map: Streets
- Appendix 9 - Improvement Area #1 Map: Trails
- Appendix 10 - Improvement Area #2 Map: Trails
- Appendix 11 - Legal Description: Overall

Introduction

Double Eagle Ranch Subdivision is a 195.879-acre small lot development that is anticipated to be composed of 482 single-family lots. The project is located near Cedar Creek off Double Eagle Ranch Drive within southwestern Bastrop County. A location map has been included in Appendix 1.

Access to this tract shall be taken from one connection off Double Eagle Ranch Drive and one connection off Colorado Bluff. All the roads in this subdivision will be constructed to accordance with the Subdivision Regulations for Bastrop County Standards with curb and gutter except for variances shown in the approved development agreement dated May 24th, 2021 (“Development Agreement”). Sidewalks are proposed on both sides of all streets in this phase of the subdivision. A precast concrete span bridge, constructed with IA#2, will connect IA#1 and IA#2 across Dry Creek connecting the community.

Development Cost

Included costs for Improvement Area #1 are based on actual contract values from the contract between the Owner and Contractor. An engineer’s opinion of probable cost (Engineer’s OPC) has been prepared for Improvement Area #2 infrastructure based on December 2022 bids for a portion of the phase. The Cost Estimate/ Engineer’s OPC has been provided as Appendix 2. Water, wastewater, dry utilities and private costs, not being PID eligible, have been excluded from the OPC and total construction costs. Improvements already dedicated to the County are also excluded.

Development Improvements

Development improvements have been defined as the Authorized Improvements within Improvement Areas #1 and #2. Overall Improvement exhibits for drainage and street improvements are included as Appendix 3 and Appendix 4 while Improvement Area #1 is depicted in Appendix 5 (Drainage), Appendix 6 (Streets) and Appendix 9 (Trails). Improvement Area #2 is depicted in Appendix 7 (Drainage), Appendix 8 (Streets) and Appendix 10 (Trails). Development improvements will be designed and constructed in accordance with Bastrop County standards and specifications unless otherwise indicated within any approved PID document or the approved Development Agreement. A legal description of the PID overall area is included as Appendix 11.

Streets

Improvements include subgrade preparation (including excavation and drainage), stabilized subgrade, aggregate base course and asphalt roadway with concrete curb and gutter. Intersections and signage are included. These roadway improvements will provide street access to each Lot. Residential streets will be constructed to local street standards (50' row/29' pavement) and Red Tailed Hawk Lane will be constructed to local street standards utilizing a 60' row and 29' pavement. Residential streets typical sections will include 2" H.M.A.C and 12" of crushed limestone base over 8" moisture conditioned subgrade. Red Tailed Hawk Lane paving section will include 3" H.M.A.C and 12" of crushed limestone base over a geogrid and 8" moisture conditioned subgrade. The constructed improvements provide improved access to each lot and the project includes an emergency access point to the adjoining subdivision which provides for community benefit. Sidewalks will be constructed on both sides of the road on all streets for Improvement Areas #1 & 2. They will be used as public pedestrian pathways to provide accessible routes throughout the development. The bridge connecting IA#1 and IA#2 will be a 35'6" wide, 405' long precast concrete bridge constructed by TXDOT standards and specifications with a sidewalk on one side and precast pedestrian railing.

Drainage

Rainfall runoff will be collected and conveyed subsurface into Moss Branch, Dry Creek and the Colorado River. Detention structures are not proposed. Improvements include trench excavation and embedment, trench safety, reinforced concrete piping, manholes, inlets, headwalls and open channels/swales. These improvements will allow the developed conditions stormwater to be collected and outfall within the limits of the Improvement Area.

The limits of the floodplain are contained within lots that will be dedicated as drainage easements. No portion of the FEMA 100-year floodplain encroaches on any single family lots within this subdivision. The development has been designed so that the post developed 100-year floodplain does not encroach on any single family lots within this subdivision and does not adversely affect any upstream property owners.

Trails

Includes construction of recreational trails within and throughout many of the open space lots to provide as a public amenity within the limits of the Improvement Area.

Erosion Control

Includes silt fence, rock berms, construction entrances, inlet protection, topsoil and revegetation, and irrigation sleeves for the limits of the Improvement Area.

Clearing

Includes clearing and grubbing, excavation, mass grading and embankment.

Development Schedule

Site Design

The preliminary plat for Improvement Areas 1 and 2 is submitted as a single section and approval was received on November 10, 2021.

Improvement Area #1 will include all proposed infrastructure and improvements south of Dry Creek. The Improvement Area #1 construction plans were approved on March 7, 2022.

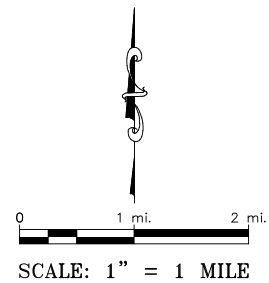
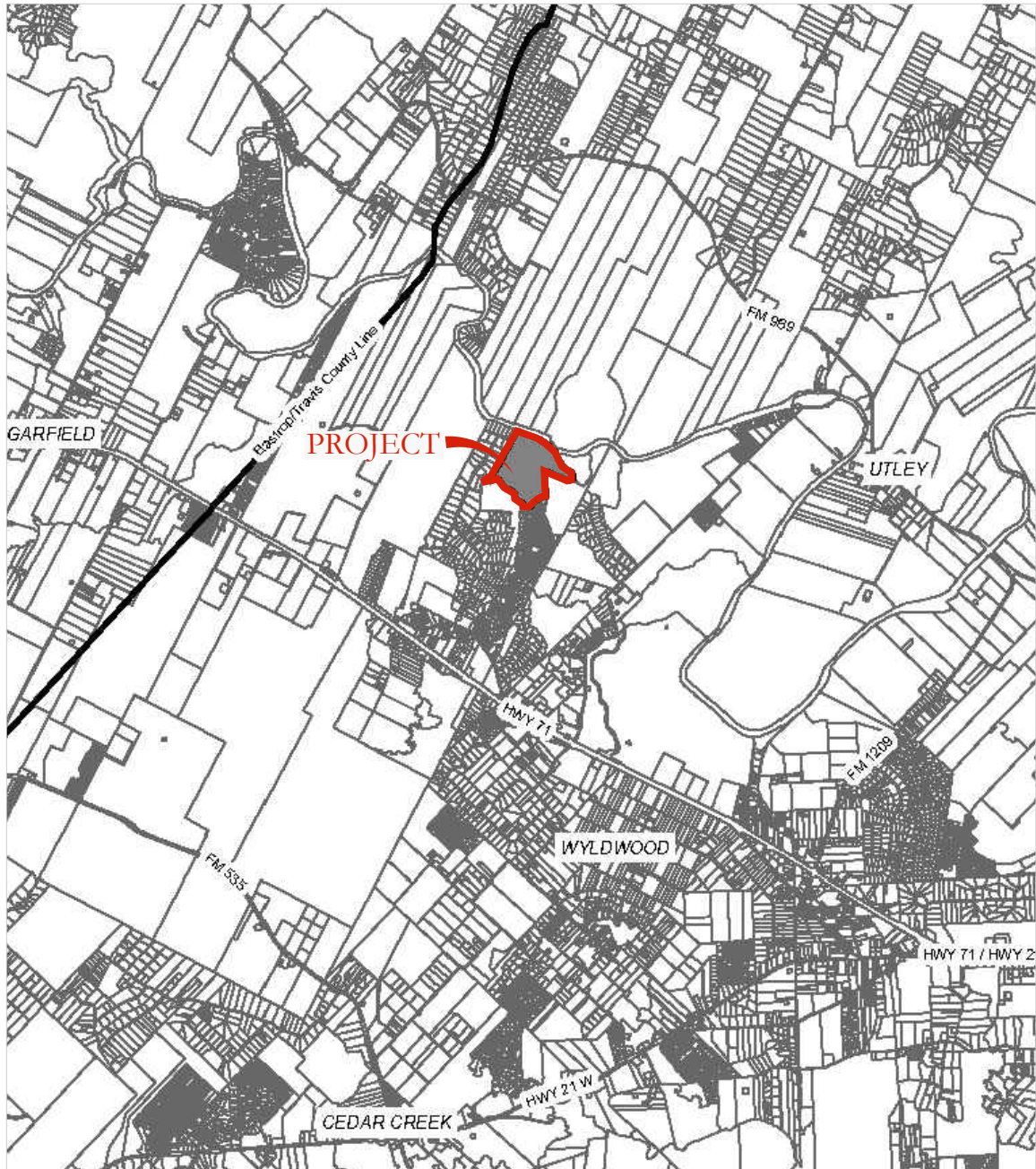
Improvement Area #2 will include all proposed infrastructure and improvements north of Dry Creek. The Improvement Area #2 construction plans are anticipated to be submitted in November 2022.

Site Entitlement

Site development permitting was approved in March 2022 for Improvement Area #1 and is anticipated for February 2023 for Improvement Area #2.

Site Construction

Site construction for Improvement Area #1 began April 2022 with final acceptance anticipated by December 2022. Site construction for Improvement Area #2 is anticipated to begin by March 2023 and be completed by January 2024.



Carlson, Brigrance & Doering, Inc.
 Civil Engineering ♦ Surveying
 FIRM ID #F3791
 Main Office: 3501 West William Cannon Dr., Austin, Texas 78749
 North Office: 12129 RR 620 N., Ste. 600, Austin, Texas 78750
 Phone No. (512) 280-5160 Fax No. (512) 280-5165

PROJECT NAME:	DOUBLE EAGLE SECTION 5
EXHIBIT TITLE:	LOCATION MAP
JURISDICTION:	BASTROP COUNTY
REPORT:	ENGINEERING REPORT - PID

APPENDIX 2
PID OPINION OF PROBABLE COST WITH CONTRACTOR COSTS
DOUBLE EAGLE RANCH PID-, IMPROVEMENT AREA 1 (SECTION 5A)
CBD #5312
EXCAVATION, STREETS, DRAINAGE AND EROSION CONTROL
January 9, 2023

DOUBLE EAGLE RANCH PID - I.A. #1					
ITEM NO.	DESCRIPTION	QUANTITY	UNIT	COST	AMOUNT
I. STREET EXCAVATION / GRADING					
1	Street Excavation/Embankment R.O.W. to R.O.W., complete and in place per square yard	38,778	CY	\$5.50	\$213,279.00
2	Clear, grub and site preparation complete and in place per LS	1	LS	\$49,652.00	\$49,652.00
3	Staking complete and in place per LS	1	LS	\$8,575.00	\$8,575.00
4	General Conditions, Mobilization and Bond complete and in place per LS	1	LS	\$81,000.00	\$81,000.00
SUBTOTAL STREET EXCAVATION / GRADING:					\$352,506.00
II. STREET ITEMS					
1	Subgrade Preparation, Lip to Lip, complete and in place per square yard	21,609	SY	\$4.25	\$91,838.25
2	12" Base, 3' to 3' Back of Curb, complete and in place per square yard	21,609	SY	\$18.00	\$388,962.00
3	Geogrid, 3' to 3' Back of Curb, complete and in place per square yard	6,024	SY	\$4.00	\$24,096.00
4	2" HMA, Lip to Lip, complete and in place per square yard	11,647	SY	\$13.50	\$157,234.50
5	6" Stand Up Curb and Gutter, complete and in place per linear foot	9,705	LF	\$15.00	\$145,575.00
6	Concrete Valley Gutter complete and in place per each	5	EA	\$5,800.00	\$29,000.00
7	ADA Ramps, complete and in place per each	18	EA	\$1,250.00	\$22,500.00
8	Common Area 4' Sidewalks, complete and in place per linear foot	2,088	LF	\$22.00	\$45,936.00
9	Street Sign to match existing, complete and in place per each	13	EA	\$500.00	\$6,500.00
10	Street Light, complete and in place per each	1	EA	\$2,500.00	\$2,500.00
11	Pavement Striping and Markings, complete and in place per lump sum	1	LS	\$3,600.00	\$3,600.00
12	Stop Sign/Stop Bar to match existing, complete and in place per each	7	EA	\$300.00	\$2,100.00
13	Street End Barricade, complete and in place per each	1	EA	\$1,000.00	\$1,000.00
14	3" HMA, Lip to Lip, complete and in place per square yard	4,606	SY	\$20.00	\$92,120.00
15	PVC Sleeves complete and in place per linear foot	291	LF	\$40.00	\$11,640.00
16	Staking complete and in place per lump sum	1	LS	\$19,955.00	\$19,955.00
SUBTOTAL STREETS ITEMS					\$1,044,556.75
III. DRAINAGE ITEMS					
1	18" R.C.P., complete and in place per linear foot	1,416	LF	\$70.00	\$99,120.00
2	24" R.C.P., complete and in place per linear foot	925	LF	\$95.00	\$87,875.00
3	30" R.C.P., complete and in place per linear foot	59	LF	\$115.00	\$6,785.00
4	36" R.C.P., complete and in place per linear foot	214	LF	\$170.00	\$36,380.00
5	10' inlets w/ curb transition, complete and in place per each	12	EA	\$5,300.00	\$63,600.00
6	15' inlets w/ curb transition, complete and in place per each	8	EA	\$8,000.00	\$64,000.00
7	4' inlets (JB, MH and Area Inlets) complete and in place per each	6	EA	\$4,600.00	\$27,600.00
8	5'/6' Storm Sewer Manhole complete and in place per each	2	EA	\$7,500.00	\$15,000.00
9	Diversion Swales complete and in place per linear foot	1,331	LF	\$12.00	\$15,972.00
10	18"/24" Concrete Headwall with Dissipators and Outfall Protection, complete and in place per each	2	EA	\$4,700.00	\$9,400.00
11	36" Concrete Headwall with Dissipators and Outfall Protection, complete and in place per each	2	EA	\$10,000.00	\$20,000.00
12	Trench Safety, complete and in place per linear foot	2,614	LF	\$3.50	\$9,149.00
13	Staking complete and in place per LS	1	LS	\$12,000.00	\$12,000.00
SUBTOTAL DRAINAGE ITEMS:					\$466,881.00

APPENDIX 2
PID OPINION OF PROBABLE COST WITH CONTRACTOR COSTS
DOUBLE EAGLE RANCH PID-, IMPROVEMENT AREA 1 (SECTION 5A)
CBD #5312
EXCAVATION, STREETS, DRAINAGE and EROSION CONTROL
January 9, 2023

	IV. TRAILS	QUANTITY	UNIT	COST	AMOUNT
1	Grading and Construction of Trails complete and in place per linear foot	2,165	LF	\$38.00	\$82,270.00
2	Stairs and handrails within trail complete and in place per LS	1	LS	\$7,500.00	\$7,500.00
3	Pedestrian Crossing at features, complete and in place per LS	1	LS	\$10,000.00	\$10,000.00
4	Staking complete and in place per LS	1	LS	\$5,000.00	\$5,000.00
SUBTOTAL TRAILS ITEMS:					\$104,770.00

	V. EROSION CONTROL ITEMS	QUANTITY	UNIT	COST	AMOUNT
1	Revegetation of R.O.W. & Disturbed Areas, complete and in place per square yard	34,253	SY	\$1.00	\$34,253.00
2	Revegetation of Diversion Swales slope matting complete and in place per square yard	5,162	SY	\$2.50	\$12,905.00
2	Stabilized Construction Entrance, complete and in place per each	1	EA	\$1,500.00	\$1,500.00
3	Install and Maintain Silt Fence, complete and in place per linear foot	6,087	LF	\$3.00	\$18,261.00
4	Inlet Protection, complete and in place per each	21	EA	\$100.00	\$2,100.00
5	Concrete Wash-Out, complete and in place per each	1	EA	\$750.00	\$750.00
6	Staking complete and in place per LS	1	LS	\$5,780.00	\$5,780.00
SUBTOTAL EROSION CONTROL ITEMS:					\$75,549.00

IMPR. AREA #1 (SECTION 5A) CONSTRUCTION ESTIMATE	\$2,044,262.75
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Brendan P. McEntee
Firm F3791
01/09/2023

APPENDIX 2
PID OPINION OF PROBABLE COST UPDATED WITH 5A AND 5B BIDS
DOUBLE EAGLE RANCH PID- IMPROVEMENT AREA #2 (SECTIONS 5B and 5C)
CBD #5081
EXCAVATION, STREETS, DRAINAGE and EROSION CONTROL
January 11, 2023

DOUBLE EAGLE RANCH PID - I.A. #2					
ITEM NO.	DESCRIPTION	QUANTITY	UNIT	COST	AMOUNT
I. STREET EXCAVATION / GRADING					
1	Street Excavation/Embankment R.O.W. to R.O.W., complete and in place per square yard	73,450	SY	\$5.50	\$403,975.00
2	Clear, grub and site preparation complete and in place per LS	1	LS	\$100,000.00	\$100,000.00
3	Staking complete and in place per LS	1	LS	\$17,500.00	\$17,500.00
4	General Conditions, Mobilization and Bond complete and in place per LS	1	LS	\$175,000.00	\$175,000.00
SUBTOTAL STREET EXCAVATION / GRADING:					\$696,475.00
II. STREET ITEMS					
1	Subgrade Preparation, Lip to Lip, complete and in place per square yard	45,750	SY	\$4.25	\$194,437.50
2	Geogrid, 3' to 3' Back of Curb, complete and in place per square yard	5,900	SY	\$4.00	\$23,600.00
3	12" Base, 3' to 3' Back of Curb, complete and in place per square yard	55,500	SY	\$20.00	\$1,110,000.00
4	2" HMAc, Lip to Lip, complete and in place per square yard	39,850	SY	\$14.00	\$557,900.00
5	6" Stand Up Curb and Gutter, complete and in place per linear foot	27,741	LF	\$15.00	\$416,115.00
6	ADA Ramps, complete and in place per each	52	EA	\$1,500.00	\$78,000.00
7	Common Area 4' Sidewalks, complete and in place per linear foot	2,560	LF	\$29.00	\$74,240.00
8	Street Sign to match existing, complete and in place per each	18	EA	\$500.00	\$9,000.00
9	Street Light, complete and in place per each	1	EA	\$3,500.00	\$3,500.00
10	Pavement Striping and Markings, complete and in place per lump sum	1	LS	\$7,500.00	\$5,000.00
11	Stop Sign/Stop Bar to match existing, complete and in place per each	14	EA	\$500.00	\$7,000.00
12	Street End Barricade, complete and in place per each	4	EA	\$1,000.00	\$4,000.00
14	Remove Street End Barricade, complete and in place per each	2	EA	\$250.00	\$500.00
15	3.0" HMAc, Lip to Lip, complete and in place per square yard	5,900	SY	\$20.00	\$118,000.00
16	PVC Sleeves complete and in place per lineal foot	550	LF	\$40.00	\$22,000.00
17	Staking complete and in place per lump sum	1	LS	\$37,500.00	\$37,500.00
18	Fixed Span Bridge complete and in place per lump sum	1	LS	\$2,575,000.00	\$2,575,000.00
SUBTOTAL STREETS ITEMS					\$5,235,792.50
III. TRAILS					
1	Grading and Construction of Trails complete and in place per linear foot	5,190	LF	\$38.00	\$197,220.00
2	Stairs and handrails within trail complete and in place per LS	1	LS	\$10,000.00	\$10,000.00
3	Pedestrian Crossing at features, complete and in place per LS	1	LS	\$25,000.00	\$25,000.00
4	Staking complete and in place per LS	1	LS	\$7,500.00	\$7,500.00
SUBTOTAL TRAILS ITEMS:					\$239,720.00

APPENDIX 2
PID OPINION OF PROBABLE COST UPDATED WITH 5A AND 5B BIDS
DOUBLE EAGLE RANCH PID- IMPROVEMENT AREA #2 (SECTIONS 5B and 5C)
CBD #5081
EXCAVATION, STREETS, DRAINAGE and EROSION CONTROL
January 11, 2023

	IV. DRAINAGE ITEMS	QUANTITY	UNIT	COST	AMOUNT
1	18" R.C.P., complete and in place per linear foot	3,850	LF	\$70.00	\$269,500.00
2	24" R.C.P., complete and in place per linear foot	925	LF	\$95.00	\$87,875.00
3	30" R.C.P., complete and in place per linear foot	1,025	LF	\$115.00	\$117,875.00
4	36" R.C.P., complete and in place per linear foot	550	LF	\$170.00	\$93,500.00
5	42" R.C.P., complete and in place per linear foot	1,450	LF	\$175.00	\$253,750.00
6	48" R.C.P., complete and in place per linear foot	1,067	LF	\$208.00	\$221,936.00
7	10' inlets w/ curb transition, complete and in place per each	55	EA	\$5,300.00	\$291,500.00
8	15' inlets w/ curb transition, complete and in place per each	12	EA	\$7,500.00	\$90,000.00
9	4' Storm Sewer Manhole/Junction Box, complete and in place per each	12	EA	\$4,600.00	\$55,200.00
10	5' Storm Sewer Manhole/Junction Box, complete and in place per each	5	EA	\$5,400.00	\$27,000.00
11	6' Storm Sewer Manhole/Junction Box, complete and in place per each	8	EA	\$7,500.00	\$60,000.00
12	18" Concrete Headwall with Dissipators and Outfall Protection, complete and in place per each	2	EA	\$4,700.00	\$9,400.00
13	24" Concrete Headwall with Dissipators and Outfall Protection, complete and in place per each	2	EA	\$4,700.00	\$9,400.00
14	30" Concrete Headwall with Dissipators and Outfall Protection, complete and in place per each	3	EA	\$6,000.00	\$18,000.00
15	42" Concrete Rip-Rap Headwall and Outfall Protection, complete and in place per each	2	EA	\$12,000.00	\$24,000.00
16	48" Concrete Rip-Rap Headwall and Outfall Protection, complete and in place per each	1	EA	\$27,000.00	\$27,000.00
17	Earthen channels with trickle channel complete and in place per linear foot	1,900	LF	\$57.00	\$108,300.00
18	Trench Safety, complete and in place per linear foot	8,867	LF	\$3.50	\$31,034.50
19	Staking complete and in place per LS	1	LS	\$32,500.00	\$32,500.00
SUBTOTAL DRAINAGE ITEMS:					\$1,827,770.50

	V. EROSION CONTROL ITEMS	QUANTITY	UNIT	COST	AMOUNT
1	Revegetation of R.O.W. & Disturbed Areas, complete and in place per square yard	48,165	SY	\$1.00	\$48,165.00
2	Revegetation of Diversion Swales slope matting complete and in place per square yard	7,585	SY	\$4.00	\$30,340.00
3	Stabilized Construction Entrance, complete and in place per each	2	EA	\$2,000.00	\$4,000.00
4	Install and Maintain Silt Fence, complete and in place per linear foot	22,500	LF	\$3.50	\$78,750.00
5	Inlet Protection, complete and in place per each	72	EA	\$100.00	\$7,200.00
6	Concrete Wash-Out, complete and in place per each	2	EA	\$1,000.00	\$2,000.00
7	Staking complete and in place per LS	1	LS	\$19,000.00	\$19,000.00
SUBTOTAL EROSION CONTROL ITEMS:					\$189,455.00

IMPROV. AREA 2 (SECTIONS 5B AND C) CONSTRUCTION ESTIMATE	\$8,189,213.00
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01/11/2023

LEGEND

- ROW
- PROPERTY BOUNDARY
- DRAINAGE AREA

AUTHORIZED IMPROVEMENTS

APPENDIX 03



Carlson, Brigrance & Doering, Inc.

Civil Engineering ♦ Surveying

FIRM ID #F3791

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Austin, Texas 78749 Austin, Texas 78750

Phone No. (512) 280-5160 Fax No. (512) 280-5165

PROJECT NAME: DOUBLE EAGLE SECTION 5

EXHIBIT TITLE: OVERALL IMPROVEMENTS MAP: DRAINAGE

JURISDICTION: BASTROP COUNTY

REPORT: ENGINEERING REPORT - PID