

LIMITED OFFERING MEMORANDUM DATED OCTOBER 23, 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 under “TAX MATTERS.” See “TAX MATTERS – Tax Exemption” for a discussion of Bond Counsel’s opinion.



\$5,000,000

CITY OF PLANO, TEXAS,

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

SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2023

(HAGGARD FARM PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1 PROJECT)

Dated Date: November 20, 2023

Interest to Accrue from Closing Date (defined herein)

Due: September 15, as shown on the inside cover

The City of Plano, Texas, Special Assessment Revenue Bonds, Series 2023 (Haggard Farm Public Improvement District Improvement Area #1 Project) (the “Bonds”), are being issued by the City of Plano, Texas (the “City”). The Bonds will be issued in fully registered form, without coupons, in authorized denominations of \$100,000 of principal amount and any integral multiple of \$1,000 in excess thereof. The Bonds will bear interest at the rates set forth on the inside cover page hereof, and such interest will be calculated on the basis of a 360-day year of twelve 30-day months and will be payable on each March 15 and September 15, commencing March 15, 2024, until maturity or earlier redemption. The Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York. No physical delivery of the Bonds will be made to the beneficial owners thereof. For so long as the book-entry-only system is maintained, the principal of and interest on the Bonds will be paid from the sources described herein by Wilmington Trust, National Association, Dallas, Texas, as trustee (the “Trustee”), to Cede & Co. as the registered owner thereof. See “BOOK-ENTRY-ONLY SYSTEM.” Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Indenture.

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

Proceeds of the Bonds will be used to provide funds for (i) paying a portion of the actual costs of the Improvement Area #1 Projects, (ii) paying a portion of the costs incidental to the organization and administration of the Haggard Farm Public Improvement District (the “District”), and (iii) paying Bond Issuance Costs, including funding a reserve fund and paying a portion of the interest on the Bonds during the period of acquisition and construction of the Improvement Area #1 Projects, and other costs related to the issuance of the Bonds. See “THE IMPROVEMENT AREA #1 AUTHORIZED IMPROVEMENTS” and “APPENDIX B — Form of Indenture.”

The Bonds, when issued and delivered, will constitute valid and binding special, limited obligations of the City payable solely from and secured by the Trust Estate, consisting primarily of the Assessments levied against assessed parcels 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.” The Bonds are subject to redemption at the times, in the amounts, and at the redemption prices more fully described herein under the subcaption “DESCRIPTION OF THE BONDS — Redemption Provisions.”

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

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

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

The Bonds are offered for delivery when, as, and if issued by the City and accepted by the Underwriter (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 City by Greenberg Traurig, LLP, for the Underwriter by its counsel, Orrick, Herrington & Sutcliffe LLP, and for the Developer by its counsel, Winstead PC. It is expected that the Bonds will be delivered in book-entry form through the facilities of DTC on or about November 20, 2023 (the “Closing Date”).

FMSbonds, Inc.

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

CUSIP Prefix: 727220^(a)

\$5,000,000
CITY OF PLANO, TEXAS,
(a municipal corporation of the State of Texas located in Collin and Denton Counties)
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2023
(HAGGARD FARM PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1 PROJECT)

\$5,000,000 7.500% Term Bonds, Due September 15, 2053, Priced to Yield 7.500%; CUSIP 727220AC9 ^(a) ^(b) ^(c)

-
- ^(a) CUSIP numbers are included solely for the convenience of owners of the Bonds. CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services ("CGS"), managed by FactSet Research Systems Inc. on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the service provided by CGS. CUSIP numbers are provided for convenience of reference only. The City, the City's Financial Advisor and the Underwriter do not take any responsibility for the accuracy of such numbers.
- ^(b) The Bonds are subject to redemption, in whole or in part, before their scheduled maturity, at the option of the City, on any date on or after September 15, 2033, such redemption date or dates to be fixed by the City, at the redemption price of 100% of principal amount thereof, plus accrued and unpaid interest to the date of redemption, as described herein under "DESCRIPTION OF THE BONDS — Redemption Provisions."
- ^(c) The Bonds are also subject to mandatory sinking fund redemption and extraordinary optional redemption as described herein under "DESCRIPTION OF THE BONDS — Redemption Provisions."

CITY OF PLANO, TEXAS

CITY COUNCIL

<u>Name</u>	<u>Term Expires</u>
John B. Muns, Mayor, Place 6	May 2025
Kayci Prince, Mayor Pro-Tem, Place 4	May 2025
Maria Tu, Deputy Mayor Pro-Tem, Place 1	May 2027
Anthony Ricciardelli, Councilmember, Place 2	May 2025
Rick Horne, Councilmember, Place 3	May 2027
Shelby Williams, Councilmember, Place 5	May 2027
Julie Holmer, Councilmember, Place 7	May 2027
Rick Smith, Councilmember, Place 8	May 2025

Name	Position	Length of Service	Total Government Service
Mark D. Israelson	City Manager	4 Years	23 Years
Lisa C. Henderson	City Secretary	9 Years	20 Years
Denise Tacke	Director of Finance	15 Years	23 Years
Paige Mims	City Attorney	9 Years	27 Years

BOND COUNSEL

Norton Rose Fulbright US LLP
Dallas, Texas

FINANCIAL ADVISOR

Hilltop Securities Inc.
Fort Worth, Texas

PID ADMINISTRATOR

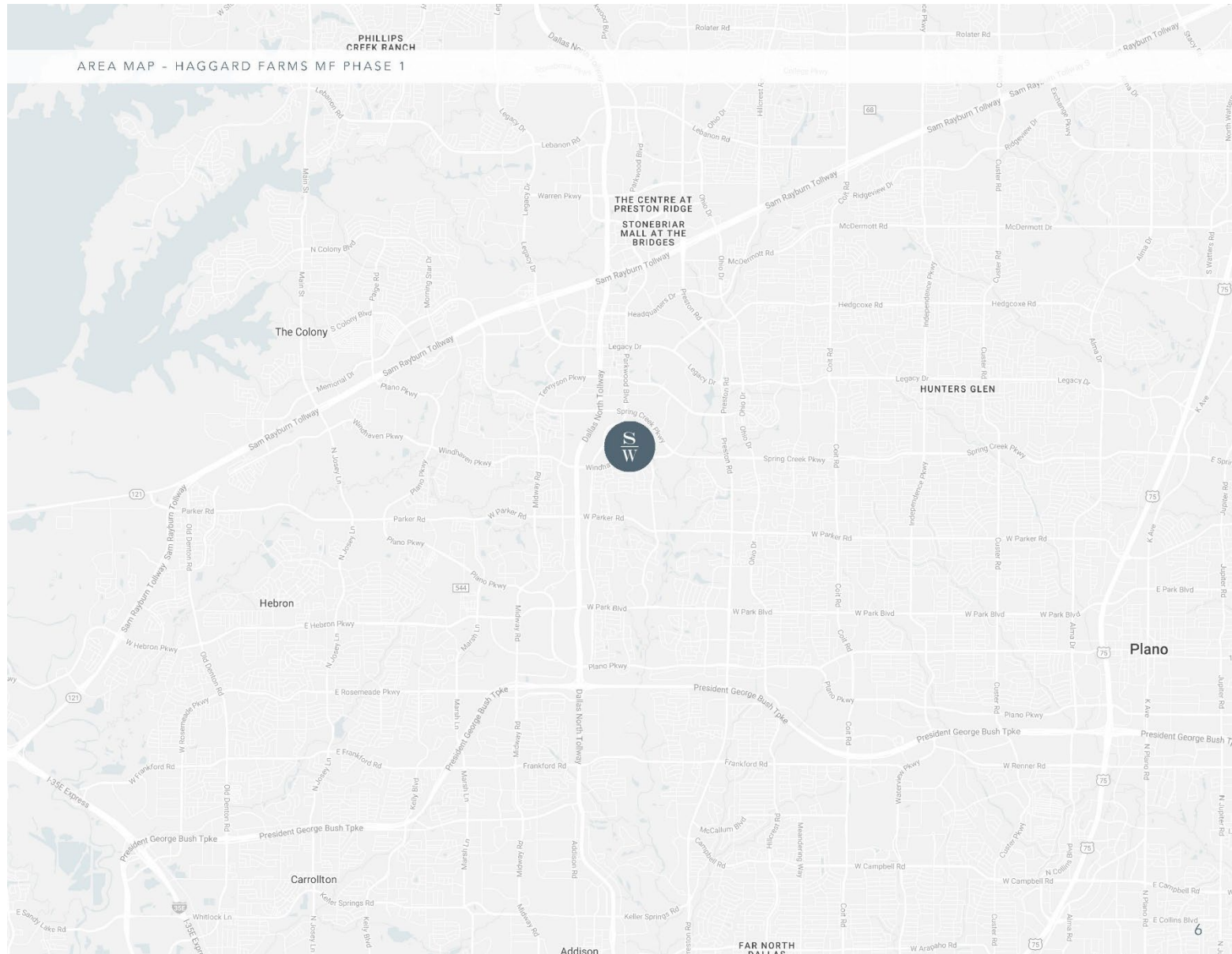
P3Works, LLC
Austin, Houston and North Richland Hills, Texas

For additional information regarding the City, please contact:

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Director of Finance
City of Plano, Texas
P.O. Box 860358
Plano, Texas 75086
(972) 941-5233

Laura Alexander
Senior Managing Director
Hilltop Securities, Inc.
777 Main Street, Suite 1525
Fort Worth, Texas 76102
(817) 322-9710

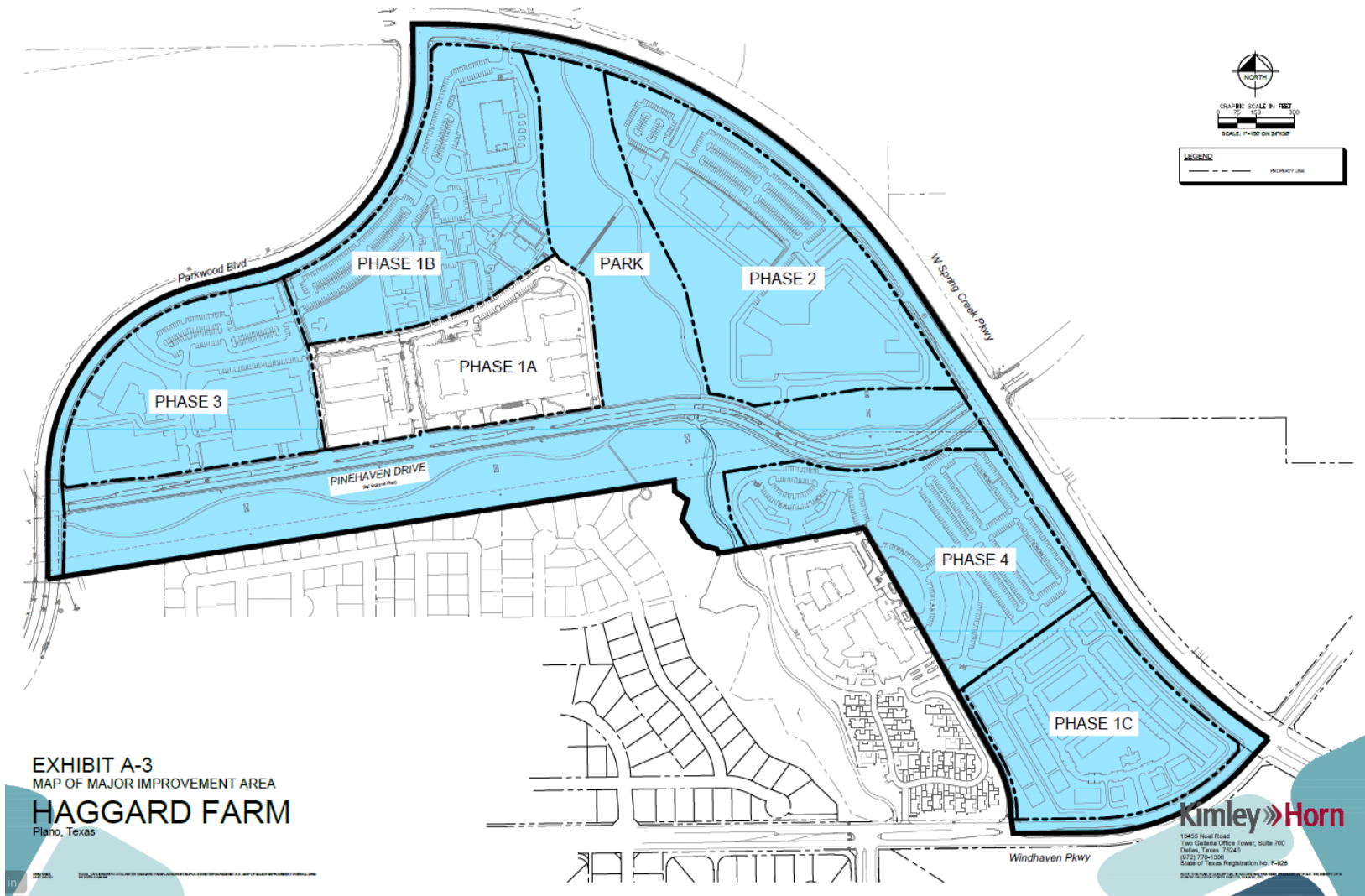
REGIONAL LOCATION MAP OF THE DISTRICT



AREA LOCATION MAP OF THE DISTRICT



**MAP SHOWING BOUNDARIES OF IMPROVEMENT AREA #1
AND MAJOR IMPROVEMENT AREA WITHIN THE DISTRICT***



* Phase 1A represents Improvement Area #1. The remaining area within the District constitutes the Major Improvement Area.

MAP SHOWING CONCEPT PLAN OF THE DISTRICT

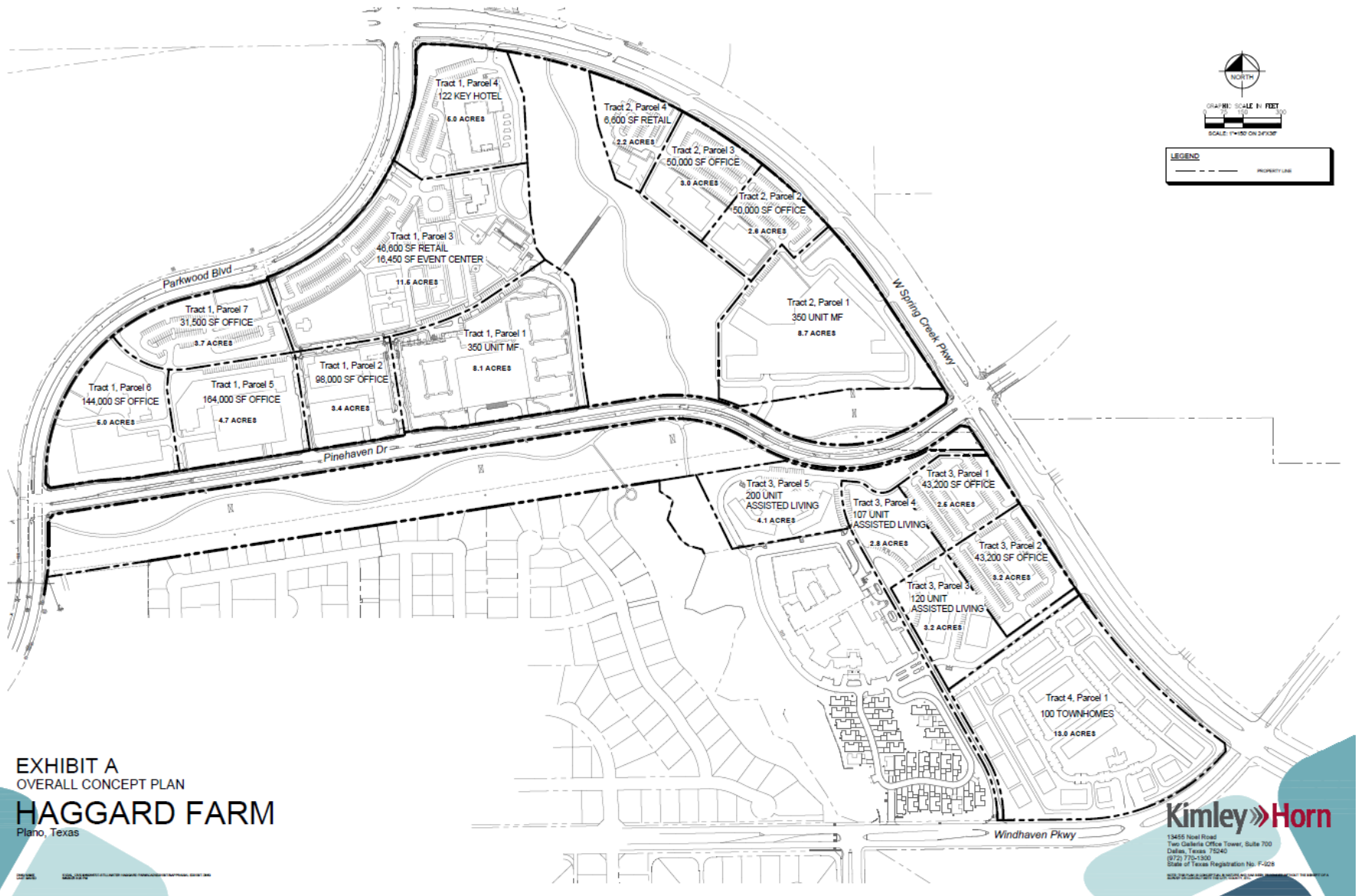


EXHIBIT A
OVERALL CONCEPT PLAN
HAGGARD FARM
Plano, Texas

Kimley»Horn

13456 Noel Road
Two Galleria Office Tower, Suite 700
Dallas, Texas 75240
(972) 775-1300
State of Texas Registration No. F-0208

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

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

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

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

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

CERTAIN STATEMENTS INCLUDED OR INCORPORATED BY REFERENCE IN THIS LIMITED OFFERING MEMORANDUM CONSTITUTE “FORWARD-LOOKING STATEMENTS” WITHIN THE MEANING OF THE UNITED STATES PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995, SECTION 21E OF THE UNITED STATES EXCHANGE ACT OF 1934, AS AMENDED, AND SECTION 27A OF THE SECURITIES ACT OF 1933. SUCH STATEMENTS ARE GENERALLY IDENTIFIABLE BY THE TERMINOLOGY USED, SUCH AS “PLAN,” “EXPECT,” “ESTIMATE,” “PROJECT,” “ANTICIPATE,”

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

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

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

\$5,000,000

CITY OF PLANO, TEXAS,

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

SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2023

(HAGGARD FARM PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1 PROJECT)

INTRODUCTION

The purpose of this Limited Offering Memorandum, including the cover page, the inside cover and the appendices hereto, is to provide certain information in connection with the issuance and sale by the City of Plano, Texas (the “City”), of its \$5,000,000 aggregate principal amount of Special Assessment Revenue Bonds, Series 2023 (Haggard Farm 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 City pursuant to the Public Improvement District Assessment Act, Subchapter A of Chapter 372, Texas Local Government Code, as amended (the “PID Act”), the ordinance authorizing the issuance of the Bonds adopted by the City Council of the City (the “City Council”) (the “Bond Ordinance”), and an Indenture of Trust (the “Indenture”), entered into by and between the City and Wilmington Trust, National Association, Dallas, Texas, as trustee (the “Trustee”). The Bonds will be secured by a pledge and lien upon the Trust Estate (as defined in the Indenture), consisting primarily of revenue from special assessments (the “Assessments”) levied pursuant to a separate ordinance adopted by the City Council (the “Assessment Ordinance”) against assessed parcels (the “Improvement Area #1 Assessed Property”) located within Improvement Area #1 (as defined herein) of the Haggard Farm Public Improvement District (the “District”), all to the extent and upon the conditions described in the Indenture. See “SECURITY FOR THE BONDS” and “ASSESSMENT PROCEDURES.”

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

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

PLAN OF FINANCE

Development Plan

The District consists of approximately 142.49 acres making up the master planned mixed-use community known as Haggard Farm (the “Development”). SW Haggard Master Developer, LLC, a Texas limited liability company (the “Developer”), expects to develop the District in multiple phases (each, a “Phase”), beginning with the construction of certain public improvements benefitting the entire District (the “Major Improvements”) and certain public improvements benefitting only the first phase, consisting of approximately 11.5039 acres (“Improvement Area #1” or “Phase 1A”), within the District (the “Improvement Area #1 Improvements” and, together with the Major Improvements, the “Authorized Improvements”). The area within the District other than Improvement Area #1 is hereinafter referred to as the “Major Improvement Area.” The Developer expects to begin construction of the Major Improvements and the Improvement Area #1 Improvements in November of 2023 and expects to complete such construction in September of 2024. See “THE DEVELOPMENT.” The boundaries of the District and the concept plan for the District are shown in the “MAP SHOWING BOUNDARIES OF IMPROVEMENT AREA #1 AND MAJOR IMPROVEMENT AREA WITHIN THE DISTRICT” and “MAP SHOWING CONCEPT PLAN OF THE DISTRICT” on pages iv and v.

Pursuant to the Development Agreement by and among the City, the Developer and the Landowners, dated as of August 28, 2023 (the “Development Agreement”), the Developer agreed to construct the Authorized Improvements, the Park Improvements (as defined herein) (a portion of which constitute Major Improvements), as further described in the Parks Agreement, and the City Subdivision Improvements (as defined herein) (collectively, the “Development Agreement Improvements”) and the City agreed to reimburse the Developer for such improvements through the Assessments, the Major Improvement Area Assessments (as defined herein), the Bonds, the Major Improvement Area Bonds (as defined herein), or with funds provided by the City, as applicable. In addition to the Development Agreement Improvements, the Developer will construct the Private Improvements (as defined herein) without reimbursement by the City. See “THE DEVELOPMENT — Development Plan,” “— Development Agreement” and “— Parks Agreement” and “APPENDIX G — Form of Development Agreement.”

The Developer does not currently own the land within the District; however, the Developer’s parent company, Stillwater Capital Investments, LLC, a Texas limited liability company (“Stillwater”), has exclusive right to purchase the land within the District, other than the Assisted Living Parcels (as defined herein), the option to purchase of which is subordinate to Forefront Living (as defined herein), as described below, pursuant to the Option Agreement (the “Option Agreement”) among Stillwater, Acres of Sunshine, Ltd., a Texas limited partnership (“Acres of Sunshine”) and Haggard Enterprises Limited, Ltd., a Texas limited partnership (“Enterprises” and, together with Acres of Sunshine, “Haggard” or the “Landowners”). The Developer expects that, as development progresses within the District, Stillwater will exercise the option to purchase parcels of land under the Option Agreement. Any tracts to be purchased under the Option Agreement will be purchased by either (i) Stillwater, (ii) a single-purpose entity created by Stillwater for the purpose of purchasing such property, or (iii) a Joint Venture (as defined herein) between Stillwater and Haggard. The Developer will be responsible for constructing the internal horizontal and vertical improvements within each parcel that is purchased under the Option Agreement. The purchaser of the land will then enter into leases for the constructed buildings. The Developer expects that SW Haggard Office will purchase the office parcel within Phase 1A and Stillwater or an affiliate of Stillwater will purchase the multifamily tract within Phase 1A under the terms of the Option Agreement, upon closing of the Bonds. Additionally, the Landowners expect that (i) Acres of Sunshine will convey to AOS Land, LLC, an affiliate of the Landowners, all of the land within the District owned by Acres of Sunshine, save and except the land within Phase 1A, and (ii) Enterprises will convey to HEL Land, LLC, an affiliate of the Landowners, all of the land within the District owned by Enterprises by the end of the first quarter of 2024. See “THE DEVELOPMENT — Option Agreement” and “— Development Plan.”

The Development is expected to include approximately 33 acres of parkland, 100 townhome units, 700 multifamily units, 427 assisted living units, a 122-room hotel, 69,650 square feet of retail space, and 623,900 square feet of office space. Improvement Area #1 is expected to consist of 350 multifamily units and 98,000 square feet of office space. As of September 1, 2023, (i) SW Haggard Office I Development, LLC, a Texas limited liability company, and affiliate of the Developer and Stillwater (“SW Haggard Office”), has executed a lease with WRA Architects, Inc., a Texas corporation, for approximately 34,920 square feet of office space in Improvement Area #1 and (ii) Stillwater has a letter of intent with Robert Elliot Custom Homes, LLC, an affiliate of the Developer and

Stillwater, for the purchase of the 100 townhome units within the Major Improvement Area. See “THE DEVELOPMENT — Development Plan.”

The Landowners have entered into a Real Estate Purchase Option Agreement (the “Assisted Living Agreement”) with Forefront Living Plano, a Texas non-profit corporation (“Forefront Living”), which grants Forefront Living the option to purchase approximately 13.6 acres of land, consisting of approximately 10.1 acres within the District comprising Tract 2, Parcels 3-5, the parcels on which assisted living units will be constructed (the “Assisted Living Parcels”), and approximately 2.5 acres adjacent to the District. If purchased, Forefront Living would be responsible for construction of the internal horizontal and vertical improvements. Stillwater’s option to purchase the Assisted Living Parcels is subordinate to Forefront Living’s option to purchase to such land. If Forefront Living does not exercise its option under the Assisted Living Agreement, the Developer will have the option to purchase these parcels. See “THE DEVELOPMENT — Development Plan.”

Financing Plan

Improvement Area #1 Projects. The Developer expects that the actual costs to complete the Major Improvements allocable to Improvement Area #1 (the “Improvement Area #1 Major Improvements”) and the Improvement Area #1 Improvements (together, the “Improvement Area #1 Projects”) will be approximately \$3,978,097. The City will finance and/or reimburse the Developer for a portion of the actual costs, paid, or incurred by or on behalf of the Developer, of the Improvement Area #1 Projects in the approximate amount of \$3,382,708, through the issuance of the Bonds. The balance of the costs of the Improvement Area #1 Projects, in the total approximate amount of \$595,389 (the “Developer Contribution”), will be financed by the Developer and will not be reimbursed by the City. The City and the Developer entered into the Haggard Farm Public Improvement District Improvement Area #1 Projects Construction, Funding, and Acquisition Agreement, effective as of October 23, 2023, (the “Construction Funding Agreement”), which provides, in part, for the deposit of the Assessments and the proceeds from the issuance and sale of the Bonds, the use of the Developer Contribution and the payment of the actual costs of the Improvement Area #1 Projects. In accordance with the Indenture, the Development Agreement and the Construction Funding Agreement, the Developer is required to deposit funds under the Indenture in an amount equal to the Developer Contribution. See “SECURITY FOR THE BONDS — Project Fund,” “THE IMPROVEMENT AREA #1 AUTHORIZED IMPROVEMENTS,” “THE DEVELOPER — History and Financing of the District,” “APPENDIX B — Form of Indenture,” “APPENDIX C — Form of Service and Assessment Plan” and “APPENDIX F — Form of Construction Funding Agreement.”

Major Improvement Area Projects. Concurrently with the issuance of the Bonds, the City expects to issue its Special Assessment Revenue Bonds, Series 2023 (Haggard Farms Public Improvement District Major Improvement Area Project) (the “Major Improvement Area Bonds”) to provide funds for (i) paying a portion of the actual costs of the Major Improvements allocable to the Major Improvement Area (the “Major Improvement Area Projects”), (ii) paying a portion of the costs incidental to the organization and administration of the District, and (iii) paying bond issuance costs, including funding a reserve fund and paying a portion of the interest on the Major Improvement Area Bonds during the period of acquisition and construction of the Major Improvement Area Projects, and other costs related to the issuance of the Major Improvement Area Bonds. The Major Improvement Area Bonds will be secured by a separate assessment levied against assessable property within the Major Improvement Area only (the “Major Improvement Area Assessments”). **The Major Improvement Area Assessments are not security for the Bonds.**

Additional Improvements. The costs of the City Subdivision Improvements will be reimbursed to the Developer with funds deposited by the City under the indenture for the Major Improvement Area Bonds (the “MIA Indenture”), pursuant to the terms of the Development Agreement. The portion of the Parkland Improvements that do not constitute Major Improvements will be financed by the City pursuant to the Parks Agreement. The Private Improvements will be financed by the Developer without reimbursement by the City. See “THE DEVELOPMENT — Development Plan,” “— Development Agreement” and “— Parks Agreement,” “THE DEVELOPER — History and Financing of the District” and “APPENDIX G — Form of Development Agreement.”

The City and the Developer do not currently anticipate financing any improvements, other than the Authorized Improvements, within the District, through the proceeds of assessments levied within the District or bonds issued to finance such improvements. If, in the future, such plan changes, the City may levy an assessment and issue PID Bonds (as defined herein) within the Major Improvement Area to finance internal improvements

therein. Such levy and issuance of PID Bonds would be required to comply with the provisions of the MIA Indenture and the Development Agreement.

The Bonds

Proceeds of the Bonds will be used for the purpose of (i) paying a portion of the actual costs of the Improvement Area #1 Projects, (ii) paying a portion of the costs incidental to the organization and administration of the District (which includes the first year's Annual Collection Costs (as defined herein) related to the Bonds), and (iii) paying the Bond Issuance Costs (as defined herein), including funding a reserve fund and paying a portion of the interest on the Bonds during the period of acquisition and construction of the Improvement Area #1 Projects, and other costs related to the issuance of the Bonds (collectively, as further described herein under "THE IMPROVEMENT AREA #1 AUTHORIZED IMPROVEMENTS", the "Improvement Area #1 Authorized Improvements"). See "SOURCES AND USES OF FUNDS," "THE IMPROVEMENT AREA #1 AUTHORIZED IMPROVEMENTS" and "APPENDIX B — Form of Indenture."

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

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

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

LIMITATIONS APPLICABLE TO INITIAL PURCHASERS

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

1. The Investor has authority and is duly authorized to purchase the Bonds and to execute any instruments and documents required to be executed by the Investor in connection with the purchase of the Bonds.
2. The Investor is an "accredited investor" under Rule 501 of Regulation D of the Securities Act of 1933 or a "qualified institutional buyer" under Rule 144A of the Securities Act of 1933, and therefore, has sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal and other tax-exempt obligations, to be able to evaluate the risks and merits of the investment represented by the Bonds.
3. The Bonds are being acquired by the Investor for investment and not with a view to, or for resale in connection with, any distribution of the Bonds, and the Investor intends to hold the Bonds solely for its own account for investment purposes and for an indefinite period of time and does not intend at this time to dispose of all or any part of the Bonds. However, the investor may sell the Bonds at any time the Investor deems appropriate. The Investor understands that it may need to bear the risks of this investment for an indefinite time, since any sale prior to maturity may not be possible.
4. The Investor understands that the Bonds are not registered under the Securities Act of 1933 and that such registration is not legally required as of the date hereof; and further understands that the Bonds (a) are not

being registered or otherwise qualified for sale under the “Blue Sky” laws and regulations of any state, (b) will not be listed in any stock or other securities exchange, and (c) will not carry a rating from any rating service.

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

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

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

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

DESCRIPTION OF THE BONDS

General Description

The Bonds will mature on the dates and in the amounts set forth in the inside cover page of this Limited Offering Memorandum. Interest on the Bonds will accrue from their date of delivery to the Underwriter (the “Closing Date”) and will be computed on the basis of a 360-day year of twelve 30-day months and will be payable on each March 15 and September 15, commencing March 15, 2024 (each, an “Interest Payment Date”), until maturity or prior redemption. Wilmington Trust, National Association, Dallas, Texas is the initial Trustee, Paying Agent and Registrar for the Bonds.

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

Redemption Provisions

Optional Redemption. The City reserves the right and option to redeem the Bonds, in whole or in part, on any date on or after September 15, 2033, such redemption date or dates to be fixed by the City, at the redemption price of 100% of the principal amount of the Bonds to be redeemed, plus accrued and unpaid interest to the date of redemption (the “Redemption Price”).

Extraordinary Optional Redemption. Notwithstanding any provision in the Indenture to the contrary, the City reserves the right and option to redeem Bonds before their respective scheduled maturity dates, in whole or in part, and in an amount and on a date specified in a City Certificate, at the Redemption Price of such Bonds, or portions thereof, to be redeemed plus accrued interest to the date of redemption from amounts on deposit in the Redemption Fund as a result of Prepayments (including related transfers to the Redemption Fund made pursuant to the terms of the Indenture) or other transfers to the Redemption Fund under the terms of the Indenture, or as a result of unexpended amounts transferred from the Project Fund pursuant to the terms of the Indenture. 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 City in part at the Redemption Price from moneys available for such purpose in the Principal and Interest Account of the Bond Fund, on the dates and in the respective Sinking Fund Installments as set forth in the following schedule:

<u>\$5,000,000 Bonds Maturing September 15, 2053</u>			
<u>Sinking Fund</u>		<u>Sinking Fund</u>	
<u>Redemption Date</u>	<u>Installment</u>	<u>Redemption Date</u>	<u>Installment</u>
September 15, 2026	\$ 60,000	September 15, 2040	\$156,000
September 15, 2027	64,000	September 15, 2041	168,000
September 15, 2028	68,000	September 15, 2042	180,000
September 15, 2029	73,000	September 15, 2043	194,000
September 15, 2030	78,000	September 15, 2044	208,000
September 15, 2031	84,000	September 15, 2045	224,000
September 15, 2032	89,000	September 15, 2046	240,000
September 15, 2033	96,000	September 15, 2047	259,000
September 15, 2034	103,000	September 15, 2048	278,000
September 15, 2035	110,000	September 15, 2049	299,000
September 15, 2036	118,000	September 15, 2050	322,000
September 15, 2037	126,000	September 15, 2051	347,000
September 15, 2038	136,000	September 15, 2052	373,000
September 15, 2039	145,000	September 15, 2053†	402,000

† 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 (in accordance with the Indenture) of such maturity equal to the Sinking Fund Installment amount of such Bonds to be redeemed, shall call such Bonds for redemption on such scheduled mandatory sinking fund redemption date, and shall give notice of such redemption, as provided in the Indenture.

The principal amount of Bonds of a Stated Maturity required to be redeemed on any mandatory sinking fund redemption date pursuant to the Indenture shall be reduced, at the option of the City, by the principal amount of any Bonds of such maturity which, at least 45 days prior to the mandatory sinking fund redemption date shall have been acquired by the City at a price not exceeding the principal amount of such Bonds plus accrued 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 pursuant to the Indenture 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 hereof and not previously credited to a mandatory sinking fund redemption.

Partial Redemption. If less than all of the Bonds are to be redeemed pursuant to the Indenture, Bonds shall be redeemed in minimum principal amounts of \$1,000 or any integral 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.

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

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

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

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

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

The following defined terms apply to partial extraordinary optional redemptions:

“Substantial Amount Redemption” means a redemption of Bonds pursuant to extraordinary optional redemption of a principal amount of Bonds that is greater than or equal to 10% of the Outstanding principal amount of the Bonds.

“Minor Amount Redemption” means a redemption of Bonds pursuant to extraordinary optional redemption of a principal amount of Bonds that is less than 10% of the Outstanding principal amount of the Bonds.

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

Notice of Redemption. Upon written notification by the City to the Trustee of the exercise of any redemption, 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. Any such notice so given shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice.

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

The City has the right to rescind any optional redemption or extraordinary optional redemption described in the Indenture by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of redemption shall be cancelled and annulled if for any reason funds are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under the Indenture. 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 City may condition redemption on the receipt of such funds by the Trustee on or before the date fixed for the redemption, or on the satisfaction of any other prerequisites set forth in the notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption are not satisfied and sufficient funds are not

received, the notice shall be of no force and effect, the City shall not redeem the Bonds and the Trustee shall give notice, in the manner in which the notice of redemption was given, that the Bonds have not been redeemed.

BOOK-ENTRY-ONLY SYSTEM

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

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

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

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

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

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such

other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

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

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

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

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

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

NONE OF THE CITY, THE TRUSTEE, THE PAYING AGENT, THE CITY'S FINANCIAL ADVISOR OR THE UNDERWRITER WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO THE DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEE WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR THE DTC PARTICIPANTS, THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS OF THE BONDS. THE CITY CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, THE DTC PARTICIPANTS OR OTHERS WILL DISTRIBUTE PAYMENTS OF PRINCIPAL OF OR INTEREST ON THE BONDS PAID TO DTC OR ITS NOMINEE, AS THE REGISTERED OWNER, OR PROVIDE ANY NOTICES TO THE BENEFICIAL OWNERS OR THAT THEY

WILL DO SO ON A TIMELY BASIS, OR THAT DTC WILL ACT IN THE MANNER DESCRIBED IN THIS LIMITED OFFERING MEMORANDUM. THE CURRENT RULES APPLICABLE TO DTC ARE ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION, AND THE CURRENT PROCEDURES OF DTC TO BE FOLLOWED IN DEALING WITH DTC PARTICIPANTS ARE ON FILE WITH DTC.

SECURITY FOR THE BONDS

General

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

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."

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

Pledged Revenues

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

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

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

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

“Additional Obligations” means any bonds or obligations, including specifically, any installment contracts, reimbursement agreements, temporary 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 Parcel, each annual payment of the Assessments (including both principal and interest) shown on the Assessment Roll attached to the Service and Assessment Plan as Appendix F-1 related to the Improvement Area #1 Projects; 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 City from any one or more of the following: (i) an Assessment levied against an Assessed Parcel or Annual Installment payment thereof, including any interest on such Assessment or Annual Installment thereof during any period of delinquency, (ii) a Prepayment, and (iii) Foreclosure Proceeds.

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

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

The City covenants in the Indenture that it will take and pursue all reasonable actions permissible under Applicable Laws to cause the Assessments to be collected and the liens thereof to be enforced continuously. See “— Pledged Revenue Fund” and “APPENDIX C — Form of Service and Assessment Plan.”

Collection and Deposit of Assessments

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

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

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

Unconditional Levy of Assessments

The City imposed Assessments on the property within Improvement Area #1 sufficient to pay the principal of and interest on the Bonds scheduled for payment from Pledged Revenues as described in the Indenture and in the Service and Assessment Plan and coming due during each fiscal year. The Assessments shall be effective on the date of, and strictly in accordance with the terms of, the Assessment Ordinance. Each Assessment may be paid immediately in full or in periodic Annual Installments over a period of time equal to the term of the Bonds, which installments shall include interest on the Assessments. Pursuant to the Assessment Ordinance, interest on the Assessments will be calculated at the rate of interest on the Bonds plus the Additional Interest rate calculated on the basis of a 360-day year of twelve 30-day months. Such rate may be adjusted as described in the Service and Assessment Plan. Each Annual Installment, including the interest on the unpaid amount of an Assessment, will be

calculated annually during the Annual Service Plan Update and will be due when billed, expected to be on or about October 1 of each year. Each Annual Installment together with interest thereon shall be delinquent if not paid prior to February 1 of the following year. The initial Annual Installments will be due on or about October 1, 2024, and will be delinquent if not paid prior to February 1, 2025.

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

There is no discount for the early payment of Assessments.

The PID Act provides that the Assessments (including any reassessment, with interest, the expense of collection and reasonable attorney’s fees, if incurred) are a first and prior lien (the “Assessment Lien”) against the Improvement Area #1 Assessed Property, superior to all other liens and claims, except liens and claims for the State, county, school district, or municipality for ad valorem taxes and are a personal liability of and charge against the owners of property, regardless of whether the owners are named. Pursuant to the PID Act, the Assessment Lien is effective from the date of the Assessment Ordinance until the Assessments are paid (or otherwise discharged) and is enforceable by the City Council in the same manner that an ad valorem property tax levied against real property may be enforced by the City Council. See “ASSESSMENT PROCEDURES” herein. The Assessment Lien is superior to any homestead rights of a property owner that were properly claimed after the adoption of the Assessment Ordinance. However, an Assessment Lien may not be foreclosed upon if any homestead rights of a property owner were properly claimed prior to the adoption of the Assessment Ordinance (“Pre-existing Homestead Rights”) for as long as such rights are maintained on the property. See “BONDHOLDERS’ RISKS — Assessment Limitations.”

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

Perfected Security Interest

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

Pledged Revenue Fund

On or before March 1 of each year while the Bonds are Outstanding and beginning March 1, 2024, the City shall deposit or cause to be deposited the Pledged Revenues into the Pledged Revenue Fund. From amounts deposited into the Pledged Revenue Fund, the City shall deposit or cause to be deposited Pledged Revenues as follows: (i) first, to the Bond Pledged Revenue Account of the Pledged Revenue Fund in an amount sufficient to pay debt service on the Bonds next coming due in such calendar year, (ii) second, to the Reserve Account of the Reserve Fund in an amount to cause the amount in the Reserve Account to equal the Reserve Account Requirement, in accordance with the Indenture, (iii) third, to the Additional Interest Reserve Account of the Reserve Fund in an amount equal to the Additional Interest collected, if any, in accordance with the Indenture, (iv) fourth, to pay Actual Costs of the Improvement Area #1 Projects, and (v) fifth, to pay other costs permitted by the PID Act.

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

If, after the foregoing transfers and any transfer from the Reserve Fund as provided in the Indenture, there are insufficient funds to make the payments provided in the Indenture, 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, as described in the Indenture.

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

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

After satisfaction of the requirement to provide for the payment of the principal and interest on the Bonds and to fund any deficiency that may exist in an account of the Reserve Fund, and the other deposits described in first through fifth above the City may direct the Trustee, by City Certificate, to apply Assessments for any lawful purposes permitted by the PID Act for which Assessments may be paid, including transfers to the Redemption Fund.

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

Bond Fund

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

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

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>
March 15, 2024	\$119,791.67
September 15, 2024	187,500.00
March 15, 2025	187,500.00
September 15, 2025	187,500.00

Any amounts on deposit in the Capitalized Interest Account after the payment of interest on the dates and in the amounts listed above shall be transferred to the Improvement Area #1 Improvements Account of the Project Fund or the Improvement Area #1 Major Improvements Account of the Project Fund, as directed by City Certificate, or if the Improvement Area #1 Improvements Account of the Project Fund and the Improvement Area #1 Major

Improvements Account of the Project Fund have been closed as provided in the Indenture, 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 in the Indenture. Money on deposit in the Improvement Area #1 Improvements Account of the Project Fund shall only be used to pay Actual Costs of Improvement Area #1 Improvements and money on deposit in the Improvement Area #1 Major Improvements Account of the Project Fund shall only be used to pay Actual Costs of the Improvement Area #1 Major Improvements. Money on deposit in the Developer Improvement Account of the Project Fund shall only be used, subject to the withdrawal restriction provided in the Indenture, to pay the Actual Costs of the Improvement Area #1 Projects.

Disbursements from the Costs of Issuance Account of the Project Fund shall be made by the Trustee to pay costs of issuance of the Bonds pursuant to one or more City Certificates.

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

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

Upon the filing of a City Certificate stating that all Improvement Area #1 Improvements have been completed and that all Actual Costs of the Improvement Area #1 Improvements have been paid, or that any such Actual Costs of the Improvement Area #1 Improvements are not required to be paid from the Improvement Area #1 Improvements Account of the Project Fund pursuant to a Certification for Payment or written direction from the City or its designee, the Trustee (i) shall transfer the amount, if any, remaining within the Improvement Area #1 Improvements Account of the Project Fund to the Principal and Interest Account of the Bond Fund and (ii) shall close the Improvement Area #1 Improvements Account. Upon the filing of a City Certificate stating that all Improvement Area #1 Major Improvements have been completed and that all Actual Costs of the Improvement Area #1 Major Improvements have been paid, or that any such Actual Costs of the Improvement Area #1 Major Improvements are not required to be paid from the Improvement Area #1 Major Improvements Account of the

Project Fund pursuant to a Certification for Payment or written direction from the City or its designee, the Trustee (i) shall transfer the amount, if any, remaining within the Improvement Area #1 Major Improvements Account of the Project Fund to the Bond Fund and (ii) shall close the Improvement Area #1 Major Improvements Account. If the Improvement Area #1 Improvements Account and the Improvement Area #1 Major Improvements Account are closed as provided above, the Trustee shall transfer any remaining amounts in the Developer Improvement Account of the Project Fund to the Developer and shall close the Developer Improvement Account of the Project Fund. If the Improvement Area #1 Improvements Account, the Improvement Area #1 Major Improvements Account, and the Developer Improvement Account have been closed as provided above and the Costs of Issuance Account of the Project Fund has been closed pursuant to the below provisions, the Project Fund shall be closed.

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

Reserve Account of the Reserve Fund

Pursuant to the Indenture, a Reserve Account has been created within the Reserve Fund, held by the Trustee for the benefit of the Bonds, and initially funded with proceeds of the Bonds in the amount of the Reserve Account Requirement. Pursuant to the Indenture, the "Reserve Account Requirement" for the Bonds is the least of: (i) Maximum Annual Debt Service on the Bonds as of the Closing Date of the Bonds, (ii) 125% of average Annual Debt Service on the Bonds as of the Closing Date of the Bonds, or (iii) 10% of the lesser of the principal amount of the Outstanding Bonds or the original issue price of the Bonds. As of the Closing Date, the Reserve Account Requirement is \$435,000.

Whenever Bonds 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 City and the Trustee), from the Reserve Account of the Reserve Fund to the Redemption Fund, an amount specified in a City Certificate to be applied to the redemption of the Bonds. The amount so transferred from the Reserve Account of the Reserve Fund shall be equal to the principal amount of Bonds 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 prior to the redemption, and (ii) the amount actually in the Reserve Account of the Reserve Fund divided by the principal amount of Outstanding Bonds prior to the redemption. If after such transfer, and after applying investment earnings on the 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 to be redeemed, as identified in a City Certificate as a result of such Prepayments and as a result of the transfer from the Reserve Account, the Trustee shall transfer an amount equal to the shortfall, and/or any additional amounts necessary to permit the Bonds 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.

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

Whenever, on any Interest Payment Date, the amount on deposit in the Bond Fund is insufficient to pay the debt service on the Bonds due on such date, the Trustee shall transfer first, from the 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.

At the final maturity of the Bonds, 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.

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

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 on the next Interest Payment Date, together with the unpaid interest accrued on such Outstanding Bonds as of such Interest Payment Date, the moneys shall be transferred to the Redemption Fund and thereafter used to redeem all Outstanding Bonds as of such Interest Payment Date.

Additional Interest Reserve Account of the Reserve Fund

The Indenture provides for the creation of the Additional Interest Reserve Account within the Reserve Fund, held by the Trustee for the benefit of the Bonds. The Trustee, if needed, will transfer from the Bond Pledged Revenue Account of the Pledged Revenue Fund to the Additional Interest Reserve Account on March 15 and September 15 of each year, commencing March 15, 2024, an amount equal to the Additional Interest collected, if any, until the Additional Interest Reserve Requirement has been accumulated in the Additional Interest Reserve Account. If the amount on deposit in the Additional Interest Reserve Account shall at any time be less than the Additional Interest Reserve Requirement, the Trustee shall notify the City, in writing, of the amount of such shortfall, and the City shall resume collecting the Additional Interest and shall file a City Certificate with the Trustee instructing the Trustee to resume depositing the Additional Interest from the Bond Pledged Revenue Account of the Pledged Revenue Fund into the Additional Interest Reserve Account until the Additional Interest Reserve Requirement has been accumulated in the Additional Interest Reserve Account; provided, however, that the City shall not be required to replenish the Additional Interest Reserve Account in the event funds are transferred from the Additional Interest Reserve Account to the Redemption Fund as a result of an extraordinary optional redemption of Bonds from the proceeds of a Prepayment pursuant to the Indenture. In the event the amount on deposit in the Additional Interest Reserve Account is less than the Additional Interest Reserve Requirement, then the deposits described in the immediately preceding sentence shall continue until the Additional Interest Reserve Account has been fully replenished. If, after such deposits, there is surplus Additional Interest remaining, the Trustee shall transfer such surplus Additional Interest to the Redemption Fund, and shall notify the City of such transfer in writing.

Administrative Fund

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

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

Defeasance

All Outstanding Bonds shall, prior to the Stated Maturity or redemption date thereof, be deemed to have been paid and to no longer be deemed Outstanding if (i) in case any such Bonds are to be redeemed on any date prior to their Stated Maturity, the Trustee shall have given notice of redemption on said date as provided in the Indenture, (ii) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Defeasance Securities the principal of and the interest on which when due will provide moneys which, together with any moneys deposited with the Trustee for such purpose, shall be sufficient to pay when due the principal of and interest on the Bonds to become due on such Bonds on and prior to the redemption date or maturity date thereof,

as the case may be, (iii) the Trustee shall have received a report by an independent certified public accountant or other authorized third-party selected by the City verifying the sufficiency of the moneys and/or Defeasance Securities deposited with the Trustee to pay when due the principal of and interest on of the Bonds to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (iv) if any Bonds are then rated, the Trustee shall have received written confirmation from each rating agency then publishing a rating on such Bonds that such deposit will not result in the reduction or withdrawal of the rating on such Bonds. 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. Any cash received from such principal of and interest on such Defeasance Securities deposited with the Trustee, if not then needed for such purpose, shall, be reinvested in Defeasance Securities as directed in writing by the City maturing at times and in amounts sufficient to pay when due the principal of and interest on the Bonds on and prior to such redemption date or maturity date thereof, as the case may be. Any payment for Defeasance Securities purchased for the purpose of reinvesting cash as aforesaid shall be made only against delivery of such Defeasance Securities.

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

There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds. Because the Indenture does not contractually limit such investments, Owners may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law.

Events of Default

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

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

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

Remedies in Event of Default

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

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

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

Restriction on Owner's Actions

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

forth above shall, at the option of the Trustee, be conditions precedent to the execution of the powers and trusts of the Indenture and to any action or cause of action for the enforcement of the Indenture or for any other remedy under the Indenture.

Subject to provisions of the Indenture with respect to certain liabilities of the City, nothing in the Indenture shall affect or impair the right of any Owner to enforce, by action at law, payment of any Bond at and after the maturity thereof, or on the date fixed for redemption or the obligation of the City to pay each Bond 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.

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

Application of Revenues and Other Moneys after Default

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

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

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

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

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

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

Investment or Deposit of Funds

Money in any Fund or Account established pursuant to the Indenture shall be invested by the Trustee as directed by the City pursuant to a City Certificate filed with the Trustee at least two (2) days in advance of the making of such investment. The money in any Fund or Account shall be invested in time deposits or certificates of deposit secured in the manner required by law for public funds, or be invested in direct obligations of, including obligations the principal and interest on which are unconditionally guaranteed by, the United States of America, in obligations of any agencies or instrumentalities thereof, or in such other investments as are permitted under the Public Funds Investment Act, Texas Government Code, Chapter 2256, as amended, or any successor law, as in effect from time to time; provided that all such deposits and investments shall be made in such manner (which may include repurchase agreements for such investment with any primary dealer of such agreements) that the money

required to be expended from any Fund will be available at the proper time or times. Notwithstanding the preceding sentence, amounts in the Additional Interest Reserve Account may not be invested above the Yield (as defined in the Indenture) on the Bonds, unless and until the City receives a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that such investment and/or the failure to comply with such yield restriction will not adversely affect the exemption from federal income tax of the interest on any Bond. Investments shall be valued each year in terms of current market value as of September 30. For purposes of maximizing investment returns, to the extent permitted by law, money in such Funds or Accounts may be invested in common investments of the kind described above, or in a common pool of such investment which shall be kept and held at an official depository bank, which shall not be deemed to be or constitute a commingling of such money or funds provided that safekeeping receipts or certificates of participation clearly evidencing the investment or investment pool in which such money is invested and the share thereof purchased with such money or owned by such Fund or Account are held by or on behalf of each such Fund or Account. If necessary, such investments shall be promptly sold to prevent any default. To ensure that cash on hand is invested, if the City does not give the Trustee written or timely instructions with respect to investments of funds, the Trustee is directed to invest and re-invest cash balances in Wilmington U.S. Government Money Market Fund – Institutional Share Class (CUSIP 97181C605); provided, however, that money required to be expended from any Fund or Account will be available at the proper time or times.

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

Against Encumbrances

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

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

Additional Obligations; Other Liens

The City reserves the right, subject to the below provisions, to issue Additional Obligations under other indentures, assessment ordinances, or similar agreements or other obligations which do not constitute or create a lien on the Trust Estate and are not payable from the Pledged Revenues.

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

Additionally, the City has reserved the right to issue bonds or other obligations secured by and payable from Pledged Revenues so long as such pledge is subordinate to the pledge of Pledged Revenues securing payment of the Bonds.

Notwithstanding anything to the contrary herein, no Refunding Bonds, Additional Obligations, or subordinate obligations may be issued by the City unless: (1) the principal (including sinking fund installments) of such Refunding Bonds, Additional Obligations, or subordinate obligations are scheduled to mature on September 15 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 15 and September 15 of the years in which interest is scheduled to be paid.

SOURCES AND USES OF FUNDS

The table that follows summarizes the sources and uses of proceeds of the Bonds and additional funds provided by the Developer:

Sources of Funds:

Principal Amount	\$5,000,000.00
Developer Contribution ⁽¹⁾	<u>595,388.67</u>
Total Sources	\$5,595,388.67

Use of Funds:

Deposit to Improvement Area #1 Improvements Account of the Project Fund	\$1,261,369.94
Deposit to Improvement Area #1 Major Improvements Account of the Project Fund	2,121,338.39
Deposit to Developer Improvement Account of the Project Fund ⁽²⁾	<u>595,388.67</u>
Deposit to Capitalized Interest Account of the Bond Fund	682,291.67
Deposit to Costs of Issuance Account of the Project Fund	280,000.00
Deposit to Reserve Account of the Reserve Fund	435,000.00
Deposit to District Administration Account of the Administrative Fund	70,000.00
Underwriter's Discount ⁽²⁾	<u>150,000.00</u>
Total Uses	\$5,595,388.67

⁽¹⁾ Represents the Developer Contribution required to be deposited pursuant to the Development Agreement, Construction Funding Agreement, and the Indenture.

⁽²⁾ Includes Underwriter's Counsel fee in the amount of \$50,000.

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DEBT SERVICE REQUIREMENTS

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

<u>Year Ending</u> <u>(September 30)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024 ⁽¹⁾	\$ -	\$ 307,292	\$ 307,292
2025 ⁽¹⁾	-	375,000	375,000
2026	60,000	375,000	435,000
2027	64,000	370,500	434,500
2028	68,000	365,700	433,700
2029	73,000	360,600	433,600
2030	78,000	355,125	433,125
2031	84,000	349,275	433,275
2032	89,000	342,975	431,975
2033	96,000	336,300	432,300
2034	103,000	329,100	432,100
2035	110,000	321,375	431,375
2036	118,000	313,125	431,125
2037	126,000	304,275	430,275
2038	136,000	294,825	430,825
2039	145,000	284,625	429,625
2040	156,000	273,750	429,750
2041	168,000	262,050	430,050
2042	180,000	249,450	429,450
2043	194,000	235,950	429,950
2044	208,000	221,400	429,400
2045	224,000	205,800	429,800
2046	240,000	189,000	429,000
2047	259,000	171,000	430,000
2048	278,000	151,575	429,575
2049	299,000	130,725	429,725
2050	322,000	108,300	430,300
2051	347,000	84,150	431,150
2052	373,000	58,125	431,125
2053	402,000	30,150	432,150
Total⁽²⁾	<u>\$5,000,000</u>	<u>\$7,756,517</u>	<u>\$12,756,517</u>

⁽¹⁾ Interest due in 2024 and 2025 will be funded with 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 lies within the corporate limits of the City. 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 City. Such taxes are payable in addition to the Assessments. The City, Collin County (the “County”), Collin County Community College District and the Plano Independent School District (“Plano ISD”) may each levy ad valorem taxes upon land within Improvement Area #1 for payment of debt incurred by such governmental entities and/or for payment of maintenance and operations expenses. The City has no control over the level of ad valorem taxes levied by such other taxing authorities. The following table reflects the overlapping ad valorem tax rates currently levied on property located in Improvement Area #1.

<u>Overlapping Taxes</u>	
<u>Taxing Entity</u>	<u>Tax Year 2022 Ad Valorem Tax Rate⁽¹⁾</u>
City of Plano	\$0.417600
Collin County	0.152443
Collin County Community College District	0.081220
Plano Independent School District	<u>1.259750</u>
Total Current Tax Rate	<u>\$1.911013</u>
Estimated Average Annual Installment of Assessment in Improvement Area #1 as a Tax Rate Equivalent	<u>\$0.438966⁽²⁾</u>
Estimated Total Tax Rate and Average Annual Installment in Improvement Area #1 as a Tax Rate Equivalent	<u>\$2.349979⁽²⁾</u>

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

⁽²⁾ Includes Assessments levied for payment of the Bonds. Derived from information in the Service and Assessment Plan. See “ASSESSMENT PROCEDURES — Assessment Methodology – Estimated Improvement Area #1 Value to Lien Ratios,” “— Assessment Amounts – Assessment Amounts” and “APPENDIX C — Form of Service and Assessment Plan.”
Source: Collin Central 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 City debt to be secured by the Assessments.

<u>Overlapping Debt</u>			
<u>Taxing or Assessing Entity</u>	<u>Total Outstanding Debt as of September 1, 2023</u>	<u>Estimated % Applicable⁽¹⁾</u>	<u>Direct and Estimated Overlapping Debt⁽¹⁾</u>
The City (Assessments - The Bonds)	\$ 5,000,000 ⁽²⁾	100.00%	\$5,000,000 ⁽²⁾
The City (Ad Valorem)	560,985,000	0.03%	150,182
Collin County	721,825,000	0.01%	48,014
Collin County Community College District	480,350,000	0.01%	35,652
Plano Independent School District	<u>992,285,000</u>	<u>0.02%</u>	<u>205,113</u>
Total	<u>\$2,760,445,000</u>		<u>\$5,438,960</u>

⁽¹⁾ Based on \$15,000,000 prospective market value at completion of Improvement Area #1, as calculated in the Appraisal (as defined herein), and on certified valuations for the Tax Year 2023 for the taxing entities as certified by the Collin Central Appraisal District.

⁽²⁾ Assumes the Bonds are issued.

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

Property Owners' Association

In addition to the taxes and the Assessments described above, the Developer anticipates that each owner of property within Improvement Area #1 will pay an annual maintenance and operation fee and/or a property owners' association fee to a property owners' association (the "POA") to be formed by the Developer.

Agricultural Exemption

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

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

All of the property within the District, including Improvement Area #1, is currently subject to an agricultural valuation with respect to its ad valorem taxes. The Developer and/or Landowners expects to remove the agricultural valuation on a phased basis as development within the District progresses. The Developer or purchasers purchasing property from the Developer will pay rollback taxes with respect to such property.

ASSESSMENT PROCEDURES

General

Capitalized terms used under this caption and not otherwise defined in this Limited Offering Memorandum shall have the meanings given to such terms in the Service and Assessment Plan. As required by the PID Act, when the City determines to defray a portion of the costs of the Improvement Area #1 Authorized Improvements through Assessments, it must adopt a resolution generally describing the Improvement Area #1 Authorized Improvements and the land within Improvement Area #1 to be subject to Assessments to pay the costs therefor. The City has caused an assessment roll to be prepared (the "Assessment Roll"), which Assessment Roll shows the land within Improvement Area #1 to be assessed, the amount of the benefit to and the Assessment against each lot or parcel of land and the number of Annual Installments in which the Assessment is divided. The Assessment Roll was filed with the City Secretary and made available for public inspection. Statutory notice was given to the owners of the property to be assessed and a public hearing was conducted to hear testimony from affected property owners as to the propriety and advisability of undertaking the Improvement Area #1 Authorized Improvements and funding the same with Assessments. The City levied the Assessments and adopted the Assessment Ordinance on October 23, 2023, after which the Assessments became legal, valid, and binding liens upon the Improvement Area #1 Assessed Property.

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

Assessment Methodology

The Service and Assessment Plan describes the special benefit to be received by each parcel of Improvement Area #1 Assessed Property as a result of the Improvement Area #1 Authorized Improvements,

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

As set forth in the Service and Assessment Plan, the costs of the Major Improvements shall be allocated to Improvement Area #1 and the Major Improvement Area based upon Estimated Buildout Value of each Parcel or assessed property to the Estimated Buildout Value of the District. Currently, the Major Improvement Area is allocated 81.62% of the Major Improvements costs, and Improvement Area #1 is allocated 18.38% of the Major Improvements costs. See Exhibit B to the Service and Assessment Plan for the apportionment of such costs of the Major Improvements. The costs of the Improvement Area #1 Improvements, the Bond Issuance Costs and first year's Annual Collection Costs related to the Bonds shall be allocated 100% to the Improvement Area #1 Assessed Property. The costs of the Improvement Area #1 Authorized Improvements shall be allocated to each Parcel within Improvement Area #1 based on the ratio of the Estimated Buildout Value of each Parcel designated as Improvement Area #1 Assessed Property to the Estimated Buildout Value of all Improvement Area #1 Assessed Property.

The City has determined that such method of allocation will result in the imposition of equal shares of the Assessments on Parcels similarly situated within Improvement Area #1 of the District. The Assessments and interest thereon are expected to be paid in Annual Installments as described above. The determination by the City of the assessment methodology set forth in the Service and Assessment Plan is the result of the discretionary exercise by the City Council of its legislative authority and governmental powers and is conclusive and binding on the Developer, all other current owners of property within the District and all future owners and developers within the District. See "APPENDIX C — Form of Service and Assessment Plan."

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

Estimated Improvement Area #1 Value to Lien Ratios⁽¹⁾

<u>Lot Type</u>	<u>Units/ Sq. Ft.⁽²⁾</u>	<u>Appraised Value Per Unit/ Sq. Ft.⁽³⁾⁽⁵⁾</u>	<u>Estimated Buildout Value per Unit/ Sq. Ft.</u>	<u>Total Estimated Buildout Value</u>	<u>Maximum Assessment Per Unit/ Sq. Ft.⁽⁴⁾</u>	<u>Estimated Ratio of Value of Appraised Value to Assessment⁽⁵⁾</u>	<u>Estimated Ratio of Estimated Buildout Value to Assessment⁽⁶⁾</u>
Multifamily	350	\$31,000	\$225,000	\$ 78,750,000	\$9,951.35	3.1152	22.6100
Office	98,000	42	350	34,300,000	15.48	2.7356	22.6100

⁽¹⁾ Derived from information presented in the Service and Assessment Plan.

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

⁽³⁾ Based on the appraised value, as shown in the Appraisal. See "APPRAISAL OF PROPERTY WITHIN IMPROVEMENT AREA #1" and "APPENDIX H — Appraisal."

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

⁽⁵⁾ Appraised values per unit and square foot are rounded to the nearest decimal. Estimated ratio of value of appraised value to Assessment may not total due to such rounding.

⁽⁶⁾ Estimated ratio of buildout value to Assessment may not total due to rounding.

Collection and Enforcement of Assessment Amounts

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

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

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

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

The City will determine or cause to be determined, no later than March 1 of each year, whether or not any Annual Installment is delinquent and, if such delinquencies exist, the City will order and cause to be commenced as soon as practicable any and all appropriate and legally permissible actions to obtain such Annual Installment, and any delinquent charges and interest thereon, including diligently prosecuting an action in district court to foreclose the currently delinquent Annual Installment. Notwithstanding the foregoing, the City shall not be required under any circumstances to purchase or make payment for the purchase of the delinquent Assessment or the corresponding Improvement Area #1 Assessed Property.

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

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

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

<u>Date Payment</u> <u>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 Maximum Assessment has been established by the methodology described in Section VI.A of, and shown in Exhibit E to, the Service and Assessment Plan. The Assessment Roll sets forth for each year the Annual Installment for each Parcel consisting of (i) the annual portion allocable to principal and interest on the Assessment for each Parcel, (ii) the Additional Interest and (iii) the component of the Annual Installment allocable to Annual Collection Costs. The Annual Installments may not exceed the amounts shown on the Assessment Roll. The Assessments were levied against the Parcels comprising the Improvement Area #1 Assessed Property as indicated on the Assessment Roll. See “APPENDIX C — Form of Service and Assessment Plan.”

The Annual Installments shown on the Assessment Roll will be reduced to equal the actual costs of repaying the Bonds, the Additional Interest, and actual Annual Collection Costs (as provided for in the definition of such term).

Method of Apportionment of Assessments. For purposes of the Service and Assessment Plan, the City Council has determined that the Assessments shall initially be allocated to each Parcel within Improvement Area #1 based on the ratio of the Estimated Buildout Value of each Parcel designated as Improvement Area #1 Assessed Property to the Estimated Buildout Value of all Improvement Area #1 Assessed Property.

Upon the division of any Improvement Area #1 Assessed Property without the recording of a subdivision plat, the PID Administrator shall reallocate the Assessment for the Improvement Area #1 Assessed Property prior to the subdivision among the newly divided Improvement Area #1 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 Improvement Area #1 Assessed Property

B = the Assessment for the Improvement Area #1 Assessed Property prior to division

C = the Estimated Buildout Value of the newly divided Improvement Area #1 Assessed Property

D = the sum of the Estimated Buildout Value for all the newly divided Improvement Area #1 Assessed Properties

Upon the subdivision of any Improvement Area #1 Assessed Property based on a recorded subdivision plat, the PID Administrator shall reallocate the Assessment for the Improvement Area #1 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

Prior to the recording of a subdivision plat, the Developer, or other owner of the property shall provide the City the estimated gross building square footage by Lot Type for the newly subdivided Lot. The calculation of the Assessment of a Lot of Improvement Area #1 Assessed Property shall be performed by the PID Administrator and confirmed by the City Council based on the Estimated Buildout Value of that Lot of Improvement Area #1 Assessed Property, as provided by the Developer, homebuilders, third-party consultants and/or the Official Public Records of the County.

The sum of the Assessment for all newly subdivided Lots shall not exceed the Assessment for the portion of the Improvement Area #1 Assessed Property subdivided prior to subdivision. The calculation shall be made separately for each newly subdivided Improvement Area #1 Assessed Property. The reallocation of an Assessment for an Improvement Area #1 Assessed Property that is a homestead under State law may not exceed the Assessment

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

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

Estimated Allocation of Assessments⁽¹⁾					
Lot Type	Number of Units/ Sq. Ft.⁽²⁾	Maximum Assessment Per Unit/ Sq. Ft.	Total Assessment	Estimated Average Annual Installment per Unit/ Sq. Ft.	Assessments Equivalent Tax Rate per \$100 Assessed Value
Multifamily	350	\$9,951.35	\$3,482,972.14	\$987.67	\$0.4390
Office	98,000	15.48	1,517,028.86	1.54	0.4390
Total			\$5,000,000.00		

⁽¹⁾ Derived from information in the Service and Assessment Plan.

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

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

Prepayment of Assessments

Voluntary Prepayments. Pursuant to the PID Act and the Indenture, the owner of any Improvement Area #1 Assessed Property may voluntarily prepay (a “Prepayment”) all or part of any Assessment levied against any Lot or Parcel, together with accrued interest to the date of payment, at any time. Upon receipt of such Prepayment, such amounts will be applied towards the redemption or payment of the Bonds. Amounts received at the time of a Prepayment which represent a payment of principal, interest, or penalties on a delinquent installment of an Assessment are not to be considered a Prepayment, but rather are to be treated as payment of regularly scheduled Assessments.

Mandatory Prepayment. If an Improvement Area #1 Assessed Property or a portion thereof is conveyed to a party that is exempt from payment of the Assessment under applicable law, or the owner causes a Lot, Parcel or portion thereof to become Non-Benefitted Property, the owner of such Lot, Parcel or portion thereof shall pay to the City, or cause to be paid to the City, the full amount of the Assessment, plus all Prepayment Costs and Delinquent Collection Costs for such Improvement Area #1 Assessed Property, prior to any such conveyance or act, and no such conveyance shall be effective until the City receives such payment.

True-Up of Assessments if Maximum Assessment Exceeded at Plat. Upon submission of a preliminary plat and/or site plan by the Developer, Landowners, or other owner of the property to the City, the Developer, Landowners, or other owner shall provide the City the gross building square footage and use type for land included in the preliminary plat and/or site plan for each Lot anticipated to be created by the preliminary plat and/or site plan considering factors that may impact value. The PID Administrator will review the preliminary plat and/or site plan to determine if such plat and/or site plan will or will not result in the Assessment per Lot for any Lot Type within the preliminary plat and/or site plan exceeding the Maximum Assessment. If the PID Administrator determines the preliminary plat and/or site plan results in an Assessment per Lot for any Lot Type exceeding the Maximum Assessment, prior to the City issuing any building permit for any such Lot described in the reviewed preliminary plat or site plan, the entity submitting the preliminary plat and/or site plan will make a Prepayment in an amount sufficient to reduce the Assessment for each Lot within such preliminary plat and/or site plan to the Maximum Assessment. The City’s approval of an Annual Service Plan Update, a preliminary plat, or a site plan without payment of such Prepayment amounts does not eliminate the obligation of the entity submitting the preliminary plat and/or site plan to pay such amounts.

Prepayment as a Result of an Eminent Domain Proceeding or Taking. Subject to applicable law, if any portion of any Parcel of Improvement Area #1 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 Improvement Area #1 Assessed Property is made to an entity with the authority to condemn all or a portion of the Improvement Area #1 Assessed Property in lieu of or as a part of an eminent domain proceeding (a “Taking”), the portion of the Improvement Area #1 Assessed Property that was taken or transferred (the “Taken Property”) shall be reclassified as Non-Benefitted Property.

For the Improvement Area #1 Assessed Property that is subject to the Taking as described in the preceding paragraph, the Assessment that was levied against the Improvement Area #1 Assessed Property (when it was included in the Taken Property) prior to the Taking shall remain in force against the remaining Improvement Area #1 Assessed Property (the Improvement Area #1 Assessed Property less the Taken Property) (the "Remaining Property"), following the reclassification of the Taken Property as Non-Benefitted Property, subject to an adjustment of the Assessment applicable to the Remaining Property after any required Prepayment as set forth below. The owner of the Remaining Property will remain liable to pay, pursuant to the terms of the Service and Assessment Plan, as updated, and the PID Act, the Assessment that remains due on the Remaining Property, subject to an adjustment in the Assessment applicable to the Remaining Property after any required Prepayment as set forth below. Notwithstanding the foregoing, if the Assessment that remains due on the Remaining Property exceeds the applicable Maximum Assessment, the owner of the Remaining Property will be required to make a Prepayment in an amount necessary to ensure that the Assessment against the Remaining Property does not exceed such Maximum Assessment, in which case the Assessment applicable to the Remaining Property will be reduced by the amount of the partial Prepayment. If the City receives all or a portion of the eminent domain proceeds (or payment made in an agreed sale in lieu of condemnation), such amount shall be credited against the amount of Prepayment, with any remainder credited against the Assessment on the Remaining Property.

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

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

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

Reduction of Assessments. If the Actual Costs of completed Improvement Area #1 Projects 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 pursuant to the terms of the Indenture. Excess Bond proceeds shall be applied to redeem outstanding Bonds pursuant to the terms of the Indenture.

Priority of Lien

The Assessments or any reassessment, the expense of collection, and reasonable attorney's fees, if incurred, constitute a first and prior lien against the property assessed, superior to all other liens and claims except liens or claims for the State, county, school district or municipality ad valorem taxes, and are a personal liability of and charge against the owners of the property regardless of whether the owners are named. The lien is effective from the date of the Assessment Ordinance until the Assessment is paid and may be enforced by the City in the same manner as an ad valorem tax levied against real property may be enforced by the City. The owner of any Improvement Area #1 Assessed Property may pay the entire Assessment levied against any Lot or Parcel, together with accrued interest to the date of payment, at any time.

Foreclosure Proceedings

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

Any sale of property for nonpayment of an installment or installments of an Assessment will be subject to the lien established for remaining unpaid installments of the Assessment against such property and such property may again be sold at a judicial foreclosure sale if the purchaser thereof fails to make timely payment of the non-

delinquent installments of the Assessments against such property as they become due and payable. Judicial foreclosure proceedings are not mandatory. In the event a foreclosure is necessary, there could be a delay in payments to owners of the Bonds pending prosecution of the foreclosure proceedings and receipt by the City of the proceeds of the foreclosure sale. It is possible that no bid would be received at the foreclosure sale, and in such event there could be an additional delay in payment of the principal of and interest on the Bonds or such payment may not be made in full. The City is not required under any circumstance to purchase or make payment for the purchase of the delinquent Assessment on the corresponding Improvement Area #1 Assessed Property.

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

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

THE CITY

General

The City is, a political subdivision and home-rule municipal corporation of the State, duly organized and existing under the laws of the State, including the City’s Home Rule Charter. The City first adopted its Charter on June 10, 1961, and operates under the Council/Manager form of government with a City Council comprised of the Mayor and seven Council Members. At an election held on November 8, 2011, City of Plano voters approved a charter amendment revising Council Member terms of office to four years and establishing staggered, odd-numbered year an election. Council Members in office at the time of the election were held over. The Mayor and three other Council Members’ terms expire in 2025 and the other four Council Members’ terms expire in 2027. The City Manager is the chief administrative officer for the City. Some of the services that the City provides are: police, fire and emergency medical services, including all facilities, equipment and personnel, highways and streets, water and sanitary sewer utilities, health and social services, culture-recreation, public improvements, planning and zoning, and general administrative services. The 2020 Census population of the City was 285,494 and the City’s estimated 2023 population is 292,100. The City covers approximately 72 square miles.

The current members of the City Council and their respective expiration of terms of office and the principal administrators of the City are shown on page i hereof. General information regarding the City and the surrounding area can be found in “APPENDIX A — General Information Regarding the City and Surrounding Area.”

Financing of City Subdivision Improvements

Pursuant to the Development Agreement, the City agreed to reimburse the Developer for the costs of the City Subdivision Improvements in an amount not to exceed \$6,630,623, subject to certain adjustments, with lawfully available funds of the City to be deposited with the Trustee under the Indenture. The City has set aside proceeds from an issuance of general obligation bonds to make such deposit. See “THE DEVELOPMENT — Development Agreement.”

THE DISTRICT

General

The PID Act authorizes municipalities, such as the City, to create public improvement districts within their boundaries or extraterritorial jurisdiction, and to impose assessments within the public improvement district to pay

for certain improvements. The District includes approximately 142.49 acres and lies entirely within the corporate limits of the City. The District was created by Resolution of the City adopted on January 9, 2023, in accordance with the PID Act (the “Creation Resolution”) for the purpose of undertaking and financing the cost of certain public improvements within the District, including the Improvement Area #1 Authorized Improvements, authorized by the PID Act, and approved by the City Council that confer a special benefit on the District property. The District is not a separate political subdivision of the State and is administered by the City Council. A map of the property within the District is included on page iii hereof.

Powers and Authority of the City

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

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

THE IMPROVEMENT AREA #1 AUTHORIZED IMPROVEMENTS

General

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

Improvement Area #1 Authorized Improvements

Major Improvements. The Improvement Area #1 Authorized Improvements consist of Improvement Area #1’s allocable share of the following Major Improvements:

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

Water. Improvements including trench excavation and embedment, trench safety, PVC piping, fire hydrants, valves, service connections, testing, related earthwork, excavation, and erosion control, and all necessary appurtenances required to provide water service to all Lots within the District.

Sewer. Improvements including trench excavation and embedment, trench safety, PVC piping, manholes, service connections, testing, related earthwork, excavation, erosion control and all necessary appurtenances required to provide wastewater service to all Lots within the District.

Drainage. Improvements including earthen channels, swales, inlets, RCP piping and boxes, headwalls, rock rip rap, concrete outfalls, and testing as well as all related earthwork, excavation, erosion control and all necessary appurtenances required to provide storm drainage for all Lots within the District.

Linear Parks. Linear parks with 10-12 foot wide trails, including a 12-foot pedestrian trail located along the creek extending from the northern border of Tract 2 to the southern border of Tract 3, a 10-foot trail connection to Tract 1 over a 12-foot wide pedestrian bridge, a 12-foot wide pedestrian trail meandering along the south side of Pinehaven Drive spanning from Parkwood Blvd to the creek, and two 10-foot wide trails extending from the creek to Spring Creek Pkwy on either side of Pinehaven Drive.

Soft Costs. Costs related to designing, constructing, and installing the Major Improvements including land planning and design, City fees, engineering, soil testing, survey, construction management, contingency, District Formation Costs (as defined below), legal fees, and consultant fees. “District Formation Costs” means the costs associated with forming the District, including, but not limited to, attorney fees, and any other cost or expense incurred by the City, the Developer or the Landowners, directly associated with the establishment of the District.

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

Water. Improvements including trench excavation and embedment, trench safety, PVC piping, fire hydrants, valves, service connections, testing, related earthwork, excavation, and erosion control, and all necessary appurtenances required to provide water service to all Lots within Improvement Area #1.

Sewer. Improvements including trench excavation and embedment, trench safety, PVC piping, manholes, service connections, testing, related earthwork, excavation, erosion control and all necessary appurtenances required to provide wastewater service to all Lots within Improvement Area #1.

Drainage. Improvements including earthen channels, swales, inlets, RCP piping and boxes, headwalls, rock rip rap, concrete outfalls, and testing as well as all related earthwork, excavation, erosion control and all necessary appurtenances required to provide storm drainage for all Lots within Improvement Area #1.

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

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

Bond Issuance Costs. The Improvement Area #1 Authorized Improvements also include the “Bond Issuance Costs,” which include 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, capitalized interest, reserve fund requirements, underwriter’s discount, fees charged by the Texas Attorney General, and any other cost or expense incurred by the City directly associated with the issuance of the Bonds.

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Costs of Improvement Area #1 Authorized Improvements

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

<u>Expected Costs of Improvement Area #1 Authorized Improvements⁽¹⁾</u>	
<u>Improvement Area #1 Authorized Improvements</u>	Total Expected Costs of Improvement Area #1 Authorized Improvements
Major Improvements⁽²⁾	
Streets	\$ 784,336
Water	284,903
Sewer	300,689
Drainage	602,024
Linear Parks	137,838
Soft Costs	<u>384,924</u>
<i>Subtotal</i>	<i>\$2,494,714</i>
Improvement Area #1 Improvements	
Water	\$ 569,020
Sewer	146,120
Drainage	633,390
Soft Costs	<u>134,853</u>
<i>Subtotal</i>	<i>\$1,483,383</i>
Initial Administrative Fund Deposit	\$ 70,000
Bond Issuance Costs	
Debt Service Reserve	\$ 435,000
Capitalized Interest	682,292
Costs of Issuance	280,000
Underwriter's Discount	<u>150,000</u>
<i>Subtotal</i>	<i>\$1,547,292</i>
Total⁽³⁾	<u>\$5,595,389</u>

⁽¹⁾ Derived from information in the Service and Assessment Plan.

⁽²⁾ Represents Improvement Area #1's allocable share of the Major Improvements. Approximately \$11,079,465 of the Major Improvements have been allocated to the Major Improvement Area.

⁽³⁾ Totals may not add due to rounding.

The total costs of all of the Improvement Area #1 Authorized Improvements are expected to be approximately \$5,595,389. Only a portion of the costs of the Improvement Area #1 Authorized Improvements, in the approximate amount of \$5,000,000, are expected to be paid with proceeds of the Bonds. The balance of the costs of the Improvement Area #1 Authorized Improvements, in the total approximate amount of \$595,389, will be financed by the Developer and will not be reimbursed by the City. The Developer expects to begin construction of the Improvement Area #1 Projects in November of 2023. See "THE DEVELOPER — History and Financing of the District."

The Appraisal estimates that the "market value as if complete" of the fee simple interest in the property within Improvement Area #1 under certain conditions, including the completion of the Improvement Area #1 Projects, as of September 30, 2024, is \$15,000,000. The Appraisal is attached hereto as APPENDIX H 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 City 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 property within 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, including the completion of the Improvement Area #1 Projects, which are set forth in the Appraisal. See "APPRAISAL OF PROPERTY WITHIN IMPROVEMENT AREA #1" for

further information regarding the Appraisal, including with respect to such assumptions, hypothetical conditions, and qualifications.

Ownership and Maintenance of Improvement Area #1 Projects

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

THE DEVELOPMENT

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

Overview

The Development is an approximately 142.49-acre mixed-used project located approximately 900 feet east of the Dallas North Tollway, and bound by Parkwood Boulevard, Spring Creek Parkway and Windhaven Parkway. The Development is within the corporate limits of the City. The project is organized around The Almanac, a farm to table restaurant, event center and retail village named as a tribute to the farming history of the Haggard family, who has owned and farmed the land within the District since 1856.

Option Agreement

Option to Purchase. The Developer does not currently own the land within the District; however, the Developer's parent company, Stillwater has exclusive right to purchase the land within the District, other than the Assisted Living Parcels, which option to purchase is subordinate to Forefront Living, as described herein, pursuant to the Option Agreement with the Landowners, both of which are affiliated with the Haggard family. The Landowners expect that (i) Acres of Sunshine will convey to AOS Land, LLC, an affiliate of the Landowners, all of the land within the District owned by Acres of Sunshine, save and except the land within Phase 1A, and (ii) Enterprises will convey to HEL Land, LLC, an affiliate of the Landowners, all of the land within the District owned by Enterprises by the end of the first quarter of 2024. Concurrently with such land transfers, the Landowners expect that they will assign their rights, interests and obligations under the Option Agreement, Development Agreement and Parks Agreement to the respective purchaser.

Under the Option Agreement, Stillwater has the option (the "Option") to purchase the "Option Property," which consists of (i) "Almanac Tract", consisting of Tract 1, Parcel 3 of Phase 1B, (ii) the "Hotel Tract", consisting of Tract 1, Parcel 4 of Phase 1B, (iii) the "Townhome Site Tract", consisting of Phase 1C, (iv) the "Remainder Option Tract," consisting of Phases 1A, 1C, 2, 3 and 4, and (v) the "Park/Open Space Tract."

The purchase price (the "Purchase Price") for each Subject Tract (defined below) shall be (i) \$18.00 per square foot of the Subject Tract located within the Almanac Tract for up to five (5) acres of the Subject Tract located within the Almanac Tract, and \$20.00 per square foot for the remainder of the Almanac Tract, (ii) \$20.00 per square foot of the Subject Tract located within the Townhome Site Tract, (iii) \$22.00 per square foot of the Subject Tract located within the Hotel Tract, (iv) \$20.00 per square foot of the Subject Tract located within the Remainder Option Tract; and (v) \$0.00 per square foot of the Subject Tract located within the Park/Open Space Tract; provided, however, on each anniversary following Stillwater's (or its assignee's) first closing of a Subject Tract that includes land other than Park/Open Space Tract (the "Initial Developable Tract Closing"), the Purchase Price shall increase by 3.5% with respect to any Subject Tract for which a Closing Notice has not been provided as of such anniversary. For sake of clarity, the Purchase Price for a Subject Tract shall be determined as of the date the Closing Notice for such Subject Tract is delivered. In the event Stillwater acquires any Park/Open Space Tract, Stillwater shall dedicate such Park/Open Space Tract to the City, and Stillwater shall thereafter pay to Haggard the amount actually received by Stillwater from the City as consideration for such dedication, less all closing costs and expenses incurred by Stillwater in connection with such dedication. Notwithstanding anything to the contrary, upon request from Stillwater, Haggard shall convey the Park/Open Space Tract (or such portions thereof as designated by Stillwater) directly to the City subject to the terms of the Parks Agreement, and upon such conveyance by Haggard

to the City at Stillwater's request, such Park/Open Space Tract so conveyed shall be deemed released from the Option Agreement.

The initial term of the Option commenced on September 1, 2023 and shall continue until the date that is five years after the Initial Developable Tract Closing. In the event Stillwater delivers any Closing Notice(s), the term of the Option shall automatically extend to the date that is five years after the last closing of a Subject Tract, but in no event shall the term of the Option extend beyond the date that is ten years after the Initial Developable Tract Closing. Additionally, Stillwater shall have the right to terminate the term of the Option at any time by written notice to Haggard. The term of the Option, as may be extended or terminated as provided herein, is referred to herein as the "Term."

In order to exercise the Option, during the Term, Stillwater must notify Haggard in writing (a "Closing Notice") of Stillwater's desire to purchase all or any portion of the Option Property from Haggard (with any portion of the Option Property identified in a Closing Notice being referred to herein as the "Subject Tract" with respect to the acquisition of such portion of the Option Property). Each Closing Notice must (i) identify the applicable Subject Tract to be purchased by including a survey, site plan, or other depiction or description reasonably identifying the location of the Subject Tract, and (ii) provide the time frames for the "closing date" and any applicable extension rights with respect to same to be included in the PSA (defined below) for such Subject Tract; provided, however, in no event may the closing date pursuant to a PSA be later than the date that is the earlier of (a) the last day of the Term, (b) the date that is 90 days after the date of the Closing Notice; provided, however, if Haggard delivers a JV Participation Notice (as defined in the Option Agreement), the Closing Date may be extended to the date that is 90 days after the date either (i) Haggard and Stillwater enter into a mutually agreeable form of limited partnership agreement or limited liability agreement or (ii) a JV Participation Termination (defined below) occurs. Upon receipt of a Closing Notice, Haggard shall have a period of 30 days to elect to participate in the acquisition and development of the Subject Tract by acquiring up to a 50% interest in a limited partnership or limited liability company with Stillwater (a "Joint Venture"). Upon any such election by Haggard, Stillwater and Haggard will negotiate in good faith to execute a limited partnership agreement or limited liability company agreement relating to the Subject Tract within 90 days thereafter, provided, that if such agreement is not executed within such 90-day period for any reason other than Stillwater's failure to negotiate in good faith, then Haggard's right to participate in the acquisition and development of the Subject Tract shall terminate and be deemed null and void (a "JV Participation Termination").

Upon Stillwater's delivery of a Closing Notice to purchase a Subject Tract, Stillwater and Haggard shall enter into a Purchase & Sale Agreement and Joint Escrow Instructions with respect to such Subject Tract in substantially the form attached to the Option Agreement and otherwise incorporating the terms set forth in the Closing Notice (a "PSA"). Stillwater shall prepare the draft of the PSA for the Subject Tract following delivery of a Closing Notice, and Haggard shall execute and return such PSA to Stillwater within ten business days after receiving same.

If Stillwater fails to commence any digging, grading or other earth moving work in connection with its development of a Subject Tract within one year following the closing of Stillwater's acquisition of such Subject Tract (the "Subject Tract Construction Commencement Deadline"), or, in the event of the Park/Open Space Tract, Stillwater fails to dedicate such Subject Tract to the City within one year following Stillwater's acquisition of such Subject Tract (the "Dedication Deadline"), Haggard shall have the right to repurchase the Subject Tract by delivering written notice to Stillwater (a "Repurchase Notice") before the earlier to occur of (i) Stillwater commencing any digging, grading or other earth moving work in connection with its development of that Subject Tract, or in the case of the Park/Open Space Tract, Stillwater dedicating such Subject Tract to the City, and (ii) the date that is 90 days following the Subject Tract Construction Commencement Deadline or the Dedication Deadline, as applicable. If Haggard timely delivers a Repurchase Notice, Haggard shall repurchase the applicable Subject Tract at the same price that Stillwater paid for the Subject Tract plus 3.5%, which in the case of the Park/Open Space Tract shall be \$0. If Haggard fails to timely provide a Repurchase Notice for a Subject Tract, or if Haggard fails to timely close on the repurchase of such Subject Tract following delivery of a Repurchase Notice, Haggard's right to repurchase the Subject Tract shall be null and void and of no further force or effect.

Exercise of Option. The Developer expects that, as development progresses within the District, Stillwater will exercise the option to purchase parcels of land under the Option Agreement. Any tracts to be purchased under the Option Agreement are expected to be purchased by either (i) Stillwater, (ii) a single-purpose entity created by Stillwater for the purpose of purchasing such property or (iii) a Joint Venture between Stillwater and the

Landowners. SW Haggard Office was created by Stillwater for the purpose of purchasing the office parcel within Phase 1A. While such entity has been created, the equity partner of such entity has not been determined. Acres of Sunshine may elect to participate in such entity under the terms of the Option Agreement. If such election is made, the value of the land would be contributed as limited partner equity in the capital stack of SW Haggard Office. The Developer expects that SW Haggard Office will purchase the office parcel within Phase 1A and Stillwater, an affiliate of Stillwater or a Joint Venture will purchase the multifamily tract within Phase 1A under the terms of the Option Agreement upon closing of the Bonds.

Development Plan

Overview. The Developer expects to develop the District in multiple Phases, beginning with the construction of the Major Improvements and the Improvement Area #1 Improvements. The Developer expects to begin construction of the Major Improvements and the Improvement Area #1 Improvements in November of 2023 and expects to complete such construction in September of 2024.

Pursuant to the Development Agreement, the Developer also agreed to construct the Park Improvements and the City Subdivision Improvements, to be reimbursed by the City in accordance with the Development Agreement and the Parks Agreement. See “— Development Agreement” and “— Parks Agreement” below.

In addition to the Development Agreement Improvements, the Developer will construct the “Private Improvements,” benefitting the District and Improvement Area #1, consisting of, among other things, grading, paving for private streets, water, sewer, storm drains that serve individual lots, duct bank, gas mains and conduit for franchise utilities and certain landscaping. The Developer expects such improvements to cost approximately \$5,200,574. The Developer plans to finance the costs of such improvements with funds advanced under the Line of Credit (as defined herein) and will not be reimbursed for such costs by the City. The Developer expects to begin construction of the Private Improvements by the fourth quarter of 2023 and complete such construction by the fourth quarter of 2024. See “THE DEVELOPER — History and Financing of the District.”

Concept Plan. The Development is organized around The Almanac, expected to consist of an 8,600 square foot restaurant, 16,450 square foot event hall and 38,000 square foot retail village, comprising Phase 1B of the District. The Almanac will contain an event barn that is expected to book weddings and other ceremonies on weekends and be used for business purposes during weekdays. The Almanac will be centrally located behind a 2-acre pond and a linear park that is expected to contain a creek and 12’ hike & bike trail. A 3-acre neighborhood park will be constructed on the east side of the creek north of Pinehaven Drive, and will be completed before the second multifamily phase receives its certificate of occupancy. The neighborhood park will be accessible to Phase 1, including The Almanac, to the west with a 240’ pedestrian bridge that crosses the creek in the floodplain linear park. The park will be accessible to the parcels south of Pinehaven Drive with a “Z-Crossing”, featuring stamped pavement and a flashing signal. In total, there will be 33 acres of linear parks and approximately 3 miles of hike and bike trails. Development of the Linear Parks Land and the Neighborhood Park Land (both as defined herein) is further described in the “— Parks Agreement” below.

The Developer expects that it will be responsible for constructing all of the horizontal improvements and vertical improvements on each parcel purchased under the Option Agreement. The Developer anticipates that the purchaser of the land under the Option Agreement will sell or lease completed buildings to tenants. The current intent is for an affiliate of the Developer to hold and lease the property in Phases 1A, 1B and 1C. The Developer expects that internal development of Phases 1B-4 will be complete between 2024 and 2027.

The Development is expected to include approximately (i) 100 high-end attached townhome units, (ii) two 350-unit luxury apartments with structured parking garages, resort style swimming pool, multiple courtyards, co-working facilities, fitness connected to the community with a series of pedestrian trails, (iii) four buildings, totaling 427 units for assisted and senior living (including independent senior living, assisted senior living and memory care units), (iv) a 122-room boutique hotel, (v) 69,650 square feet of retail space, and (vi) 623,900 square feet of office space. Improvement Area #1 is expected to consist of 350 multifamily units and 98,000 square feet of office space. The Major Improvement Area is expected to consist of 100 townhome units, 350 multifamily units, 427 assisted living units, a 122-room hotel, 69,650 square feet of retail space, and 525,900 square feet of office space.

Below is a table showing the expected uses of the various parcels within the District. See also “MAP SHOWING CONCEPT PLAN OF THE DISTRICT” and “APPENDIX C — Form of Service and Assessment Plan.”

Improvement Area	Phase	Tract/Parcel	Product	Units	Total
1	1A	Tract 1, Parcel 1	Multifamily	Units	350
1	1A	Tract 1, Parcel 2	Office	SF	98,000
MIA	1B	Tract 1, Parcel 3	Event Center	SF	16,450
MIA	1B	Tract 1, Parcel 3	Retail & Restaurant	SF	46,600
MIA	1B	Tract 1, Parcel 4	Hotel	Keys	122
MIA	1C	Tract 4, Parcel 1	Townhomes	Units	100
MIA	2	Tract 2, Parcel 1	Multifamily	Units	350
MIA	2	Tract 2, Parcels 2-3	Office	SF	100,000
MIA	2	Tract 2, Parcel 4	Retail & Restaurant	SF	6,600
MIA	3	Tract 1, Parcels 5-7	Office	SF	339,500
MIA	4	Tract 3, Parcels 1-2	Office	SF	86,400
MIA	4	Tract 3, Parcels 3-5	Assisted Living	Units	427

Current Contracts. SW Haggard Office, an affiliate of the Developer and Stillwater, has executed a lease with WRA Architects, Inc., a Texas corporation (“WRA”), which is contingent upon SW Haggard Office’s acquisition of Tract 1, Parcel 2 in Phase 1A (the “Phase 1A Office Parcel”), for approximately 34,920 square feet of office space in Improvement Area #1. The office space lease in Improvement Area #1 is expected to commence on January 1, 2025 (the “Commencement Date”) and expire on October 31, 2035, unless extended in accordance with the lease terms. If the office building is complete prior to the Commencement Date, WRA has the right to occupy the premises up to six months prior to the Commencement Date. SW Haggard Office, through an assignment by Stillwater, expects to exercise its option to purchase the Phase 1A Office Parcel upon closing of the Bonds.

Stillwater has a letter of intent with Robert Elliot Custom Homes, LLC (“RECH”), an affiliate of the Developer and Stillwater, for the purchase of the approximately 100 townhome units within the Major Improvement Area. The letter of intent with RECH anticipates a \$200,000 purchase price per developed lot with a 5% annual escalation. Closing shall occur no later than 20 days following subdivision acceptance by the City with RECH closing on a minimum of 15 lots every 90 days until all lots have been purchased. The Developer expects the infrastructure of Phase 1C to be complete by the first quarter of 2025 and to begin selling lots to RECH the second quarter of 2025, with an expected final sale date of lots by the fourth quarter of 2026. The Developer anticipates that RECH will sell the 100 townhomes to residents between 2026 and 2027.

The Landowners have entered into the Assisted Living Agreement with Forefront Living, which grants Forefront Living the option to purchase approximately 13.6 acres of land, consisting of approximately 10.1 acres within the District comprising the Assisted Living Parcels, Tract 2, Parcels 3-5 and approximately 2.5 acres adjacent to the District. Forefront Living also owns approximately 18.3 acres adjacent to the District. The term of the Assisted Living Agreement is from December 28, 2020 through December 27, 2027. The Landowners and Forefront Living also entered into the Right of First Refusal Agreement, which grants Forefront Living a right of first refusal to purchase the same property during the term of such agreement, which runs from December 28, 2027 through December 27, 2029. If purchased, Forefront Living would be responsible for construction of the internal horizontal and vertical improvements. Stillwater’s option to purchase the Assisted Living Parcels is subordinate to Forefront Living’s option to purchase to such land. If Forefront Living does not exercise its option under the Assisted Living Agreement, the Developer will have the option to purchase these parcels.

Development Agreement

Pursuant to the Development Agreement, the Developer agreed to construct the Authorized Improvements and certain public infrastructure and improvements that not only serve the District, but also benefit other properties and developments within the City that are authorized to be funded by the City pursuant to the PDD Ordinance (as

defined herein) (the “City Subdivision Improvements”). The City agreed to reimburse the Developer for the costs of the Authorized Improvements in an amount not to exceed the amounts set forth in the Service and Assessment Plan through the proceeds of the Bonds, the Major Improvement Area Bonds, the Assessments, or the Major Improvement Area Assessments, as the case may be. The City also agreed to reimburse the Developer for the costs of the City Subdivision Improvements in an amount not to exceed the amounts set forth in the Service and Assessment Plan (the “City Subdivision Improvement Reimbursement Cap”) with lawfully available funds of the City to be deposited with the Trustee under the MIA Indenture. The costs of the City Subdivision Improvements set forth in the Service and Assessment Plan are \$6,630,623. Notwithstanding the foregoing, the City Representative may approve a reimbursement amount to be paid by the City in excess of the City Subdivision Improvement Reimbursement Cap; provided such amount is equal to or less than \$100,000, without amending the Development Agreement. All Authorized Improvements and City Subdivision Improvements shall be dedicated to, and owned, operated, and maintained by, the City. See “APPENDIX G — Form of Development Agreement.”

The Development Agreement sets forth certain requirements with respect to the construction of the improvements, levy of assessments within the District and the issuance of bonds for the District (“PID Bonds”), including, but not limited to: (i) the Authorized Improvements must be completed within 36 months of commencement of such improvements; (ii) the maximum aggregate par amount of the PID Bonds to be issued by the City shall not exceed \$115,000,000; (iii) the maximum “tax rate” for the projected annual assessment shall be no greater than \$1.00 per \$100 of assessed value at the time of the assessment, based on the Estimated Buildout Value of each Lot; (iv) the total value to lien ratio is at least 3:1 for each Lot (with the exception of the Lots identified as Office Lot Type – Improvement Area #1 in the Service and Assessment Plan, for which Lots the required value to lien ratio shall be no less than 2.5:1); and (v) the Developer Contribution must be delivered to the City prior to the Closing Date.

Under the Development Agreement, a certificate of occupancy will not be issued for the first phase of multifamily, not to exceed 350 units and located in Tract 1, until the following are completed: (i) a certificate of occupancy has been issued for a minimum of 100,000 square feet of nonresidential use(s) in Tract 1, including 10,000 square feet of Village Retail; for the purposes of this standard, retirement housing will not be considered a nonresidential use; and (ii) the trail along the full extent of the creek in Tract 2 is connected to development in Tract 1 via a pedestrian bridge within the creek. A certificate of occupancy will not be issued for the second phase of multifamily, not to exceed 350 units and located in Tract 2, until the following are completed: (i) a certificate of occupancy has been issued for a minimum of a cumulative 300,000 square feet of nonresidential uses in Tract 1 and Tract 2, which includes the 100,000 square feet required within Phase 1; for the purposes of this standard, retirement housing will not be considered a nonresidential use; and (ii) the completion of all open spaces located in Tract 1 and Tract 2. No certificate of occupancy or temporary certificate of occupancy may be issued by the City or requested by the Developer for Phase 1 until: (i) the Linear Parks (as defined herein) are final accepted by the City as described in the PDD Ordinance; (ii) the traffic signal at Pinehaven and Parkwood is operational; and (iii) Pinehaven is fully constructed between Spring Creek and Parkwood, including a Z crossing, and has been accepted by the Director of Engineering as described in the PDD Ordinance. All parks within the District must be final accepted as described in the PDD Ordinance before final plat of Phase 2.

Parks Agreement

The City, Landowners and Developer entered into the Park Reimbursement Agreement effective as of August 28, 2023 (the “Parks Agreement”), pursuant to which the City will purchase approximately 3 acres of land within Phase 1A (the “Linear Parks Land”) and approximately 30 acres of land within Phase 2 (the “Neighborhood Park Land” and, together with the Linear Parks Land, the “Park Land”) from the Landowners and the Developer will construct improvements on the Linear Parks Land (the “Linear Park Improvements”) and improvements on the Neighborhood Park Land (the “Neighborhood Park Improvements” and, together with the Linear Parks Improvements, the “Park Improvements”). The Park Improvements shall be constructed on the Park Land before the City’s acceptance of the dedication of the applicable Park Land, as described below. The Parks Agreement is included as Exhibit C to the Development Agreement. See “THE DEVELOPMENT — The Development Agreement” and “APPENDIX G — Form of Development Agreement.”

Below is a description of the Park Improvements, as set forth in the Parks Agreement.

LINEAR PARK #1

1. Concrete trail requirements

- a. 12' wide trail east-west along the south side of proposed Pinehaven Drive meandering through the utility easement from Parkwood Boulevard to the enhanced crossing across Pinehaven Drive
- b. 10' wide trail east-west along the south side of proposed Pinehaven Drive meandering through the utility easement from the enhanced crossing across Pinehaven Drive to Spring Creek Parkway
- c. 12' trail north-south along east side of creek connecting to the enhanced crossing across Pinehaven Drive to the 12' trail in Linear Park #3
- d. Trail amenities

LINEAR PARK #2

- 1. Concrete trail requirements
 - a. 12' wide trail north-south along east side of creek connecting to existing trail along Spring Creek Parkway to the enhanced crossing across Pinehaven Drive
 - b. 10' wide trail east-west connecting Tract 2 to the pedestrian bridge across creek
 - c. 10' wide trail east-west connecting Tract 1 to the pedestrian bridge across creek
 - d. 10' wide trail east-west along the north side of proposed Pinehaven Drive connecting Tract 1 to existing trail on Spring Creek Parkway
 - e. Trail amenities
- 2. Pedestrian bridge requirements
 - a. 12' wide bridge with 10' wide trail across creek connecting Tract 1 and Tract 2

LINEAR PARK #3

- 1. Concrete trail requirements
 - a. 12' trail north-south along east side of creek connecting the 12' trail in Linear Park #2 and the existing 12' trail west of the existing senior living facility
 - b. Trail amenities

LINEAR PARK TRAIL AMENITIES

- 1. Three (3) trail amenities are required for the Linear Parks. Acceptable trail amenities appropriate approved by Director of Parks & Recreation could include, but are not limited to the following:
 - a. Benches
 - b. Signage
 - c. Water fountains/dog bowls
 - d. Misting stations
 - e. Bike parking
 - f. Bike repair stations
 - g. Wildflower plantings

PINEHAVEN RIGHT-OF-WAY

- 1. Enhanced crossing standards, or alternate standards as approved by the City Engineer
 - a. A "Z-Crossing" that provides a refuge area in the median;
 - b. Differentiated paving material consisting of pavers or stamped concrete;
 - c. Standard MUTCD Traffic Signage and Striping; and
 - d. A Rectangular Rapid-Flashing Beacon at each end of the crossing.

NEIGHBORHOOD PARK

- 1. Developer and the Director of Parks & Recreation will collaborate on the design of the neighborhood park development per Section 1.04. Amenities shall include the following according to city specifications;
 - a. Shade pavilion with contents
 - i. Picnic tables
 - ii. Grill
 - b. Connected walkway 'loop'
 - i. Connecting to trail and interconnecting neighborhood park elements

- ii. Benches
 - iii. Trash receptacles on concrete pads
 - c. Play pit with integrated shade play equipment
 - i. Ages 2-5
 - ii. Ages 5-12
 - 1. Swings
 - d. Water fountain with dog bowl
 - e. Misting station
 - f. Planted trees
 - g. .5 uninterrupted open space play lawn
 - h. Turf and tree irrigation
- 2. Other amenities may be implemented as approved by Director of Parks & Recreation
 - a. Agriculturally inspired plantings
 - b. Public art or sculptures
 - c. Sports court
 - d. Bike parking
 - e. Bike repair station

The City will purchase the Linear Parks Land from the Landowners or Stillwater, as applicable, at the time of final plat for the reasonable cost of the Linear Parks Land, based upon the amount of land dedicated and equal to \$130,000 per acre. The City will purchase the Neighborhood Park Land, based on an appraisal of the Neighborhood Park Land and will enter into an escrow agreement with the Landowners and the Developer within three months of the execution of the Parks Agreement to provide for the purchase of the Neighborhood Park Land (the “Land Escrow Agreement”). The Land Escrow Agreement will indicate that the exchange of the funds from the City will occur when the Landowners or Stillwater, as applicable, provide a warranty deed conveying the Neighborhood Park Land to the City, the deed will be held in escrow until the final plat of the Neighborhood Park Land or five years, whichever comes first.

The Linear Parks Improvements constitute Major Improvements and are expected to be reimbursed with proceeds of the Bonds and the Major Improvement Area Bonds. Upon receipt of the request for a notice to proceed to construct the Neighborhood Park Improvements, at the request of the Developer, the City and Developer will prepare an agreement that will provide that the City will escrow funds for the cost of the Neighborhood Park Improvements that will allow the Developer to draw down the escrow funds as the Neighborhood Park Improvements are completed (the “Improvements Escrow Agreement”). The Improvements Escrow Agreement, if requested, will be funded by the City no later than the date of the issuance by the City Director of Parks and Recreation of the notice to proceed with construction. If an Improvement Escrow Agreement is not requested by the Developer, the City will pay for the Neighborhood Park Improvements upon demand after the adoption of the final plat for the applicable phase. Notwithstanding any other provisions of the Parks Agreement, upon the expiration of five years from the date of execution of the Land Escrow Agreement, the City may elect to record the warranty deed for the Neighborhood Park Land and undertake the Neighborhood Park Improvements at its own expense (the “City Neighborhood Park Election”). The City shall provide written notice to the Developer and the Landowners of the City Neighborhood Park Election at least 60 days prior to the recordation of the warranty deed for the Neighborhood Park Land and allow the Developer an opportunity to respond to the City with a timeline outlining its completion of the Neighborhood Park Improvements. The City has discretion as to whether to allow the Developer to proceed under their proposed timeline or to proceed with construction itself. The Developer shall not be reimbursed for costs of the Neighborhood Park Improvements constructed by the City pursuant to the City Neighborhood Park Election.

In order to guarantee completion of the Park Improvements, the Developer must deliver to the City a surety. The surety must be either (i) a performance bond, (ii) written evidence from a financial institution or other lender of funds available to complete the Park Improvements pursuant to an irrevocable letter of credit or set aside letter by such lender, or (iii) a cash escrow. For the Linear Park Improvements, the surety amount shall be 20% of the Service and Assessment Plan budget for the Linear Park Improvements. For the Neighborhood Park Improvements, the surety amount will be the amount of compensation the City will pay the Developer for said Neighborhood Park Improvements as determined in the Improvement Escrow Agreement.

Zoning/Permitting

The development and zoning of the property within the District will be governed by the Development Agreement, Development Regulations and Applicable Law (each as defined in the Development Agreement), and the Planned Development Ordinance approved by the City on December 7, 2021 (the “PDD Ordinance”).

Education

The Development is served by Plano ISD. Plano ISD encompasses 100 square miles and enrolls over 49,000 students in seventy-three campuses. Brinker Elementary School, which is approximately 0.75 miles from the District, Renner Middle School, which is approximately 0.7 miles from the District, Shepton High School (grades 9 and 10), which is approximately 2.6 miles from the District, and Plano West Senior High School (grades 11 and 12), which is approximately 0.85 miles from the District, are expected to serve residents in the District.

GreatSchools.org rated Brinker Elementary School and Shepton High School “average” and Renner Middle School and Plano West Senior High School “above average.” According to the Texas Education Agency 2021-2022 annual school report cards, Brinker Elementary School and Plano West Senior High School were rated as “A” and Plano ISD, Renner Middle School, and Shepton High School were rated as “B.” The categories for public school districts and public schools are A, B, C, D or Not Rated.

Environmental

Site Evaluation. A Phase One Environmental Site Assessment (the “Phase One ESA”) of approximately 57.5 acres of the property within the District owned by Acres of Sunshine, consisting of Phases 1A and 1B, the Linear Parks Land and future Pinhaven right-of-way, was completed on May 25, 2023. Based on the information presented in the Phase One ESA, there was no evidence of recognized environmental conditions, controlled recognized environmental conditions or significant data gaps in connection with the property.

Endangered Species. According to the website for the United States Fish and Wildlife Service, the Whooping Crane is an endangered species in Collin County. The Developer is not aware of any endangered species located on District property.

Utilities

Water and Wastewater. The City will provide both water and wastewater service to the Development. The City purchases its water wholesale from the North Texas Municipal Water District and maintains its own water distribution system and wastewater collection and treatment system. The City’s water distribution system and wastewater collection and treatment system currently have sufficient capacity to provide water and wastewater service to the Development.

Additional Utilities. The Developer anticipates additional utilities to be provided by: (1) Telecom – Frontier and Spectrum; (2) Electric – Oncor Electric; and (3) Natural Gas – Atmos Gas.

THE DEVELOPER

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

General

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

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

Description of the Stillwater and the Developer

Stillwater. Stillwater is a private real estate firm headquartered in Dallas, Texas. Stillwater has delivered over \$2 billion in projects to-date, with a focus on mixed-use, multifamily, industrial and condominium assets. The largest project to date has been the relocation of the PGA headquarters from West Palm Beach, Florida to Frisco, Texas. To complete this 660-acre master plan, Stillwater formed partnerships with PGA of America, Woods Capital and Omni Hotels and public private partnerships with The City of Frisco, Frisco ISD and Frisco Economic Development Corporation. The 100,000 square foot PGA Headquarters opened in August 2022, and the 500-room Omni resort with 130,000 square foot of conference space opened in May 2023.

The adjacent 240 acres, named The Link after its direct pedestrian connection to PGA Frisco, will be home to 2.4 million square feet of Class A Office, 200,000 square feet of retail, restaurants, and entertainment, 2,700 residential units and 350 hotel keys integrated with pocket parks and pedestrian connectivity. The initial phase of 215 luxury build-to-rent single family units began construction in January 2023 and the second phase, a 350-unit apartment, began construction in August 2023.

Stillwater is leading the master development of Downtown Flying Horse in Colorado Springs, Colorado. The project is adjacent to the Flying Horse luxury residential and golf community in Colorado Springs. The area will provide a mixed-use neighborhood appropriate for the outdoor lifestyle found on the front range. At completion, the development will include office, retail, residential, and hotel uses centered around a public realm environment suitable for the local community. The initial phase will begin construction in the second quarter of 2024.

Stillwater is also leading the development of a 200-acre master planned district in Mansfield, Texas. The area has been identified as the "modern city center" and will contain a series of mixed-use neighborhoods conducive to pedestrian activity. The master plan is centered around a large green space, main street retail, and full-service hotel with conference facility. At completion, the development will also include urban styled retail, office, medical, and residential uses. The first phase, The Atwell, is a 297-unit apartment that delivered in February 2022. This project currently has 254 townhomes and approximately 20,000 sf of retail under construction and will break ground by the end of the fourth quarter of 2023.

Developer. The Developer is a single-purpose entity and subsidiary of Stillwater, created for the purpose of developing the property in the District. Any single-purpose entities created by Stillwater to purchase land within the District will be nominally capitalized, the primary asset of which will be property within the District. Such entities will have no source of funds with which to pay Assessments or taxes levied by the City or any other taxing entity other than funds resulting from the sale or lease of property within the District and funds provided by Stillwater. The applicable landowner's ability to make full and timely payments of Assessments or taxes will directly affect the City's ability to meet its obligation to make payments on the Bonds. See "BONDHOLDERS' RISKS — Dependence Upon Stillwater and Landowners."

Executive Biography of Principals of Stillwater

Aaron Sherman. As a founding partner of Stillwater Capital, Aaron Sherman is responsible for driving corporate growth and investment activities in market-leading projects. With more than two decades of industry experience, Aaron is widely respected for his strategic vision and expertise in real estate development and investments. Under Aaron's leadership, Stillwater has developed over \$2 billion worth of multifamily and industrial projects, delivering innovative value to the communities it serves. Before co-founding Stillwater, Aaron spent 10 years with Hillwood, a Perot company, where he gained extensive insight into complex deal structuring, finance, investment management and related fields. During his tenure, Aaron played a key role in managing high-profile transactions and overseeing the financial performance of various portfolios. Aaron holds a Bachelor of Science in Engineering from Texas A&M University.

Robert Elliot. Mr. Elliot is a founding partner of Stillwater, where he oversees the company's development and investment activities in market-leading projects. Robert spearheads strategic initiatives playing an integral role

in procuring and acquiring multiple award-winning mixed-use opportunities, such as the PGA of America HQ and The Link in Frisco, Texas. He drives growth across various Stillwater divisions, raising capital, providing direction, and fostering strong relationships with private investors across multifamily funds, land acquisitions and industrial platforms. Recognizing the opportunity created by the 2008 real estate recession, Robert's business acumen led to the formation of RECH, Stillwater's custom home-building brand. Robert holds a Bachelor of Business Administration from Texas A&M University.

Rich Coady. Mr. Coady is a founding partner of Stillwater, where he plays a vital role in the firm's strategic direction and oversees all aspects of the firm's investments. For seven years, Rich played professional football for the St. Louis Rams, winning the Super Bowl in 2000. Since then, he has become a prominent figure in the Dallas real estate community, co-leading Stillwater's custom home-building brand, RECH. Rich's leadership and commitment to excellence have been instrumental in building RECH's reputation for delivering innovative and high-quality custom home designs having completed over 200 homes in and around the Park Cities area of Dallas, establishing its position as a top-tier single-family builder. Rich holds a Bachelor of Business Management from Texas A&M.

Clay Roby. Mr. Roby is a Managing Director and member of the investment committee at Stillwater, where he is responsible for evaluating and implementing investment and development strategies for the firm. Additionally, Clay manages the mixed-use division for the company, focusing on the design, branding and development of large-scale commercial districts. The platform pipeline exceeds \$3 billion, with notable developments including PGA Frisco, The Link at PGA Frisco and Haggard Farm in Plano, Texas. Prior to joining Stillwater, Clay held numerous positions with Woodbine Development, a multi-billion-dollar real estate investment and development company focused on the hospitality industry, and Crow Holdings, a leading national real estate investment and development firm with \$30 billion of assets under management. Clay received a degree in Mechanical Engineering from Texas A&M University.

History and Financing of the District

The Haggard family has owned and operated the property within the District, as well as adjacent property, as a family farm since 1856. Acres of Sunshine and Enterprises are both entities used by the family to manage this land holding and consist of members of the extended Haggard family.

The Developer does not currently own the land within the District; however, Stillwater has exclusive right to purchase the land within the District, subject to Forefront Living's prior right to purchase the Assisted Living Parcels, pursuant to the Option Agreement with the Landowners. The purchase price for the various tracts under the Option Agreement are set forth under "THE DEVELOPMENT — Option Agreement." Any tracts to be purchased under the Option Agreement are expected to be purchased by either (i) Stillwater, (ii) a single-purpose entity created by Stillwater for the purpose of purchasing such property, or (iii) a Joint Venture between Stillwater and the Landowners. Stillwater expects to finance the acquisition of such property through (i) partner capital, (ii) institutional investors and (iii) available cash. See "THE DEVELOPMENT — Option Agreement — Option to Purchase."

The total costs of the Improvement Area #1 Authorized Improvements are expected to be approximately \$5,595,389. Only a portion of the costs of the Improvement Area #1 Authorized Improvements, in the approximate amount of \$5,000,000, are expected to be paid with proceeds of the Bonds. The balance of the costs of the Improvement Area #1 Authorized Improvements, in the total approximate amount of \$595,389, will be financed by the Developer and will not be reimbursed by the City. Pursuant to the Development Agreement, Construction Funding Agreement and Indenture, the Developer will deposit the Developer Contribution in the amount of \$595,389 with the Trustee under the Indenture to pay for the Improvement Area #1 Projects upon depletion of the other Accounts with the Project Fund. The Developer will finance the Developer Contribution with proceeds from the Line of Credit. See "SECURITY FOR THE BONDS — Project Fund," "THE IMPROVEMENT AREA #1 AUTHORIZED IMPROVEMENTS," "APPENDIX B — Form of Indenture," "APPENDIX C — Form of Service and Assessment Plan" and "APPENDIX F — Form of Construction Funding Agreement."

The total costs of the City Subdivision Improvements are expected to be \$6,630,623. The Developer will finance the construction of such improvements with funds deposited with the Trustee under the MIA Indenture for such purpose. See "THE DEVELOPMENT — The Development Agreement" and "APPENDIX G — Form of Development Agreement."

Stillwater, Stillwater Capital Holdings, LLC (“Stillwater Capital Holdings”) and RECH (the “Borrowers”) have entered into a revolving line of credit (the “Line of Credit”) with SW RE WC, LLC (“SW RE”) for \$15,000,000. The Borrowers may use the proceeds of the Line of Credit as operating capital for real estate development activities of various affiliates of the Borrowers (the “Pledgors”). The Line of Credit is secured by, among other things, 100% of the cash flow of the Pledgors. Aaron Sherman, Robert Elliot, and Richard Coady have each executed a guaranty with respect to the Line of Credit.

The Developer expects to finance the costs to construct the Private Improvements, in the amount of \$5,200,574, and any future internal horizontal improvements necessary to serve future Phases within the District with funds advanced under the Line of Credit.

There are currently no liens on the property within the District. However, the Developer expects that Stillwater, an affiliate of Stillwater, or the Developer may incur liens on the property within the District with respect to the vertical construction of each parcel. The Developer expects that vertical construction will be financed through (i) partner capital, (ii) institutional investors and (iii) available cash. The Developer expects to raise traditional debt and equity on each parcel that it purchases with a target of approximately 55-65% land to value on debt financing.

The PID Act provides that the Assessment Lien is a first and prior lien against the Improvement Area #1 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.

PID ADMINISTRATOR

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

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

The PID Administrator’s duties will include:

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

APPRAISAL OF PROPERTY WITHIN IMPROVEMENT AREA #1

The Appraisal

General. Integra Realty Resources – Dallas (the “Appraiser”) prepared an appraisal report for the City and the Underwriter dated as of August 24, 2023, based upon a physical inspection of the District conducted on May 29, 2023 (the “Appraisal”). The Appraisal was prepared at the request of the City and the Underwriter. The description herein of the Appraisal is intended to be a brief summary only of the Appraisal as it relates to the District. The Appraisal is attached hereto as APPENDIX H and should be read in its entirety. The conclusions reached in the Appraisal are subject to certain assumptions, hypothetical conditions, and qualifications, which are set forth therein. See “APPENDIX H — Appraisal.”

Value Estimates. The Appraiser estimated the prospective market value at completion of the fee simple interest in the tracts of land comprising Improvement Area #1 under certain hypothetical conditions. The Appraisal does not reflect the value of the District or Improvement Area #1 as if sold to a single purchaser in a single transaction. The hypothetical conditions include the assumption that all of the Improvement Area #1 Projects have been completed in accordance with plans and specifications of September 30, 2024. See “THE IMPROVEMENT AREA #1 AUTHORIZED IMPROVEMENTS” and “THE DEVELOPMENT — Development Plan.” The Appraisal does not reflect the as-is condition of Improvement Area #1. See “APPENDIX H — Appraisal.”

The value estimate for the Improvement Area #1 Assessed Property using the methodologies described in the Appraisal and subject to the limiting conditions and assumptions set forth in the Appraisal as of September 30, 2024, is, with respect to the multifamily parcel, \$10,850,000 and, with respect to the office parcel, \$4,150,000. None of the City, the Developer or the Underwriter makes any representation as to the accuracy, completeness, assumptions, or information contained in the Appraisal. The assumptions or qualifications with respect to the Appraisal are contained therein. There can be no assurance that any such assumptions will be realized, and the City, the Developer and the Underwriter make no representation as to the reasonableness of such assumptions.

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

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

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

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

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

BONDHOLDERS’ RISKS

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

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

MONEY RAISED OR TO BE RAISED BY TAXATION, OR OUT OF ANY FUNDS OF THE CITY OTHER THAN THE PLEDGED REVENUES 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 CITY'S TAXING POWER TO PAY THE PRINCIPAL OF THE BONDS OR THE INTEREST OR REDEMPTION PREMIUM, IF ANY, THEREON. THE CITY SHALL HAVE NO LEGAL OR MORAL OBLIGATION TO PAY THE BONDS OUT OF ANY FUNDS OF THE CITY OTHER THAN THE PLEDGED REVENUES AND OTHER FUNDS COMPRISING THE TRUST ESTATE.

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

The rate of development of the property in the District is directly related to the vitality of the residential housing industry. In the event that the sale of the lands within the District, including Improvement Area #1, should proceed more slowly than expected and Acres of Sunshine, Stillwater, the Developer, or affiliates of Stillwater or Acres of Sunshine are unable to pay the Assessments, only the value of the Improvement Area #1 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 City, or the City's Financial Advisor that a market for the Bonds will develop and be maintained in the future. If a market does develop, no assurance can be given regarding future price maintenance of the Bonds.

Deemed Representations and Acknowledgment by Purchasers

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

Infectious Disease Outbreak

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

Assessment Limitations

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

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

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

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

Under State law, in order to establish homestead rights, the claimant must show a combination of both overt acts of homestead usage and intention on the part of the owner to claim the land as a homestead. Mere ownership of the property alone is insufficient and the intent to use the property as a homestead must be a present one, not an intention to make the property a homestead at some indefinite time in the future. As of the date of adoption of the Assessment Ordinance, no such homestead rights were claimed. Furthermore, the Landowners own 100% of the property within Improvement area #1 and are not eligible to claim homestead rights. Consequently, there are and can be no homestead rights on the Improvement Area #1 Assessed Property superior to the Assessment Lien and, therefore, the Assessment Liens may be foreclosed upon by the City.

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

THE ASSESSMENTS CONSTITUTE A FIRST AND PRIOR LIEN AGAINST THE PROPERTY ASSESSED, SUPERIOR TO ALL OTHER LIENS AND CLAIMS EXCEPT LIENS AND CLAIMS FOR STATE,

COUNTY, SCHOOL DISTRICT OR MUNICIPALITY AD VALOREM TAXES AND IS A PERSONAL OBLIGATION OF AND CHARGE AGAINST THE OWNERS OF PROPERTY LOCATED WITHIN IMPROVEMENT AREA #1 OF THE DISTRICT.

PACE Lien Priority

Pursuant to Chapter 399, Texas Local Government Code, as amended, (the “Property Assessed Clean Energy Act” or “PACE”) commercial property owners in Texas may obtain long-term financing for water conservation, energy-efficiency, and renewable energy projects. Such financing would be repaid through a contractual assessment placed on the property pursuant to a program established by a city or county. This assessment is a first and prior lien against the property and has the same lien priority as ad valorem taxes, from the time the lien is recorded in the County real property records. As such, to the extent that a property subject to both an Assessment and also a PACE assessment is foreclosed on for nonpayment of taxes or assessments, the proceeds from the foreclosure sale of the property, would be used first to pay and any delinquent ad valorem taxes and the PACE lien.

Recent Changes in State Law Regarding Public Improvement Districts

The 87th Legislature passed HB 1543, which became effective September 1, 2021, and requires a person who proposes to sell or otherwise convey real property within a public improvement district to provide to the purchaser of the property, before the execution of a binding contract of purchase and sale, written notice of the obligation to pay public improvement district assessments, in accordance with Section 5.014, Texas Property Code, as amended. In the event a contract of purchase and sale is entered into without the seller providing the notice, the intended purchaser is entitled to terminate the contract of purchase and sale. If the Developer or Landowners within Improvement Area #1 do 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 may be paid. On payment of all damages respectively to the lienholders and purchaser pursuant to clause (i), the purchaser is required to reconvey the property to the seller. Further, if the Developer or Landowners within Improvement Area #1 do not provide the required notice and become liable for monetary damages, the anticipated buildout and absorption schedule may be affected. No assurances can be given that the projected buildout and absorption schedules presented in this Limited Offering Memorandum will be realized. The forms of notice to be provided to homebuyers are attached as Appendix B to the Service and Assessment Plan. See “Appendix C — Form of Service and Assessment Plan.”

Potential Future Changes in State Law Regarding Public Improvement Districts

During Texas legislative sessions and interim business of the Texas legislature, various proposals and reports have been presented by committees of Texas Senate and Texas House of Representative which suggest or recommend changes to the PID Act relating to oversight of bonds secured by special assessments including adopting requirements relating to levels of build out or adding State level oversight in connection with the issuance of bonds secured by special assessments under the PID Act. The 88th Legislative Session of the State (the “88th Regular Session”) concluded on May 29, 2023. When the regular Legislature is not in session, the Governor of Texas may call one or more special sessions, at the Governor’s direction, each lasting no more than 30 days, and for which the Governor sets the agenda. Immediately after the conclusion of the 88th Regular Session, the Governor called a special session; the first special session began on May 29, 2023 and concluded on June 27, 2023. At the conclusion of the first special session, the Governor called a second special session, which began on June 27, 2023 and adjourned sine die on July 13, 2023. Both special sessions ended without any legislation being passed by either chamber of the Texas legislature recommending oversight of bonds secured by assessments. The Governor called a third special session that began on October 9, 2023. The proclamation for such session does not include legislation recommending oversight of bonds secured by assessments. It is impossible to predict what new proposals may be presented regarding the PID Act and the issuance of special assessment bonds during any upcoming legislative sessions, whether such new proposals or any previous proposals regarding the same will be adopted by the Texas Senate and House of Representatives and signed by the Governor, and, if adopted, the form thereof. It is impossible to predict with certainty the impact that any such future legislation will or may have on the security for the Bonds.

Successor Trustee

In the event that at some point subsequent to the date of the Indenture, the Trustee reasonably expects that the value of the Indenture would otherwise exceed the value limitation established under the terms of the Indenture but for such contractual limitation, the Trustee may seek to (i) amend the Indenture to increase such value if such amendment may be made in accordance with applicable Texas law and the Indenture or (ii) resign as trustee and paying agent pursuant to the terms of the Indenture. Any such amendment to the Indenture (including a supplement appointing a successor trustee) would have to be made in accordance with the terms of the Indenture. Any successor trustee would have to satisfy the qualifications set forth in, and be appointed in accordance with the terms of, the Indenture. Under certain facts and circumstances, a delay in identifying or appointing a qualified successor trustee to assume the duties and responsibilities of trustee under the Indenture and in accordance with applicable Texas law could result in the delay of certain remedies being available to the Owners of the Bonds. See “APPENDIX B — Form of Indenture” for more information regarding the process of amending or supplementing the Indenture and the appointment of a successor trustee.

The Indenture provides that, if the position of Trustee shall become vacant for any reason, a successor Trustee may be appointed within one year after any such vacancy shall have occurred by the Owners of at least 25% of the aggregate outstanding principal of the Bonds by an instrument or concurrent instruments in writing signed and acknowledged by such Owners or their attorneys-in-fact, duly authorized and delivered to such successor Trustee, with notification thereof being given to the predecessor Trustee and the City. Unless such successor Trustee shall have been appointed by the Owners of the Bonds, the City shall forthwith (and in no event in excess of 30 days after such vacancy occurs) appoint a Trustee to act under the Indenture. Copies of any instrument of the City providing for any such appointment shall be delivered by the City to the Trustee so appointed. The City shall mail notice of any such appointment to each Owner of any Outstanding Bonds within 30 days after such appointment. Any appointment of a successor Trustee made by the City immediately and without further act shall be superseded and revoked by an appointment subsequently made by the Owners of Bonds. See “APPENDIX B — Form of Indenture” for more information regarding the process of amending or supplementing the Indenture and the appointment of a successor trustee.

General Risks of Real Estate Investment and Development

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

The ability of the Developer, affiliates of the Developer, the Landowners, and builders to sell townhomes or lease commercial space and apartment units to maximum occupancy levels 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 commercial space, or multifamily apartments. In the event that a large number of residential, commercial or multifamily projects are constructed outside of the District, and compete with the Development, the demand for residential housing and commercial properties within the District could be reduced, thereby adversely affecting the continued development of the Development, or its attraction to businesses and residents.

Investments in undeveloped or developing real estate are generally considered to be speculative in nature and to involve a high degree of risk. The Development will be subject to the risks generally incident to real estate investments and development. Many factors that may affect the Development, including the schedule for and/or the costs of the various improvements to be constructed within the District necessary to serve residents therein, as well as the operating revenues of the Developer, including those derived from the Development, are not within the control of the Developer. Such factors include changes in national, regional and local economic conditions; changes in long and short term interest rates; changes in the climate for real estate purchases; changes in demand for or supply of competing properties; changes in local, regional and national market and economic conditions; unanticipated development costs, market preferences and architectural trends; unforeseen environmental risks and

controls; the adverse use of adjacent and neighboring real estate; changes in interest rates and the availability of mortgage funds to buyers of the homes to be built in the Development, which may render the sale of such homes difficult or unattractive; acts of war, terrorism or other political instability; delays or inability to obtain governmental approvals; changes in laws; moratorium; acts of God (which may result in uninsured losses); strikes; labor shortages; energy shortages; material shortages; inflation; adverse weather conditions; contractor or subcontractor defaults; and other unknown contingencies and factors beyond the control of the Developer.

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

A slowdown of the development process and the related absorption rate within the Development because of any or all of the foregoing could affect adversely land values. The timely payment of the Bonds depends on the willingness and ability of Acres of Sunshine, Stillwater, the Developer, or affiliates of Stillwater or Acres of Sunshine, and any subsequent owners to pay the Assessments when due. Any or all of the foregoing could reduce the willingness and ability of such owners to pay the Assessments and could greatly reduce the value of the property within Improvement Area #1 in the event such property has to be foreclosed. If Annual Installments of Assessments are not timely paid and there are insufficient funds in the accounts of the Reserve Fund, a nonpayment could result in a payment default under the 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 residential sales within the District. No assurances can be given that projected 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. If the costs of the Improvement Area #1 Projects are substantially greater than the estimated costs or if the Developer is unable to access building materials in a timely manner, it may affect the ability of the Developer to complete the Improvement Area #1 Projects or pay the Assessments when due. Additionally, if the costs of material continue to increase, it may affect the ability of the Developer to complete the Improvement Area #1 Projects and the Developer or future builders to construct vertical improvements within Improvement Area #1. 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. See “THE DEVELOPER — History and Financing of the District.”

Competition

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

Competitive projects in the area include:⁽¹⁾

<u>Project Name</u>	<u># of Units/Sq. Ft.</u>	<u>Proximity to Development</u>	<u>Developer</u>	<u>Date Started</u>	<u># of Units Remaining</u>
Legacy West	621 apartments 292 hotel keys 4+ million sf office	1.2 miles	KDC, The Kaharan Cos, Columbus Realty	2014	N/A
The Star	15,000 sf retail, 500,000 sf entertainment, 300,000 sf medical office, 400,000+ sf office	4.5 miles	Blue Star Development	2016	TBD
Southstone Yards	240,000 sf office 700 multifamily units	4.5 miles	Crow Holdings Office	2022	240,000 sf office, 700 multifamily units
Collin Creek	500 single-family units 2,600 multifamily/independent living units 130,637 sf retail 256,137 sf mall urban core retail 40,000 sf restaurant 1,300,000 sf office/hotel public parks	9.3 miles	Centurion American Development Group	2020	TBD

⁽¹⁾ Information provided by Developer.

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

Lien Foreclosure and Bankruptcy

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

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 landowners to pay the Assessments. See "OVERLAPPING TAXES AND DEBT."

Depletion of Reserve Account of the Reserve Fund

Failure of the owners of property within Improvement Area #1 to pay the Assessments when due could result in the rapid, total depletion of the Reserve Account of the Reserve Fund prior to replenishment from the resale of property upon a foreclosure or otherwise or delinquency redemptions after a foreclosure sale, if any. There could be a default in payments of the principal of and interest on the Bonds if sufficient amounts are not available in the Reserve Account of the Reserve Fund. The Indenture provides that if, after a withdrawal from the Reserve Account of the Reserve Fund, the amount in the Reserve Account of the Reserve Fund is less than the Reserve Account Requirement, the Trustee shall transfer an amount from the Pledged Revenue Fund to the Reserve Account of the

Reserve Fund sufficient to cure such deficiency, as described under “SECURITY FOR THE BONDS — Reserve Account of the Reserve Fund” herein.

Hazardous Substances

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

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

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

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

Regulation

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

100-Year Flood Plain

Approximately 16.7 acres within the District (1.1 acres within Improvement Area #1) are located within an official FEMA 100-year flood plain, as shown on the current Federal Emergency Management Agency’s Flood Insurance Rate Map Community Panel Nos. 48085C0355K, 48085C0365K and 48085C0370K, dated June 7, 2017 (the “Floodplain”). The Developer has submitted a Conditional Letter of Map Revision (CLOMR) to FEMA to reclaim approximately 2.9 acres of the Floodplain within the District, including the 1.1 acres within Improvement Area #1, on which to construct a multifamily building. All the lands identified to be within the non-reclaimed portion of the Floodplain will be located within dedicated open space, park, or drainage easements.

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

Risk from Weather Events

All of the State, including the City, is subject to extreme weather events that can cause loss of life and damage to property through strong winds, hurricanes, tropical storms, flooding, heavy rains and freezes, including

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

Bondholders' Remedies and Bankruptcy of Property Owners

In the event of default in the payment of principal of or interest on the Bonds or the occurrence of any other Event of Default under the Indenture the Trustee may, and upon the written request of at least 25% of the owners of the Bonds then Outstanding and its receipt of indemnity satisfactory to it, the Trustee shall proceed to protect and enforce its rights and the rights of the owners of the Bonds under the Indenture by action seeking mandamus or by other suits, actions or special proceedings in equity or at law, in any court of competent jurisdiction, for any relief to the extent permitted by the Indenture or by Applicable Law, including, but not limited to, the specific performance of any covenant or agreement contained in the Indenture, or injunction; provided, however, that no action for money damages against the City may be sought or shall be permitted. The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the City's obligations under the Bonds or the Indenture and such obligations are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles, so rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The owners of the Bonds cannot themselves foreclose on property within Improvement Area #1 of the District or sell property within Improvement Area #1 of the District in order to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the owners of the Bonds further may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the City. In this regard, should the City file a petition for protection from creditors under federal bankruptcy laws, the remedy of mandamus or the right of the City to seek judicial foreclosure of its Assessment Lien would be automatically stayed and could not be pursued unless authorized by a federal bankruptcy judge. See "BONDHOLDERS' RISKS — Chapter 9 Bankruptcy Limitation to Bondholders' Rights" herein.

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

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

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

provided by private persons, and therefore are not done as a branch of the State, and do not implicate the state's immunity since they are not performed under the authority, or for the benefit, of the State as sovereign. Notwithstanding the foregoing new case law issued by the Court, such sovereign immunity issues have not been adjudicated in relation to bond matters (specifically, in regard to the issuance of municipal debt). Each situation will be prospectively evaluated based on the facts and circumstances surrounding the contract in question to determine if a suit, and subsequently, a judgement, is justiciable against a municipality.

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

Judicial Foreclosures

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

No Acceleration

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

Limited Secondary Market for the Bonds

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

No Credit Rating

The City has not applied for or received a rating on the Bonds. Even if a credit rating had been sought for the Bonds, it is not anticipated that such a rating would have been investment grade. The absence of a rating could affect the future marketability of the Bonds. There is no assurance that a secondary market for the Bonds will develop or that holders who desire to sell their Bonds prior to the stated maturity will be able to do so. Occasionally,

because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary market trading in connection with a particular issue is suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then generally prevailing circumstances. Such prices could be substantially different from the original purchase price.

Chapter 9 Bankruptcy Limitation to Bondholders' Rights

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

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

Tax-Exempt Status of the Bonds

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

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

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

affect the market price for, or the marketability of, the Bonds. Finally, if the IRS ultimately determines that the interest on the Bonds is not excluded from the gross income of Bondholders for federal income tax purposes, the City may not have the resources to settle with the IRS, the Bonds are not required to be redeemed, and the interest rate on the Bonds will not increase.

Management and Ownership

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

Availability of Utilities

The progress of development within the District is also dependent upon the City providing an adequate supply of water and sufficient capacity for the collection and treatment of wastewater. The City's water distribution system and wastewater collection and treatment system currently have sufficient capacity to provide water and wastewater service to the District. See "THE DEVELOPMENT — Utilities."

Dependence upon Acres of Sunshine

As the current landowner of the property within Improvement Area #1, Acres of Sunshine currently has the obligation for payment of 100% of the total Assessments. The ability of Acres of Sunshine to make full and timely payment of the Assessments will directly affect the ability of the City to meet its debt service obligations with respect to the Bonds. There can be no assurances given as to the financial ability of Acres of Sunshine to advance any funds to the City to supplement revenues from the Assessments if necessary, or as to whether Acres of Sunshine will advance such funds.

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

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

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

Except as described above, Bond Counsel expresses no other opinion with respect to any other federal, state or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, corporations subject to 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

alternative minimum tax on adjusted financial statement income, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Bond by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Bond was held) is includable in gross income.

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

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

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

State, Local and Foreign Taxes

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

Changes in Federal and State Tax Law

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

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

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

LEGAL MATTERS

Legal Proceedings

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

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

Legal Opinions

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

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

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

Litigation — The City

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

the Trust Estate, or in any way contesting the completeness or accuracy of this Limited Offering Memorandum or any amendment or supplement thereto, or contesting the powers of the City or its authority with respect to the Bonds or any action of the City contemplated by any documents relating to the Bonds.

Litigation — The Developer and Stillwater

At the time of delivery and payment for the Bonds, the Developer and Stillwater 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 or Stillwater, threatened against or affecting the Developer, Stillwater or any of their affiliates wherein an unfavorable decision, ruling or finding would have a material adverse effect on the financial condition or operations of the Developer, Stillwater or its managing member, or would adversely affect (1) the transactions contemplated by, or the validity or enforceability of, the Bonds, the Indenture, the Service and Assessment Plan, Development Agreement, the Parks Agreement, the Option Agreement, or the Construction Funding Agreement, or otherwise described in this Limited Offering Memorandum or (2) the tax-exempt status of interest on the Bonds.

Litigation — Acres of Sunshine

At the time of delivery and payment for the Bonds, Acres of Sunshine 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 Acres of Sunshine, threatened against or affecting Acres of Sunshine or any of its affiliates wherein an unfavorable decision, ruling or finding would have a material adverse effect on the financial condition or operations of Acres of Sunshine or its general partner, or would adversely affect (1) the transactions contemplated by, or the validity or enforceability of, the Bonds, the Indenture, the Service and Assessment Plan, Development Agreement, the Parks Agreement, or the Option Agreement, or otherwise described in this Limited Offering Memorandum or (2) the tax-exempt status of interest on the Bonds.

SUITABILITY FOR INVESTMENT

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

ENFORCEABILITY OF REMEDIES

The remedies available to the owners of the Bonds upon an event of default under the Indenture are in many respects dependent upon judicial actions, which are often subject to discretion and delay. See “BONDHOLDERS’ RISKS — Bondholders’ Remedies and Bankruptcy.” Under existing constitutional and statutory law and judicial decisions, including the federal bankruptcy code, the remedies specified by the Indenture and the Bonds may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified, as to the enforceability of the remedies provided in the various legal instruments, by limitations imposed by governmental immunity, bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors and enacted before or after such delivery, and by general principles of equity that permit the exercise of judicial discretion.

NO RATING

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

CONTINUING DISCLOSURE

The City

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

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

The City’s Compliance with Prior Undertakings

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

The Developer

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

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

The Developer’s Compliance with Prior Undertakings

Developer has not previously entered into any continuing disclosure undertakings.

Acres of Sunshine

Pursuant to the Rule, Acres of Sunshine and the Dissemination Agent will enter into a Continuing Disclosure Agreement (the “Disclosure Agreement of Landowner”), in the form attached hereto as “APPENDIX E-2 — Form of Disclosure Agreement of Landowner,” 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 Landowner, the annual financial statements of Acres of Sunshine and any future landowners within Improvement Area #1 responsible for the payment of twenty percent (20%) of the Annual Installments of the Assessments. Under certain circumstances, the failure of Acres of Sunshine to comply with its obligations under the Disclosure Agreement of Landowner 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 Landowner would allow the Owners of the Bonds (including owners of beneficial interests in the Bonds) to bring an action for specific performance.

Acres of Sunshine has agreed to provide (i) annual financial statements, so long as it is obligated to pay twenty percent (20%) of the total Annual Installments of the Assessments and (ii) notices of certain specified events, only as provided in the Disclosure Agreement of Landowner. Acres of Sunshine 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 Landowner. Acres of Sunshine 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. Acres of Sunshine disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of the Disclosure Agreement of Landowner or from any statement made pursuant to the Disclosure Agreement of Landowner.

Acres of Sunshine Compliance with Prior Undertakings

Acres of Sunshine has not previously entered into any continuing disclosure undertakings.

UNDERWRITING

FMSbonds, Inc. (the “Underwriter”) has agreed to purchase the Bonds from the City at a purchase price of \$4,850,000 (the par amount of the Bonds less an underwriting discount of \$150,000). The Underwriter’s obligations are subject to certain conditions precedent and if obligated to purchase any of the Bonds the Underwriter will be obligated to purchase all of the Bonds. The Bonds may be offered and sold by the Underwriter at prices lower than the initial offering prices stated on the inside cover page hereof, and such initial offering prices may be changed from time to time by the Underwriter.

REGISTRATION AND QUALIFICATION OF BONDS FOR SALE

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

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

The PID Act and Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code, as amended) provide that the Bonds are negotiable instruments and investment securities governed by Chapter 8, Texas Business and Commerce Code, as amended, and are legal and authorized investments for insurance companies, fiduciaries, trustees, or for the sinking funds of municipalities or other political subdivisions or public agencies of the State. With respect to investment in the Bonds by municipalities or other political subdivisions or public agencies of the State, the PFIA requires that the Bonds be assigned a rating of at least “A” or its equivalent as to investment quality by a national rating agency. See “NO RATING” above. In addition, the PID Act and various provisions of the Texas Finance Code provide that, subject to a prudent investor standard,

the Bonds are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The Bonds are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value. No review by the City has been made of the laws in other states to determine whether the Bonds are legal investments for various institutions in those states. No representation is made that the Bonds will be acceptable to public entities to secure their deposits or acceptable to such institutions for investment purposes.

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

INVESTMENTS

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

Under State law, the City is authorized to make investments meeting the requirements of the PFIA, which currently include (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which is guaranteed or insured by or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor, or the National Credit Union Share Insurance Fund or its successor; (8) interest-bearing banking deposits other than those described by clause (7) if (A) the funds invested in the banking deposits are invested through: (i) a broker with a main office or branch office in this state that the City selects from a list the governing body or designated investment committee of the City adopts as required by Section 2256.025, Texas Government Code; or (ii) a depository institution with a main office or branch office in this state that the City selects; (B) the broker or depository institution selected as described by (A) above arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the City's account; (C) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and (D) the City appoints as the City's custodian of the banking deposits issued for the City's account: (i) the depository institution selected as described by (A) above; (ii) an entity described by Section 2257.041(d), Texas Government Code; or (iii) a clearing broker dealer registered with the SEC and operating under SEC Rule 15c3-3; (9) (i) certificates of deposit or share certificates meeting the requirements of the PFIA that are issued by an institution that has its main office or a branch office in the State and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, or their respective successors, or are secured as to principal by obligations described in clauses (1) through (8) or in any other manner and provided for by law for City deposits, or (ii) certificates of deposits where (a) the funds are invested by the City through (A) a broker that has its main office or a branch office in the State and is selected from a list adopted by the City as required by law, or (B) a depository institution that has its main office or branch office in the State that is selected by the City, (b) the broker or the depository institution selected by the City arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the City, (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States, and (d) the City appoints the depository institution selected under (a) above, a custodian as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the SEC and operating pursuant to SEC Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the City with respect to the certificates of deposit; (10) fully collateralized repurchase agreements that have a defined termination date, are secured by a combination of cash and obligations described in clause (1) above or clause (12) below, require the securities being purchased by the City or cash held by the City to be pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City, and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (11) certain bankers' acceptances with the remaining

term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least “A-1” or “P-1” or the equivalent by at least one nationally recognized credit rating agency; (12) commercial paper with a stated maturity of 365 days or less that is rated at least “A-1” or “P-1” or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank; (13) no-load money market mutual funds registered with and regulated by the United States SEC that provide the City with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940 and that comply with federal SEC Rule 2a-7 (17 C.F.R. Section 270.2a-7), promulgated under the Investment Company Act of 1940 (15 U.S.C. Section 80a-1 et seq.); and (14) no-load mutual funds registered with the SEC that have an average weighted maturity of less than two years, and either (a) a duration of one year or more and invest exclusively in obligations described in under this heading, or (b) a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities, other than the prohibited obligations described below, in an amount at least equal to the amount of bond proceeds invested under such contract and are pledged to the City and deposited with the City or a third party selected and approved by the City.

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

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

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

Under State law, the City’s investments must be made “with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person’s own affairs, not for speculation, but for investment considering the probable safety of capital and the

probable income to be derived.” At least quarterly the City’s investment officers must submit an investment report to the City Council detailing: (1) the investment position of the City, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, the ending market value and the fully accrued interest for the reporting period of each pooled fund group, (4) the book value and market value of each separately listed asset at the end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategies and (b) State law. No person may invest City funds without express written authority from the City Council.

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

INFORMATION RELATING TO THE TRUSTEE

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

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

In the Indenture, the City has agreed to compensate the Trustee from the amount collected each year for Annual Collection Costs and in the manner set forth in the Indenture for the Trustee’s services as Trustee and as Paying Agent/Registrar; provided, however, notwithstanding anything in the Indenture to the contrary, the aggregate value of the Indenture shall not exceed the dollar limitation set forth under certain applicable provisions of the Texas Government Code, currently \$100,000. The Trustee has informed the City that it has structured its annual fees in an attempt to avoid exceeding this limitation during the term of the Indenture. See “BONDHOLDERS’ RISKS — Successor Trustee” and “APPENDIX B — Form of Indenture.”

In the Indenture, the Trustee agrees to submit to the City and/or the PID Administrator an annual report, no later than six months after each Bond Year (as defined in the Indenture), beginning with the Bond Year ending September 15, 2024, setting forth (i) the amount of fees the Trustee has received pursuant to the terms of the Indenture for the preceding Bond Year and (ii) the cumulative amount of fees paid to the Trustee pursuant to the terms of the Indenture to the date of such annual report. The cumulative amount of fees paid to the Trustee as of the date of each annual report will be included in the City Reports, as required under the Disclosure Agreement of the Issuer. See “APPENDIX B — Form of Indenture” and “APPENDIX E-1 — Form of Disclosure Agreement of the Issuer.”

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

SOURCES OF INFORMATION

General

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

Developer

The information contained in this Limited Offering Memorandum relating to the description of the Developer, the Development and the Authorized Improvements generally and, in particular, the information included in all of the maps herein and in the sections captioned “PLAN OF FINANCE — Development Plan” and “— Financing Plan,” “OVERLAPPING TAXES AND DEBT — Property Owners’ Association” and “— Agricultural Exemption,” “THE IMPROVEMENT AREA #1 AUTHORIZED IMPROVEMENTS,” “THE DEVELOPMENT,” “THE DEVELOPER,” “BONDHOLDERS’ RISKS” (only as it pertains to the Developer, Stillwater, the Improvement Area #1 Projects and the Development), “LEGAL MATTERS — Litigation — The Developer and Stillwater,” and “CONTINUING DISCLOSURE — The Developer” and “— The Developer’s Compliance with Prior Undertakings,” “APPENDIX E-2,” “APPENDIX F” and “APPENDIX G” has been provided by the Developer, and the Developer warrants and represents that the information contained therein is true and correct and does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made 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 City and the Underwriter.

Experts

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

The information regarding the Appraisal in this Limited Offering Memorandum has been provided by Integra Realty Resources – Dallas and has been included in reliance upon the authority of such firm as experts in the

field of the appraisal of real property. Integra Realty Resources – Dallas has consented to the inclusion of the Appraisal herein.

Updating of Limited Offering Memorandum

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

FORWARD-LOOKING STATEMENTS

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

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

AUTHORIZATION AND APPROVAL

In the Bond Ordinance, the City Council approved the form and content of this Limited Offering Memorandum.

CITY OF PLANO, TEXAS

/s/ John B. Muns

Mayor

ATTEST:

/s/ Lisa C. Henderson

City Secretary

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APPENDIX A

GENERAL INFORMATION REGARDING THE CITY AND SURROUNDING AREA

The following information has been provided for informational purposes only.

Historical Employment in Collin County

	Average Annual				
	2023 ⁽¹⁾	2022	2021 ⁽²⁾	2020 ⁽²⁾	2019
Civilian Labor Force	657,728	625,323	599,164	575,879	565,064
Total Employed	631,684	605,500	573,302	539,871	547,629
Total Unemployed	26,044	19,823	25,862	36,008	17,435
Unemployment Rate	4.0%	3.2%	4.3%	6.3%	3.1%

⁽¹⁾ Data through August 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.

Major Employers in the City

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

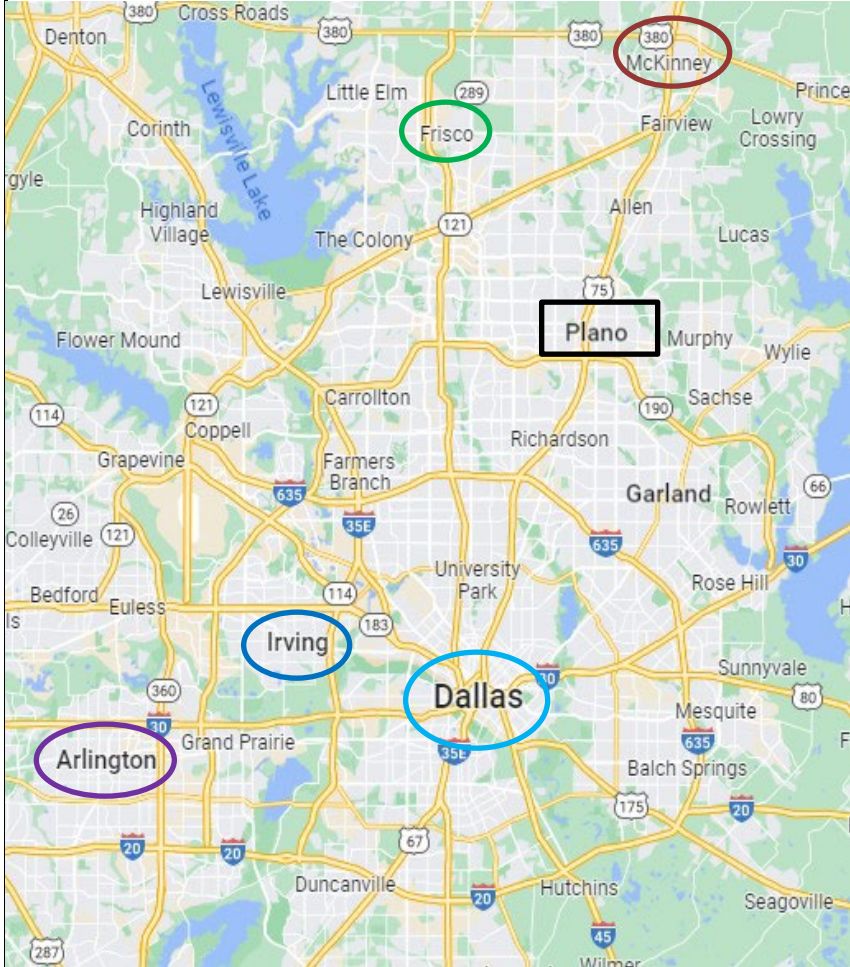
<u>Employer</u>	<u>Business</u>	<u>Employees</u>
JP Morgan Chase	Bank	8,108
Capital One Finance	Finance	7,273
Bank of America	Bank	4,500
Toyota Motor North America, Inc.	Motor Vehicles	4,018
Liberty Mutual Insurance Company	Insurance	2,519
AT&T Foundry	Telecommunications	2,500
Ericsson	Telecommunications	2,457
Medical City Plano	Healthcare	2,332
USAA	Insurance	2,092
Samsung Electronics America, Inc.	Telecommunications	2,081

Source: Municipal Advisory Council of Texas

Surrounding Economic Activity

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

City of McKinney		City of Frisco		City of Dallas	
Approximately 14 miles from the City		Approximately 17 miles from the City		Approximately 25 miles from the City	
Employer	Employees	Employer	Employees	Employer	Employees
Raytheon Space & Airborne Systems	4,347	Frisco ISD	8,088	Dallas ISD	23,271
McKinney ISD	2,749	T-Mobile USA	1,800	City of Dallas	13,000
Collin County	1,964	City of Frisco	1,688	AT&T Inc.	12,600
Globe Life	1,600	Keurig Dr Pepper Inc	1,100	Medical City Dallas	10,864
Independent Financial	1,600	Mario Sinacola & Sons Excavating	935	Parkland Health & Hop System	10,406
City of McKinney	1,428	Conifer	903	Texas Instruments Inc.	9,800
Encore Wire Corp.	1,325	Baylor Medical Center	663	Dallas County Community College	8,230
Collin College	1,064	Baylor Scott White/Centennial Hospital	466	Methodist Dallas Medical Center	6,887
Baylor	700	IKEA Frisco	423	Dallas County	6,500
Medical City McKinney	670	UT Southwestern/Texas Health Hospital	300	Children's Health	6,276



City of Irving	
Approximately 25 miles from the City	
Employer	Employees
Citigroup, Inc.	6,162
Vistra Energy	5,400
Allstate Insurance	3,068
Verizon Communications	3,000
Microsoft Corp	2,681
Irving Mall	2,100
YRC Freight	1,941
Baylor Scott & White Medical Center	1,907
DFW International Airport	1,900
Accenture	1,900

City of Arlington	
Approximately 40 miles from the City	
Employer	Employees
Arlington ISD	8,500
University of Texas at Arlington	5,300
General Motors	4,484
Texas Health Resources	4,063
Six Flags Over Texas	3,800
The Parks at Arlington	3,500
GM Financial	3,300
City of Arlington	2,755
JP Morgan Chase Bank	1,965
Texas Rangers Baseball Club	1,881

Source: Municipal Advisory Council of Texas

APPENDIX B
FORM OF INDENTURE

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INDENTURE OF TRUST

By and Between

CITY OF PLANO, TEXAS

and

**WILMINGTON TRUST, NATIONAL ASSOCIATION,
as Trustee**

DATED AS OF NOVEMBER 1, 2023

SECURING

**\$5,000,000
CITY OF PLANO, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2023
(HAGGARD FARM PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #1 PROJECT)**

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INDENTURE OF TRUST

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

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

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

WHEREAS, on January 9, 2023, after due notice, the City Council of the City (the “City Council”) held the public hearing in the manner required by law on the advisability of the improvement projects and services described in the petition as required by Section 372.009 of the PID Act; and

WHEREAS, on January 9, 2023, the City Council made the findings required by Section 372.009(b) of the PID Act and, by Resolution No. 2023-1-7(R), adopted by a majority of the members of the City Council, authorized the creation of the District in accordance with its findings as to the advisability of the improvement projects and also made findings and determinations relating to the estimated total costs of certain Authorized Improvements; and

WHEREAS, on January 12, 2023 the City Secretary filed a copy of Resolution No. 2023-1-7(R) with the county clerk of each county in which all or a part of the District is located in accordance with the provisions of the PID Act; and

WHEREAS, no written protests of the District from any owners of record of property within the District were filed with the City Secretary within 20 days after January 9, 2023; and

WHEREAS, on August 28, 2023, the City Council by Resolution No. 2023-8-7(R) made findings and determinations relating to the Actual Costs of certain Improvement Area #1 Projects, received and accepted a preliminary service and assessment plan and a proposed assessment roll, called a public hearing for October 23, 2023 and directed City staff to (i) file said proposed assessment roll with the City Secretary and to make it available for public inspection as required by Sections 372.016(b) and 372.016(c) of the PID Act, and (ii) publish and mail such notice relating to the October 23, 2023 hearing as required by Section 372.016(b) of the PID Act; and

WHEREAS, on August 31, 2023 the City staff, pursuant to Section 372.016(b) of the PID Act, published notice of the public hearing in the *Dallas Morning News*, a newspaper of general

circulation in the City, to consider the proposed Service and Assessment Plan, the Improvement Area #1 Assessment Roll and the levy of the Assessments on the property within Improvement Area #1 of the District; and

WHEREAS, the City Council, pursuant to Section 372.016(c) of the PID Act, mailed notice of the public hearing to consider the proposed Improvement Area #1 Assessment Roll, the Service and Assessment Plan, and the levy of the Assessments on the 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 City Council opened and convened the hearing on October 23, 2023, and at such public hearing all persons who appeared, or requested to appear, in person or by their attorney, were given the opportunity to contend for or contest the proposed Service and Assessment Plan, the proposed Improvement Area #1 Assessment Roll and the 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, the purposes of the Assessments, the special benefits of the Improvement Area #1 Projects, and the penalties and interest on Annual Installments of the Assessments and on delinquent Annual Installments of the Assessments; and

WHEREAS, there were no written objections or evidence submitted to the City Secretary in opposition to the Service and Assessment Plan, the allocation of estimated costs of the Improvement Area #1 Projects to the Assessed Property, the Improvement Area #1 Assessment Roll, and the levy of the Assessments; and

WHEREAS, the City Council closed the hearing, and, after considering all written and documentary evidence presented at the hearing, including all written comments and statements filed with the City, the City Council approved Ordinance No. 2023-10-13, which levied the Assessments, and approved the Service and Assessment Plan, including the Improvement Area #1 Assessment Roll, in conformity with the requirements of the PID Act; and

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

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

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

WHEREAS, the City Council now desires to issue revenue bonds, in accordance with the PID Act, such bonds to be entitled "City of Plano, Texas, Special Assessment Revenue Bonds, Series 2023 (Haggard Farm 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 upon the terms set forth in this Indenture;

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

FIRST GRANTING CLAUSE

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

SECOND GRANTING CLAUSE

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

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

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

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

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

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

covenant, with the Trustee and with the respective Owners from time to time of the Bonds as follows:

ARTICLE I

DEFINITIONS, FINDINGS AND INTERPRETATION

Section 1.1. Definitions.

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

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

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

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

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

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

“Additional Interest Reserve Requirement” means an amount equal to 5.50% of the principal amount of the Outstanding Bonds 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, levied against property within Improvement Area #1 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 City or an independent firm designated by the City who shall have the responsibilities provided in the Service and Assessment Plan, this Indenture, or any other agreement or document approved by the City related to the duties and responsibilities of the administration of the District. The initial Administrator is P3Works, LLC.

“Annual Collection Costs” mean the actual or budgeted costs and expenses related to the operation of the District, including, but not limited to, costs and expenses for: (1) the Administrator; (2) City staff; (3) legal counsel, engineers, accountants, financial advisors, and other consultants engaged by the City; (4) calculating, collecting, and maintaining records with respect to Assessments and Annual Installments; (5) preparing and maintaining records with respect to the Improvement Area #1 Assessment Roll and Annual Service Plan Updates; (6) paying and redeeming Bonds; (7) investing or depositing Assessments and Annual Installments; (8) complying with the Service and Assessment Plan, the PID Act, and this Indenture, with respect to the Bonds, including the City’s continuing disclosure requirements; and (9) the paying agent/registrar and Trustee in connection with Bonds, including their respective legal counsel. Annual Collection Costs collected 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 in such Bond Year, assuming that the Outstanding Bonds are retired as scheduled (including by reason of Sinking Fund Installments), and (ii) the principal amount of the Outstanding Bonds due in such Bond Year (including any Sinking Fund Installments due in such Bond Year).

“Annual Installment” means, with respect to each Assessed Parcel, each annual payment of the Assessments (including both principal and interest) shown on the Improvement Area #1 Assessment Roll attached to the Service and Assessment Plan as Appendix F-1 related to the Improvement Area #1 Projects; 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.

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

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

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

“Assessment Ordinance” means Ordinance No. 2023-10-13 adopted by the City Council on October 23, 2023, that levied the Assessments on the Assessed Property located within Improvement Area #1 of the District.

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

“Assessments” means the aggregate assessments shown on the Improvement Area #1 Assessment Roll. The singular of such term means the assessment levied against a Parcel of Assessed Property as shown on the Improvement Area #1 Assessment Roll, subject to reallocation upon the subdivision of a Parcel of 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.

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

“Bond” means any of the Bonds.

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

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

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

“Bond Issuance Costs” means 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, capitalized interest, reserve fund requirements, underwriter’s discount, fees charged by the Texas Attorney General, and any other cost or expense incurred by the City directly associated with the issuance of the Bonds.

“Bond Ordinance” means Ordinance No. 2023-10-14 adopted by the City Council on October 23, 2023 authorizing the issuance of the Bonds pursuant to this Indenture.

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

“Bond Year” means the one-year period beginning on September 15 in each year and ending on September 14 in the following year.

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

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

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

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

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

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

“Closing Date” means the date of the initial delivery of and payment for the Bonds. With respect to the Bonds, the Closing Date is November 20, 2023.

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

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

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

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

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

“Developer” means SW Haggard Master Developer, LLC, a Texas limited liability company, and its successors or assigns.

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

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

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

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

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

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

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

“Improvement Area #1 Assessment Roll” means, the Improvement Area #1 Assessment Roll attached as Exhibit F-1 to the Service and Assessment Plan or any other assessment roll in an amendment or supplement to the Service and Assessment Plan or in an Annual Service Plan Update, showing the total amount of the Assessment against each Assessed Parcel related to the 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.

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

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

“Improvement Area #1 Major Improvements” means the pro rata portion of the Major Improvements allocable to Improvement Area #1, as described in Section III.A of the Service and Assessment Plan.

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

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

“Improvement Area #1 Projects Construction, Funding, and Acquisition Agreement” means the “Haggard Farm Public Improvement District Improvement Area #1 Projects Construction, Funding, and Acquisition Agreement” by and between the City and the Developer

dated as of October 23, 2023, which provides, in part, for the deposit of proceeds from the issuance and sale of the Bonds and the payment of costs of Improvement Area #1 Projects within Improvement Area #1 of the District, the issuance of bonds, the use of the funds in the Developer Improvement Account, and other matters related thereto.

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

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

“Initial Bond” means 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 15 and September 15 of each year, commencing March 15, 2024.

“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 City’s official investment policy as approved by the City Council from time to time.

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

“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.

“Minor Amount Redemption” means a redemption, pursuant to Section 4.4 of this Indenture, of a principal amount of Bonds that is less than 10% of the Outstanding principal amount of the Bonds.

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

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

“Parcel” means a specific property within the District identified by either a tax parcel identification number assigned by the Collin Central Appraisal District for real property tax purpose, by legal description, or by lot and block number in a final subdivision plat recorded in the Official Public Records of Collin County, or by any other means determined by the City.

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

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

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

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

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

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

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

“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 last 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 or portion thereof, the amount of par plus accrued and unpaid interest to the date of redemption.

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

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

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

“Reserve Account Requirement” means the least of: (i) Maximum Annual Debt Service on the Bonds as of the Closing Date of the Bonds, (ii) 125% of average Annual Debt Service on the Bonds as of the Closing Date of the Bonds, or (iii) 10% of the lesser of the principal amount of the Outstanding Bonds or the original issue price of the Bonds. As of the Closing Date for the Bonds, the Reserve Account Requirement is \$435,000, 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.

“Service and Assessment Plan” means the “Haggard Farm Public Improvement District Service and Assessment Plan” dated October 23, 2023, including the Improvement Area #1 Assessment Roll, as hereinafter amended, updated, and/or restated by an Annual Service Plan Update or otherwise, a version of which is attached as an exhibit to the Assessment Ordinance.

“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, or any portion of the Bonds, as applicable, are scheduled to mature without regard to any redemption or prepayment.

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

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

“Tax Certificate” means the Certificate as to Tax Exemption delivered by the City on the Closing Date for 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 Wilmington Trust, National Association, Dallas, Texas and its successors, and any other corporation or association that may at any time be substituted in its place, as provided in Article IX, such entity to serve as Trustee and Paying Agent/Registrar for the Bonds.

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.

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

The lien on and pledge of the Trust Estate shall be valid and binding and fully perfected from and after the Closing Date, without physical delivery or transfer of control of the Trust Estate, the filing of this Indenture or any other act; all as provided in Texas Government Code, Chapter 1208, as amended, which applies to the issuance of the Bonds and the pledge of the Trust Estate granted by the City under this Indenture, and such pledge is therefore valid, effective and perfected. If Texas law is amended at any time while the Bonds are Outstanding such that the

pledge of the Trust Estate granted by the City under this Indenture is to be subject to the filing requirements of Texas Business and Commerce Code, Chapter 9, as amended, then in order to preserve to the registered owners of the Bonds the perfection of the security interest in said pledge, the City agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Texas Business and Commerce Code, Chapter 9, as amended, and enable a filing to perfect the security interest in said pledge to occur.

Section 2.2. Limited Obligations.

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

Section 2.3. Authorization for Indenture.

The terms and provisions of this Indenture and the execution and delivery hereof by the City to the Trustee have been duly authorized by official action of the City Council of the City. The City has ascertained and it is hereby determined and declared that the execution and delivery of this Indenture is necessary to carry out and effectuate the purposes set forth in the preambles of this Indenture and that each and every covenant or agreement herein contained and made is necessary, useful or convenient in order to better secure the Bonds 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 and to prescribe the rights of the Owners, and the rights and duties of the City and the Trustee.

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

ARTICLE III

AUTHORIZATION; GENERAL TERMS AND PROVISIONS REGARDING THE BONDS

Section 3.1. Authorization.

The Bonds are hereby authorized to be issued and delivered in accordance with the Constitution and laws of the State of Texas, including particularly the PID Act, as amended. The Bonds shall be issued in the aggregate principal amount of \$5,000,000 for the purpose of (i) paying a portion of the Actual Costs of the Improvement Area #1 Projects; (ii) paying a portion of the costs incidental to the organization and administration of the District, and (iii) paying the Bond Issuance Costs, including funding a reserve fund and paying a portion of the interest on the Bonds during the period of acquisition and construction of the Improvement Area #1 Projects, and other costs related to the issuance of the Bonds.

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

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

(b) Interest shall accrue and be paid on each Bond from the later of the Closing Date of the Bonds or the most recent Interest Payment Date to which interest has been paid or provided for, at the rate per annum set forth below until the principal thereof has been paid on the maturity date specified below or otherwise provided for. Such interest shall be payable semiannually on March 15 and September 15 of each year, commencing March 15, 2024 computed on the basis of a 360-day year of twelve 30-day months.

(c) The Bonds shall mature on September 15, 2053, in the principal amount of \$5,000,000 and shall bear interest at the rate of 7.50% per annum.

(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 Bonds.

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

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

Section 3.4. Medium, Method and Place of Payment.

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

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

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

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

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

(e) If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, legal holiday, or day on which banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are required or authorized by law or executive order to close, the date for such payment shall be the next succeeding day that is not a Saturday, Sunday, legal holiday, or day on which 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 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 years after the applicable payment or redemption date shall be applied to the next payment or payments on such Bonds thereafter coming due and, to the extent any such money remains after the retirement of all Outstanding Bonds, shall be paid to the City to be used for any lawful purpose. Thereafter, none of the City, the Paying Agent/Registrar, or any other Person shall be liable or responsible to any Owners of such Bonds for any further payment of such unclaimed moneys or on account of any such Bonds, subject to any applicable escheat law or similar law of the State of Texas.

Section 3.5. Execution and Registration of Bonds.

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

(b) In the event that any officer of the City whose manual or facsimile signature appears on the Bonds ceases to hold such office before the authentication of such Bonds or

before the delivery thereof, such manual or facsimile signature nevertheless shall be valid and sufficient for all purposes as if such officer had remained in such office.

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

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

Section 3.6. Ownership.

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

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

Section 3.7. Registration, Transfer and Exchange.

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

(b) A Bond shall be transferable only upon the presentation and surrender thereof at the Designated Payment/Transfer Office of the Paying Agent/Registrar with such endorsement

or other evidence of transfer as is acceptable to the Paying Agent/Registrar. No transfer of any Bond shall be effective until entered in the Register.

(c) The Bonds shall be exchangeable upon the presentation and surrender thereof at the Designated Payment/Transfer Office of the Paying Agent/Registrar for a Bond or Bonds of the same maturity and 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 presented for exchange.

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

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

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

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

Section 3.8. Cancellation.

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

Section 3.9. Temporary Bonds.

(a) Following the delivery and registration of the Initial Bond and pending the preparation of definitive Bonds, the proper officers of the City may execute and, upon the City's written request, the Trustee shall authenticate and deliver, one or more temporary Bonds that are printed, lithographed, typewritten, mimeographed or otherwise produced, in any denomination, substantially of the tenor of the definitive Bonds in lieu of which they are delivered,

without coupons, and with such appropriate insertions, omissions, substitutions and other variations as the officers of the City executing such temporary Bonds may determine, as evidenced by their signing of such temporary Bonds.

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

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

Section 3.10. 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 City or the Paying Agent/Registrar may require the Owner of such Bond to pay a sum sufficient to cover any tax or other governmental charge that is authorized to be imposed in connection therewith and any other expenses connected therewith.

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

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

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

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

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

(c) After the delivery of such replacement Bond, if a bona fide purchaser of the original Bond in lieu of which such replacement Bond was issued presents for payment such original Bond, the City and the Paying Agent/Registrar shall be entitled to recover such replacement Bond from the Person to whom it was delivered or any Person taking therefrom, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity

provided therefor to the extent of any loss, damage, cost, or expense incurred by the City, the Paying Agent/Registrar or the Trustee in connection therewith.

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

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

Section 3.11. Book-Entry Only System.

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

With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the City and the Paying Agent/Registrar shall have no responsibility or obligation to any DTC Participant or to any Person on behalf of whom such a DTC Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the City and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other Person, other than an Owner, as shown on the Register, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any other Person, other than an Owner, as shown in the Register of any amount with respect to principal of, premium, if any, or interest on the Bonds. Notwithstanding any other provision of this Indenture to the contrary, the City and the Paying Agent/Registrar shall be entitled to treat and consider the Person in whose name each Bond is registered in the Register as the absolute owner of such Bond for the purpose of payment of principal of, premium, if any, and interest on Bonds, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfer with respect to such Bond, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective Owners as shown in the Register, as provided in this Indenture, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to payment of principal of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No Person other than an Owner, as shown in the Register, shall receive a certificate evidencing the obligation of the City to make payments of amounts due pursuant to this Indenture. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Indenture with respect to interest checks or drafts being mailed to the registered owner at the close of business on the relevant Record Date, the word "Cede & Co." in this Indenture shall refer to such new nominee of DTC.

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

In the event that the City determines that DTC is incapable of discharging its responsibilities described herein and in the letter of representations from the City to DTC, the City shall (i) appoint a successor securities depository, qualified to act as such under Section 17A of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants of the appointment of such successor securities depository and transfer one or more separate Bonds 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 3.13. Payments to Cede & Co.

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

ARTICLE IV

REDEMPTION OF BONDS BEFORE MATURITY

Section 4.1. Limitation on Redemption.

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

Section 4.2. Mandatory Sinking Fund Redemption.

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

Term Bonds Maturing September 15, 2053

<u>Redemption Date</u>	<u>Sinking Fund Installment (\$)</u>
September 15, 2026	60,000
September 15, 2027	64,000
September 15, 2028	68,000
September 15, 2029	73,000
September 15, 2030	78,000
September 15, 2031	84,000

September 15, 2032	89,000
September 15, 2033	96,000
September 15, 2034	103,000
September 15, 2035	110,000
September 15, 2036	118,000
September 15, 2037	126,000
September 15, 2038	136,000
September 15, 2039	145,000
September 15, 2040	156,000
September 15, 2041	168,000
September 15, 2042	180,000
September 15, 2043	194,000
September 15, 2044	208,000
September 15, 2045	224,000
September 15, 2046	240,000
September 15, 2047	259,000
September 15, 2048	278,000
September 15, 2049	299,000
September 15, 2050	322,000
September 15, 2051	347,000
September 15, 2052	373,000
September 15, 2053*	402,000

*Stated Maturity

(b) At least 45 days prior to each mandatory sinking fund redemption date, and subject to any prior reduction authorized by subparagraphs (c) and (d) of this Section 4.2, the Trustee shall select a principal amount of 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 City, by the principal amount of any Bonds of such maturity which, at least 45 days prior to the mandatory sinking fund redemption date shall have been acquired by the City at a price not exceeding the principal amount of such Bonds plus accrued 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 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 City reserves the right and option to redeem the Bonds, before their scheduled maturity date, in whole or in part, on any date on or after September 15, 2033, such redemption date or dates to be fixed by the City, at the Redemption Price for such Bonds.

Section 4.4. Extraordinary Optional Redemption.

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

Section 4.5. Partial Redemption.

(a) If less than all of the Bonds are to be redeemed pursuant to Sections 4.2, 4.3, or 4.4, 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.

(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 rely on the directions provided in a City Certificate.

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

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

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

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

Section 4.6. Notice of Redemption to Owners.

(a) Upon written notification by the City to the Trustee of the exercise of any redemption, 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 portion thereof to be redeemed, at the address shown in the Register. So long as the Bonds 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 are to be surrendered for payment, and, if less than all the Outstanding Bonds are to be redeemed, and subject to Section 4.5 hereof, an identification of the Bonds or portions thereof to be redeemed, any conditions to such redemption and that on the redemption date, if all conditions, if any, to such redemption have been satisfied, such Bond shall become due and payable.

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

(d) The City has the right to rescind any optional redemption or extraordinary optional redemption described in Section 4.3 or 4.4 by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of redemption shall be cancelled and annulled if for any reason funds are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under 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, unless the Trustee has received funds sufficient to pay the Redemption Price of the Bonds to be redeemed before giving of a notice of redemption, the notice may state the City may condition redemption on the receipt of such funds by the Trustee on or before the date fixed for the redemption, or on the satisfaction of any other prerequisites set forth in the notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption are not satisfied and sufficient funds are not received, the notice shall be of no force and effect, the City shall not redeem the Bonds and the Trustee shall give notice, in the manner in which the notice of redemption was given, that the Bonds have not been redeemed.

Section 4.7. Payment Upon Redemption.

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

(b) Upon presentation and surrender of any Bond called for redemption at the Designated Payment/Transfer Office of the Trustee on or after the date fixed for redemption, the Trustee shall pay the Redemption Price on such Bond to the date of redemption from the moneys set aside for such purpose.

Section 4.8. Effect of Redemption.

Notice of redemption having been given as provided in Section 4.6 of this Indenture, the Bonds or portions thereof called for redemption shall become due and payable on the date fixed for redemption provided that funds for the payment of the Redemption Price of such Bonds to the

date fixed for redemption are on deposit with the Trustee; thereafter, such Bonds or portions thereof shall cease to bear interest from and after the date fixed for redemption, whether or not such Bonds are presented and surrendered for payment on such date.

ARTICLE V

FORM OF THE BONDS

Section 5.1. Form Generally.

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

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

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

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

Section 5.2. CUSIP Registration.

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

Section 5.3. Legal Opinion.

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

ARTICLE VI

FUNDS AND ACCOUNTS

Section 6.1. Establishment of Funds and Accounts.

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

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

(b) Creation of Accounts.

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

- (A) Bond Pledged Revenue Account.

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

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

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

- (A) Improvement Area #1 Improvements Account;
- (B) Improvement Area #1 Major Improvements Account;
- (C) Developer Improvement Account; and
- (D) Costs of Issuance Account.

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

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

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

(A) District Administration Account.

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

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

Section 6.2. Initial Deposits to Funds and Accounts.

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

- (i) to the Capitalized Interest Account of the Bond Fund: \$682,291.67;
- (ii) to the Reserve Account of the Reserve Fund: \$435,000.00;
- (iii) to the Improvement Area #1 Improvements Account of the Project Fund: \$1,261,369.94;
- (iv) to the Improvement Area #1 Major Improvements Account of the Project Fund: \$2,121,338.39;
- (v) to the Costs of Issuance Account of the Project Fund: \$280,000.00; and
- (vi) to the District Administration Account of the Administrative Fund: \$70,000.00.

(b) Funds received from the Developer on the Closing Date of the Bonds in the amount of \$595,388.67 shall be paid to the Trustee and deposited or transferred by the Trustee into the Developer Improvement Account of the Project Fund.

Section 6.3. Pledged Revenue Fund.

(a) On or before March 1 of each year while the Bonds are Outstanding and beginning March 1, 2024, the City shall deposit or cause to be deposited the Pledged Revenues into the Pledged Revenue Fund. From amounts deposited into the Pledged Revenue Fund, the City shall deposit or cause to be deposited Pledged Revenues as follows: (i) first, to the Bond Pledged Revenue Account of the Pledged Revenue Fund in an amount sufficient to pay debt service on the Bonds next coming due in such calendar year, (ii) second, to the Reserve Account of the Reserve Fund in an amount to cause the amount in the Reserve Account to equal the Reserve Account Requirement, in accordance with Section 6.7(a) hereof, (iii) third, to the Additional Interest Reserve Account of the Reserve Fund in an amount equal to the Additional Interest collected, if any, in accordance with Section 6.7(b) hereof, (iv) fourth, to pay Actual Costs of the Improvement Area #1 Projects, and (v) fifth, to pay other costs permitted by the PID Act.

(b) From time to time as needed to pay the obligations relating to the Bonds, but no later than five Business Days before each Interest Payment Date, the Trustee shall withdraw from the Bond Pledged Revenue Account and transfer to the Principal and Interest Account of the Bond Fund, an amount, taking into account any amounts then on deposit in such Principal and Interest Account and any expected transfers from the Capitalized Interest Account to the Principal and Interest Account, such that the amount on deposit in the Principal and Interest Account equals the principal (including any Sinking Fund Installments) and interest due on the Bonds 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, 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 Parcel(s) to which the Foreclosure Proceeds relate, second, to the Additional Interest Reserve Account to restore any transfers from the Additional Interest Reserve Account made with respect to the Assessed Parcel(s) to which the Foreclosure Proceeds relate, and third, to the Redemption Fund.

(f) After satisfaction of the requirement to provide for the payment of the principal and interest on the Bonds and to fund any deficiency that may exist in an account of the Reserve Fund, and the other deposits described in (a) above the City may direct the Trustee, by City Certificate, to apply Assessments for any lawful purposes permitted by the PID Act for which Assessments may be paid, including transfers to the Redemption Fund.

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

Section 6.4. Bond Fund.

(a) On each Interest Payment Date, the Trustee shall withdraw from the Principal and Interest Account and transfer to the Paying Agent/Registrar the principal (including any Sinking Fund Installments) and/or interest then due and payable on the Bonds, less any amount to be used to pay interest on the Bonds 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>
March 15, 2024	119,791.67
September 15, 2024	187,500.00
March 15, 2025	187,500.00
September 15, 2025	187,500.00

Any amounts on deposit in the Capitalized Interest Account after the payment of interest on the dates and in the amounts listed above shall be transferred to the Improvement Area #1 Improvements Account of the Project Fund or the Improvement Area #1 Major Improvements Account of the Project Fund, as directed by City Certificate, or if the Improvement Area #1 Improvements Account of the Project Fund and the Improvement Area #1 Major Improvements Account of the Project Fund have 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. Money on deposit in the Improvement Area #1 Improvements Account of the Project Fund shall only be used to pay Actual Costs of Improvement Area #1 Improvements and money on deposit in the Improvement Area #1 Major Improvements Account of the Project Fund shall only be used to pay Actual Costs of Improvement Area #1 Major Improvements. Money on deposit in the Developer Improvement Account of the Project Fund shall only be used, subject to the withdrawal restriction provided in Section 6.5(c) below, to pay the Actual Costs of the Improvement Area #1 Projects.

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

(c) Disbursements from the other Accounts of the Project Fund to pay Actual Costs of the Improvement Area #1 Projects shall be made by the Trustee upon receipt by the Trustee of either a properly executed and completed Certification for Payment or written direction from the City or its designee approving the disbursement to the Developer or the Developer's designee. The disbursement of funds from the Improvement Area #1 Improvements Account of the Project Fund, the Improvement Area #1 Major Improvements Account of the Project Fund, or the Developer Improvement Account of the Project Fund pursuant to a Certification for Payment shall be pursuant to and in accordance with the disbursement procedures described in the Improvement Area #1 Projects Construction, Funding, and Acquisition Agreement; provided, however, that all disbursement of funds for the Actual Costs of Improvement Area #1 Improvements made pursuant to a Certification of Payment shall be made first, from the Improvement Area #1 Improvements Account, and second, from the Developer Improvement Account and all disbursements of funds for the Actual Costs of the Improvement Area #1 Major Improvements shall be made first, from the Improvement Area #1 Major Improvements Account,

and second, from the Developer Improvement Account. Such provisions and procedures related to such disbursements contained in the Improvement Area #1 Projects Construction, Funding, and Acquisition Agreement, are herein incorporated by reference and deemed set forth herein in full.

(d) If the City Representative determines in his or her sole discretion that amounts then on deposit in the Improvement Area #1 Improvements Account of the Project Fund or the Improvement Area #1 Major Improvements Account of the Project Fund are not expected to be expended for purposes of the such Account due to the abandonment, or constructive abandonment, of the Improvement Area #1 Improvements or the Improvement Area #1 Major Improvements, respectively, such that, in the opinion of the City Representative, it is unlikely that the amounts in the Improvement Area #1 Improvements Account of the Project Fund or the Improvement Area #1 Major Improvements Account of the Project Fund will ever be expended for the purposes of such Account, the City Representative shall file a City Certificate with the Trustee which identifies the amounts then on deposit in the Improvement Area #1 Improvements Account of the Project Fund and/or the Improvement Area #1 Major Improvements Account of the Project Fund that are not expected to be used for purposes of such Account. If such City Certificate is so filed, the amounts on deposit in the Improvement Area #1 Improvements Account of the Project Fund and/or the Improvement Area #1 Major Improvements Account of the Project Fund shall be transferred to the Redemption Fund to redeem Bonds 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 City Representative may conclusively rely upon a certificate of an Independent Financial Consultant.

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

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

Section 6.6. Redemption Fund.

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

Section 6.7. Reserve Fund.

(a) The City agrees with the Owners of the Bonds to accumulate from the deposits described in Sections 6.2 and 6.3(a) hereof, and when accumulated, maintain in the Reserve Account of the Reserve Fund, an amount equal to not less than the Reserve Account Requirement, except to the extent such deficiency is due to the application of Section 6.7(d) hereof. All amounts deposited in the Reserve Account of the Reserve Fund shall be used and withdrawn by the Trustee for the purpose of making transfers to the Principal and Interest Account of the Bond Fund, as provided in this Indenture.

(b) The Trustee, if needed, will transfer from the Bond Pledged Revenue Account of the Pledged Revenue Fund to the Additional Interest Reserve Account on March 15 and September 15 of each year, commencing March 15, 2024, an amount equal to the Additional Interest collected, if any, until the Additional Interest Reserve Requirement has been accumulated in the Additional Interest Reserve Account. If the amount on deposit in the Additional Interest Reserve Account shall at any time be less than the Additional Interest Reserve Requirement, the Trustee shall notify the City, in writing, of the amount of such shortfall, and the City shall resume collecting the Additional Interest and shall file a City Certificate with the Trustee instructing the Trustee to resume depositing the Additional Interest from the Bond Pledged Revenue Account of the Pledged Revenue Fund into the Additional Interest Reserve Account until the Additional Interest Reserve Requirement has been accumulated in the Additional Interest Reserve Account; provided, however, that the City shall not be required to replenish the Additional Interest Reserve Account in the event funds are transferred from the Additional Interest Reserve Account to the Redemption Fund as a result of an extraordinary optional redemption of Bonds from the proceeds of a Prepayment pursuant to Section 4.4 of this Indenture. In the event the amount on deposit in the Additional Interest Reserve Account is less than the Additional Interest Reserve Requirement, then the deposits described in the immediately preceding sentence shall continue until the Additional Interest Reserve Account has been fully replenished. If, after such deposits, there is surplus Additional Interest remaining, the Trustee shall transfer such surplus Additional Interest to the Redemption Fund, and shall notify the City of such transfer in writing. In calculating the amounts to be transferred pursuant to this Section, the Trustee may conclusively rely on the Annual Installments as shown on the Improvement Area #1 Assessment Roll in the Service and Assessment Plan or an Annual Service Plan Update unless and until it receives a City Certificate directing that a different amount be used.

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

(d) Whenever Bonds are to be redeemed with the proceeds of Prepayments pursuant to Section 4.4, the Trustee shall transfer, on the Business Day prior to the redemption date (or on such other date as agreed to by the City and the Trustee), from the Reserve Account of the Reserve Fund to the Redemption Fund, an amount specified in a City Certificate to be applied to the redemption of the Bonds. The amount so transferred from the Reserve Account of the Reserve Fund shall be equal to the principal amount of Bonds 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 prior to the redemption, and (ii) the amount actually in the Reserve Account of the Reserve Fund divided by the principal amount of Outstanding Bonds prior to the redemption. If after such transfer, and after applying investment earnings on the 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 to be redeemed, as identified in a City Certificate as a result of such Prepayments and as a result of the transfer from the Reserve Account under this Section 6.7(d), the Trustee shall transfer an amount equal to the shortfall, and/or any additional amounts necessary to permit the Bonds 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.

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

(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 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, 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.

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

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

Section 6.8. Rebate Fund; Rebate Amount.

(a) There is hereby established a special fund of the City to be designated "City of Plano, 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 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 City and shall not be required to take any action under this Section and Section 7.5(h) in the absence of written instructions from the City.

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

Section 6.9. Administrative Fund.

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

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

Section 6.10. Investment of Funds.

(a) Money in any Fund or Account established pursuant to this Indenture shall be invested by the Trustee, as directed by the City pursuant to a City Certificate, filed with the Trustee at least two days in advance of the making of such investment. The money in any Fund or Account shall be invested in time deposits or certificates of deposit secured in the manner required by law for public funds, or be invested in direct obligations of, including obligations the principal and interest on which are unconditionally guaranteed by, the United States of America, in obligations of any agencies or instrumentalities thereof, or in such other investments as are permitted under the Public Funds Investment Act, Texas Government Code, Chapter 2256, as amended, or any successor law, as in effect from time to time; provided that all such deposits and investments shall be made in such manner (which may include repurchase agreements for such investment with any primary dealer of such agreements) that the money required to be

expended from any Fund will be available at the proper time or times. Notwithstanding the preceding sentence, amounts in the Additional Interest Reserve Account may not be invested above the Yield (as defined in Section 7.5(a) hereof) on the Bonds, unless and until the City receives a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that such investment and/or the failure to comply with such yield restriction will not adversely affect the exemption from federal income tax of the interest on any Bond. Investments shall be valued each year in terms of current market value as of September 30. For purposes of maximizing investment returns, to the extent permitted by law, money in such Funds or Accounts may be invested in common investments of the kind described above, or in a common pool of such investment which shall be kept and held at an official depository bank, which shall not be deemed to be or constitute a commingling of such money or funds provided that safekeeping receipts or certificates of participation clearly evidencing the investment or investment pool in which such money is invested and the share thereof purchased with such money or owned by such Fund or Account are held by or on behalf of each such Fund or Account. If necessary, such investments shall be promptly sold to prevent any default. To ensure that cash on hand is invested, if the City does not give the Trustee written or timely instructions with respect to investments of funds, the Trustee is hereby directed to invest and re-invest cash balances in Wilmington U.S. Government Money Market Fund – Institutional Share Class (CUSIP 97181C605); provided, however, that money required to be expended from any Fund or Account will be available at the proper time or times.

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

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

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

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

(f) The Trustee may conclusively rely on City Certificates pursuant to Section 6.10(a) that such an investment will comply with the City's investment policy and with the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended.

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

Section 7.2. Collection and Enforcement of Assessments.

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

(b) The City will determine or cause to be determined, no later than March 1 of each year, whether or not any Annual Installment is delinquent and, if such delinquencies exist, the City will order and cause to be commenced as soon as practicable any and all appropriate and legally permissible actions to obtain such Annual Installment, and any delinquent charges and interest thereon, including diligently prosecuting an action in district court to foreclose the currently delinquent Annual Installment. Notwithstanding the foregoing, the City shall not be required under any circumstances to purchase or make payment for the purchase of the delinquent Assessment or the corresponding Assessed Parcel. Furthermore, nothing shall obligate the City, the City Attorney, or any appropriate designee to undertake collection or foreclosure actions against delinquent accounts in violation of applicable state law, court order, or existing contractual provisions between the City and its appropriate collections enforcement designees.

Section 7.3. Against Encumbrances.

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

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

Section 7.4. Records, Accounts, Accounting Reports.

The City hereby covenants and agrees that so long as any of the Bonds or any interest thereon remain Outstanding and unpaid, and/or the obligation to the Developer to pay it for funds it has contributed to pay Actual Costs of the Improvement Area #1 Projects in accordance with the Improvement Area #1 Projects Construction, Funding, and Acquisition Agreement remain outstanding and unpaid, it will keep and maintain a proper and complete system of records and accounts pertaining to the Assessments. The Trustee and the Owners of any Bonds or any duly authorized agent or agents of such holders shall have the right at all reasonable times to inspect all such records, accounts, and data relating thereto, upon written request to the City by the Trustee or duly authorized representative, as applicable. The City shall provide the Trustee or duly authorized representative, as applicable, an opportunity to inspect such books and records relating to the Bonds during the City's regular business hours and on a mutually agreeable date not later than thirty days after the City receives such request.

Section 7.5. Covenants to Maintain Tax-Exempt Status.

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

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

(c) No Private Use or Private Payments. Except as permitted by Section 141 of the Code and the Regulations and rulings thereunder, the City shall at all times prior to the last Stated Maturity of 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 City or interest earned on investments acquired with such Gross Proceeds pending application for their intended purposes.

(d) No Private Loan.

(i) Except to the extent permitted by Section 141 of the Code and the Regulations and rulings thereunder, the City shall not use Gross Proceeds of 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 City covenants and agrees that the levied Assessments will meet the requirements of the "tax assessment loan exception" within the meaning of Section 1.141-5(d) of the Regulations on the date 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 City 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 City 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 City shall timely file the information required by Section 149(e) of the Code with the Secretary of the Treasury on Form 8038-G or such other form and in such place as the Secretary may prescribe.

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

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

(ii) Not less frequently than each Computation Date, the City 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 City 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.

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

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

(i) Not to Divert Arbitrage Profits. Except to the extent permitted by Section 148 of the Code and the Regulations and rulings thereunder, the City shall not, at any time prior to the earlier of the Stated Maturity or final payment of the Bonds, 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 City hereby directs and authorizes the Mayor, Mayor Pro Tem, City Secretary, City Manager or Director of Finance, 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 CITY

The City shall not incur any responsibility in respect of the Bonds or this Indenture other than in connection with the duties or obligations explicitly herein or in the Bonds assigned to or imposed upon it. The City shall not be liable in connection with the performance of its duties hereunder, except for its own willful default or act of bad faith. The City shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions covenants

or agreements of the Trustee herein or of any of the documents executed by the Trustee in connection with the Bonds, or as to the existence of a default or event of default thereunder.

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

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

Neither the Owners nor any other Person shall have any claim against the City or any of its officers, officials, agents, or employees for damages suffered as a result of the City's failure to perform in any respect any covenant, undertaking, or obligation under any Bond Documents or as a result of the incorrectness of any representation in, or omission from, any of the Bond Documents, except to the extent that any such claim relates to an obligation, undertaking, representation, or covenant of the City, in accordance with the Bond Documents and the PID Act. Any such claim shall be payable only from the Trust Estate, 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 City or any of its officers, officials, agents, or employees to enforce the provisions of any of the Bond Documents or to enforce all rights of the Owners of the Bonds by mandamus or other proceeding at law or in equity.

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

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

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

ARTICLE IX

THE TRUSTEE

Section 9.1. Trustee as Paying Agent/Registrar.

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

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 to the extent the same shall have been finally adjudicated by a court of competent jurisdiction to have directly resulted from its own negligence or willful misconduct; provided, however, the Trustee may not request nor require indemnification as a condition to making any deposits, payments, or transfers when required hereunder, or delivering any notice when required hereunder. Nevertheless, the Trustee may begin suit, or appear in and defend suit, or do anything else in its judgment proper to be done by it as the Trustee, without indemnity, and in such case the Trustee may make transfers from the District Administration Account of 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 Outstanding hereunder.

Section 9.3. Responsibilities of the Trustee.

The Trustee accepts the trusts imposed upon it by this Indenture, and agrees to observe and perform those trusts, but only upon and subject to the terms and conditions set forth in this Article, to all of which the parties hereto and the Owners agree.

(a) Prior to the occurrence of an Event of Default of which the Trustee has been notified, and after the cure or waiver of all defaults or Events of Default which may have occurred,

(i) the Trustee undertakes to perform only those duties and obligations which are set forth specifically and expressly in this Indenture, and no duties or obligations shall be implied to the Trustee these duties shall be deemed purely ministerial in nature, and the Trustee shall not be liable except for the performance of such duties, and no implied covenants shall be read into this Indenture against the Trustee; and

(ii) in the absence of bad faith on its part, the Trustee may rely conclusively, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are required specifically to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform on their face to the requirements of this Indenture.

(b) In case an Event of Default has occurred and is continuing hereunder (of which the Trustee has been notified in writing, or is deemed to have notice), 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 their exercise as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

(c) No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that

(i) this subparagraph shall not be construed to affect the limitation of the Trustee's duties and obligations provided in subparagraph (a)(1) of this Section or the Trustee's right to rely on the truth of statements and the correctness of opinions as provided in subparagraph (a)(2) of this Section;

(ii) the Trustee shall not be liable for any error of judgment made in good faith by any one of its officers, employees, or agents, unless it shall be established that the Trustee was negligent in ascertaining the pertinent facts;

(iii) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the controlling Owners relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture; and

(iv) no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers if it shall have grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not assured to it.

(d) The recitals contained in this Indenture and in the Bonds shall be taken as the statements of the City and the Trustee assumes no responsibility for 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 or with respect to the security afforded by this Indenture, and the Trustee shall incur no liability with respect thereto. Except as otherwise expressly provided in this Indenture, the Trustee shall have no responsibility or duty with respect to: (i) the issuance of Bonds for value; (ii) the application of the proceeds thereof, except to the extent that such proceeds are received by it in its capacity as Trustee; (iii) the application of any moneys paid to the City or others in accordance with this Indenture, except as to the application of any moneys paid to it in its capacity as Trustee; or (iv) any calculation of arbitrage or rebate under the Code.

The Trustee has the right to act through agents and attorneys and shall have no liability for the negligence or willful misconduct of the agents and attorneys appointed by it with due care.

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

(f) The Trustee shall not be liable for any action taken or omitted by it in the performance of its duties under this Indenture, except for its own negligence or willful misconduct. In no event shall the Trustee be liable for incidental, indirect, special, punitive, or consequential damages (including, but not limited to, loss of profit) in connection with or arising from this Indenture for the existence, furnishing or use of the Improvement Area #1 Projects, irrespective of whether the Trustee has been advised of the likelihood of such loss or damage regardless of the form of action. The Trustee will not be liable with respect to any action taken or omitted to be taken in good faith in accordance with the written direction of the Owners of not less than a majority in principal amount of the Bonds then Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture.

(g) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care.

(h) Except for its certificate of authentication on the Bonds, the Trustee shall not be responsible for:

(i) the validity, priority, recording, re-recording, filing or re-filing of this Indenture or any Supplemental Indenture,

(ii) any instrument or document of further assurance or collateral assignment,

(iii) the filing of any financing statements, amendments thereto or continuation statements,

(iv) insurance of the Improvement Area #1 Projects or collection of insurance money,

(v) the validity of the execution by the City of this Indenture, any Supplemental Indenture or instruments or documents of further assurance, or

(vi) the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby.

(i) The Trustee shall not be accountable for the application by any Person of the proceeds of any Bonds authenticated or delivered hereunder; provided the Trustee follows the written instructions provided by the City with respect to the use of the proceeds of the Bonds.

(j) The Trustee may request, conclusively rely on and shall be protected, in the absence of bad faith or negligence on its part, in acting upon any notice, request, direction,

consent, certificate, order, affidavit, letter, telegram or other paper or document reasonably believed by it to be genuine and correct and to have been signed or sent by the proper Person or Persons. Any action taken by the Trustee pursuant to this Indenture upon the direction, request, authority or consent of any Person who is the Owner of any Bonds at the time of making the request or giving the authority or consent, shall be conclusive and binding upon all future Owners of the same Bond and of Bonds issued in exchange therefor or in place thereof.

(k) The Trustee shall not be required to take notice, and shall not be deemed to have notice, of any default or Event of Default, except Events of Default described in Section 11.1(a), unless the Trustee shall be notified specifically of the default or Event of Default in a written instrument or document delivered to it by the City or by the Owners of more than 50% of the aggregate outstanding principal amount of Bonds. In the absence of delivery of a notice satisfying those requirements, the Trustee may assume conclusively that there is no Event of Default, except as noted above.

(l) The Trustee shall not be required to give any bond or surety with respect to the execution of these trusts and powers or otherwise in respect of the premises.

(m) Any resolution by the City, and any opinions, certificates and other instruments and documents for which provision is made in this Indenture, may be accepted by the Trustee, in the absence of bad faith on its part, as conclusive evidence of the facts and conclusions stated therein and shall be full warrant, protection and authority to the Trustee for its actions taken hereunder.

(n) The Trustee shall be entitled to file proofs of claim in bankruptcy at the direction of no less than 50% of the Owners. Ordinary trustee and paying agent/registrar fees and expenses and extraordinary fees and expenses of the Trustee and the Paying Agent/Registrar incurred hereunder are intended to constitute administrative expenses in bankruptcy.

(o) The Trustee's immunities and protections from liability and its right to indemnification in connection with the performance of its duties under this Indenture shall extend to the Trustee's officers, directors, agents, attorneys and employees. Such immunities and protections and rights to indemnification, together with the Trustee's right to compensation for trustee and paying agent/registrar services shall survive the Trustee's resignation or removal, the discharge of this Indenture, and final payment of the Bonds.

(p) In no event shall the Trustee be responsible or liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit), irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

(q) The Trustee shall have no responsibility with respect to any information, statement or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds, except for any information provided by the Trustee, and shall have no responsibility for compliance with any state or federal securities laws in connection with the Bonds.

(r) The permissive right 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 negligence or willful misconduct.

(s) The Trustee shall not be responsible or liable for the environmental condition or any contamination of the Improvement Area #1 Projects or any real property or improvements related thereto or for any diminution in value of the same as a result of any contamination by any hazardous substance, hazardous material, pollutant or contaminant. The Trustee shall not be liable for any claims by or on behalf of the Owners or any other person or entity arising from contamination by any hazardous substance, hazardous material, pollutant or contaminant, and shall have no duty or obligation to assess the environmental condition of the Improvement Area #1 Projects or any real property or improvements related thereto or with respect to compliance thereof under state or federal laws pertaining to the transport, storage, treatment or disposal of, hazardous substances, hazardous materials, pollutants, or contaminants or regulations, permits or licenses issued under such laws.

(t) Neither the Trustee nor any of its directors, officers, employees, agents or affiliates shall be responsible for nor have any duty to monitor the performance or any action of the City, or any of its directors, members, officers, agents, affiliates or employee, nor shall it have any liability in connection with the malfeasance or nonfeasance by such party. The Trustee may assume performance by all such Persons of their respective obligations. The Trustee shall have no enforcement or notification obligations relating to breaches of representations or warranties of any other person.

(u) In the event that any assets held hereunder shall be attached, garnished or levied upon by any court order, or the delivery thereof shall be stayed or enjoined by an order of a court, or any order, judgment or decree shall be made or entered by any court order affecting such assets, the Trustee is hereby expressly authorized, in its sole discretion, to respond as it deems appropriate or to comply with all writs, orders or decrees so entered or issued, or which it is advised by legal counsel of its own choosing is binding upon it, whether with or without jurisdiction. In the event that the Trustee obeys or complies with any such writ, order or decree it shall not be liable to any of the Parties or to any other person, firm or corporation, should, by reason of such compliance notwithstanding, such writ, order or decree be subsequently reversed, modified, annulled, set aside or vacated.

(v) The Trustee shall not be responsible or liable for any failure or delay in the performance of its obligations under this Indenture arising out of or caused, directly or indirectly, by circumstances beyond its control, including without limitation, any act or provision of any present or future law or regulation or governmental authority; acts of God; earthquakes; fires; floods; wars; terrorism; civil or military disturbances; sabotage; epidemics; riots; interruptions, loss or malfunctions of utilities, computer (hardware or software) or communications service; accidents; labor disputes; acts of civil or military authority or governmental actions; or the unavailability of the Federal Reserve Bank wire or telex or other wire or communication facility.

Section 9.4. Property Held in Trust.

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

Section 9.5. Trustee Protected in Relying on Certain Documents.

The Trustee may request and conclusively rely and shall be protected in acting or refraining from acting upon any resolution, order, notice, request, consent, waiver, certificate,

statement, instrument, opinion, report, direction, affidavit, requisition, bond, debenture, note, 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 reasonably 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. Subject to Section 9.1 and 9.3 hereof, the Trustee may consult with counsel, selected by the Trustee with due care, who may or may not be Bond Counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered, or omitted to be taken by it in good faith and in accordance therewith.

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

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

Section 9.6. Compensation.

The City hereby agrees to compensate the Trustee, from the amount collected each year for Annual Collection Costs and in the manner set forth in this section, for the Trustee's services as Trustee and as Paying Agent/Registrar; provided, however, notwithstanding anything herein to the contrary, the aggregate value of this Indenture shall not exceed the dollar limitation set forth in Sections 2274.002(a)(2) and 2276.002(a)(2) of the Texas Government Code, as amended. The Trustee hereby agrees that the fees it is to be paid for each fiscal year will not cause the aggregate compensation received by the Trustee pursuant to the terms of this Indenture to exceed the limitation set forth in Sections 2274.002(a)(2) and 2276.002(a)(2), as amended.

The Trustee hereby agrees to submit to the City and/or the Administrator an annual report, no later than six months after each Bond Year, beginning with the Bond Year ending September 15, 2024, setting forth (i) the amount of fees the Trustee has received pursuant to the terms of this Indenture for the preceding Bond Year and (ii) the cumulative amount of fees paid to the Trustee pursuant to the terms of the Indenture to the date of the annual report. The Trustee hereby authorizes the City to include such information as a part of the City's continuing disclosure obligation in connection with the Bonds and to confirm compliance with the provisions of this Indenture and for no other purpose.

Unless otherwise provided by contract with the Trustee, the Trustee shall transfer from the District Administration Account of the Administrative Fund, from time to time, reasonable

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

In the event that the Trustee renders any service not contemplated in this Indenture, or if any material controversy arises hereunder, or the Trustee is made a party to any litigation pertaining to this Indenture or the subject matter hereof, then the Trustee shall be compensated from any and all funds at any time held by it for such extraordinary services and any services or work performed by Trustee in connection with any delay, controversy, litigation or event, and reimbursed for all costs and expenses, including reasonable attorneys' fees and expenses, occasioned by any such delay, controversy, litigation or event.

Section 9.7. Permitted Acts.

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

Section 9.8. Resignation of Trustee.

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

Section 9.9. Removal of Trustee.

The Trustee may be removed at any time on 30 days' advance written notice to the Trustee by (i) the Owners of at least a majority of the aggregate Outstanding principal of the Bonds by an instrument or concurrent instruments in writing signed and acknowledged by such Owners or by their attorneys-in-fact, duly authorized and delivered to the City, or (ii) the City, so long as the City is not in default under this Indenture. Copies of each such instrument shall be delivered by the City to the Trustee and any successor thereof. The Trustee may also be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in

accordance with, any provision of this Indenture with respect to the duties and obligations of the Trustee by any court of competent jurisdiction upon the application of the City or the Owners of not less than 10% of the aggregate Outstanding principal of the Bonds.

Section 9.10. Successor Trustee.

(a) 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.

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

(c) Unless such successor Trustee shall have been appointed by the Owners of the Bonds, the City shall forthwith (and in no event in excess of 30 days after such vacancy occurs) appoint a Trustee to act hereunder. Copies of any instrument of the City providing for any such appointment shall be delivered by the City to the Trustee so appointed. The City shall mail notice of any such appointment to each Owner of any Outstanding Bonds within 30 days after such appointment. Any appointment of a successor Trustee made by the City immediately and without further act shall be superseded and revoked by an appointment subsequently made by the Owners of Bonds in accordance with the immediately preceding paragraph.

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

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

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

(g) Trustee shall not be responsible for or liable for the acts or omissions of any successor trustee, nor shall it be responsible or liable for any costs of appointment or transition of such successor trustee.

Section 9.11. Transfer of Rights and Property to Successor Trustee.

Any successor Trustee appointed under the provisions of Section 9.10 shall execute, acknowledge, and deliver to its predecessor and the City an instrument in writing accepting such appointment, and thereupon such successor, without any further act, deed, or conveyance, shall become fully vested with all moneys, estates, properties, rights, immunities, powers, duties, obligations, and trusts of its predecessor hereunder, with like effect as if originally appointed as Trustee. However, the Trustee then ceasing to act shall nevertheless, on request of the City or of such successor, execute, acknowledge, and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor all the rights, immunities, powers, and trusts of such Trustee and all the right, title, and interest of such Trustee in and to the Trust Estate, and shall pay over, assign, and deliver to such successor any moneys or other properties subject to the trusts and conditions herein set forth. Should any deed, conveyance, or instrument in writing from the City be required by such successor for more fully and certainly vesting in and confirming to it any such moneys, estates, properties, rights, powers, duties, or obligations, any and all such deeds, conveyances, and instruments in writing, on request and so far as may be authorized by law, shall be executed, acknowledged, and delivered by the City.

Section 9.12. Merger, Conversion or Consolidation of Trustee.

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

Section 9.13. Trustee to File Continuation Statements.

If necessary, the Trustee shall file or cause to be filed, such continuation statements as are delivered to the Trustee by the City, or on behalf of the City, and which may be required by the Texas Uniform Commercial Code, as from time to time in effect (the "UCC"), in order to continue perfection of the security interest of the Trustee in such items of tangible or intangible personal property and any fixtures as may have been granted to the Trustee pursuant to this Indenture in the time, place and manner required by the UCC. Under no circumstances shall the Trustee have an obligation or responsibility to file such financing statements or continuation statements except as provided in this Section.

Section 9.14. Construction of Indenture.

The Trustee may construe any of the provisions of this Indenture insofar as the same may appear to be ambiguous or inconsistent with any other provision hereof, and any construction of any such provisions hereof by the Trustee in good faith shall be binding upon the Owners of the Bonds. Permissive rights of the Trustee are not to be construed as duties.

ARTICLE X

MODIFICATION OR AMENDMENT OF THIS INDENTURE

Section 10.1. Amendments Permitted.

(a) This Indenture and the rights and obligations of the City and of the Owners of the Bonds may be modified or amended at any time by a Supplemental Indenture, except as provided below, pursuant to the affirmative vote at a meeting of Owners of the Bonds, or with the written consent without a meeting, of the Owners of at least 51% of the aggregate principal amount of the Bonds then Outstanding. No such modification or amendment shall (i) extend the maturity of any Bond or reduce the interest rate thereon, or otherwise alter or impair the obligation of the City to pay the principal of, and the interest and any premium on, any Bond, without the express consent of the Owner of such Bond, or (ii) permit the creation by the City of any pledge or lien upon the Trust Estate superior to or on a parity with the pledge and lien created for the benefit of the Bonds (except as otherwise permitted by Applicable Laws and this Indenture), or reduce the percentage of Owners of Bonds required for the amendment hereof. Any such amendment may not modify any of the rights or obligations of the Trustee without its written consent.

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

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

(ii) to make modifications not adversely affecting any Outstanding Bonds in any material respect;

(iii) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in this Indenture, or in regard to questions arising under this Indenture, as the City and the Trustee may deem necessary or desirable and not inconsistent with this Indenture, and that shall not adversely affect the rights of the Owners of the Bonds;

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

(v) to appoint or accept a successor trustee in accordance with the provisions of Section 9.10 hereof; provided, however, in no event shall this provision limit the Owners ability to appoint a successor trustee pursuant to Section 9.10(b) hereof; and

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

(c) Any modification or amendment made pursuant to Section 10.2(b) shall not be subject to the notice procedures specified in Section 10.3 below.

(d) Notwithstanding the above, no Supplemental Indenture under this Section shall be effective unless the City first delivers to the Trustee an opinion of Bond Counsel to the effect that such amendment or supplement: (i) is permitted under Applicable Laws and the provisions of this Indenture in effect after taking into account the proposed amendment or supplement; (ii) will not adversely affect the interests of the Owners in any material respect; provided, however, that an appointment of a successor trustee in accordance with the provisions hereof and the issuance of Refunding Bonds in accordance with the provisions of Section 13.2 hereof are each deemed to not be a material adverse effect for purposes of such opinion; and (iii) will not adversely affect the exclusion of interest on any Bond from gross income for purposes of federal income taxation.

Section 10.2. Owners' Meetings.

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

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

The City and the Trustee may at any time adopt a Supplemental Indenture amending the provisions of the Bonds 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 from whom consent is required under this Indenture, but failure to mail copies of such Supplemental Indenture and request shall not affect the validity of the Supplemental Indenture when assented to as in this Section provided.

Such Supplemental Indenture shall not become effective unless there shall be filed with the Trustee the written consents of the Owners as required by this Indenture and a notice shall have been mailed as hereinafter in this Section provided and the City or Bond Counsel, acting on the City's behalf, has delivered to the Trustee an opinion of Bond Counsel to the effect that such amendment is permitted and will not adversely affect the exclusion of interest on any Bond from gross income for purposes of federal income taxation. Each such consent shall be effective only if accompanied by proof of ownership of the Bonds 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 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 shall have filed their consents to the Supplemental Indenture, the City shall mail a notice to the Owners in the manner hereinbefore provided in this Section for the mailing of the Supplemental Indenture, stating in substance that the Supplemental Indenture has been consented to by the Owners of the required percentage of Bonds and will be effective as provided in this Section (but failure to mail copies of said notice shall not affect the validity of the Supplemental Indenture or consents thereto). Proof of the mailing of such notice shall be filed with the Trustee. A record, consisting of the papers required by this Section 10.3 to be filed with the Trustee, shall be proof of the matters therein stated until the contrary is proved. The Supplemental Indenture shall become effective upon the filing with the Trustee of the proof of mailing of such notice, and the Supplemental Indenture shall be

deemed conclusively binding (except as otherwise hereinabove specifically provided in this Article) upon the City and the Owners of all Bonds at the expiration of 60 days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such sixty-day period.

Section 10.4. Effect of Supplemental Indenture.

From and after the time any Supplemental Indenture becomes effective pursuant to this Article X, this Indenture shall be deemed to be modified and amended in accordance therewith, the respective rights, duties, and obligations under this Indenture of the City, the Trustee, and all Owners of Outstanding Bonds 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 Issued After Amendments.

The City may determine that Bonds issued and delivered after the effective date of any action taken as provided in this Article X shall bear a notation, by endorsement or otherwise, in form approved by the City, as to such action. In that case, upon demand of the Owner of any Bond Outstanding at such effective date and presentation of his Bond for that purpose at the designated office of the Trustee or at such other office as the City may select and designate for that purpose, a suitable notation shall be made on such Bond. The City may determine that new Bonds, so modified as in the opinion of the City is necessary to conform to such Owners' action, shall be prepared, executed, and delivered. In that case, upon demand of the Owner of any Bonds then Outstanding, such new Bonds shall be exchanged at the designated office of the Trustee without cost to any Owner, for Bonds then Outstanding, upon surrender of such Bonds.

Section 10.6. Amendatory Endorsement of Bonds.

The provisions of this Article X shall not prevent any Owner from accepting any amendment as to the particular Bonds held by such Owner, provided that due notation thereof is made on such Bonds.

Section 10.7. Waiver of Default.

With the written consent of at least a majority of the Owners in aggregate principal amount of the Bonds then Outstanding, the Owners may waive non-compliance by the City with certain past defaults under the Indenture and their consequences. Any such consent shall be conclusive and binding upon the Owners and upon all future Owners.

Section 10.8. Execution of Supplemental Indenture.

In executing, or accepting the additional trusts created by, any Supplemental Indenture permitted by this Article or the modification thereby of the trusts created by this Indenture, the Trustee shall receive, and shall be fully protected in relying upon, an opinion of counsel addressed and delivered to the Trustee and the City stating that the execution of such Supplemental Indenture is permitted by and in compliance with this Indenture. The Trustee may, but shall not

be obligated to, enter into any such Supplemental Indenture which affects the Trustee's own rights, duties and immunities under this Indenture.

ARTICLE XI

DEFAULT AND REMEDIES

Section 11.1. Events of Default.

(a) Each of the following occurrences or events shall be and is hereby declared to be an "Event of Default," to wit:

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

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

(iii) The failure to make payment of the principal of or interest on any of the Bonds 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 City to make the payments; and

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

(b) Nothing in Section 11.1(a) will be an Event of Default if it is in violation of any applicable state law or court order.

Section 11.2. Immediate Remedies for Default.

(a) Subject to Article VIII, upon the happening and continuance of any of the Events of Default described in Section 11.1, the Trustee may, and at the written direction of the Owners of at least 25% of the Bonds then Outstanding and its receipt of indemnity satisfactory to it, shall proceed against the City for the purpose of protecting and enforcing the rights of the Owners under this Indenture, by action seeking mandamus or by other suit, action, or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief to the extent permitted by this Indenture or by Applicable Laws, including, but not limited to, the specific performance of any covenant or agreement contained herein, or injunction; provided, however, that no action for money damages against the City may be sought or shall be permitted. The Trustee retains the right to obtain the advice of counsel in its exercise of remedies of default.

(b) THE PRINCIPAL OF THE BONDS 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, in the selection of Trust Estate assets to be used in the payment of Bonds due under this Article, the City shall determine, in its absolute discretion, and shall instruct

the Trustee by City Certificate, which Trust Estate assets shall be applied to such payment and shall not be liable to any Owner or other Person by reason of such selection and application. In the event that the City shall fail to deliver to the Trustee such City Certificate, the Trustee shall select and liquidate or sell Trust Estate assets as provided in the following paragraph, and shall not be liable to any Owner, or other Person, or the City by reason of such selection, liquidation or sale.

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

Section 11.3. Restriction on Owner's Action.

(a) No Owner shall have any right to institute any action, suit or proceeding at law or in equity for the enforcement of this Indenture or for the execution of any trust thereof or any other remedy hereunder, unless (i) a default has occurred and is continuing of which the Trustee has been notified in writing, (ii) such default has become an Event of Default and the Owners of not less than 25% of the aggregate principal amount of the Bonds then Outstanding have made written request to the Trustee and offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, (iii) the Owners have furnished to the Trustee indemnity as provided in Section 9.2 herein, (iv) the Trustee has for 90 days after such notice failed or refused to exercise the powers hereinbefore granted, or to institute such action, suit, or proceeding in its own name, (v) no direction inconsistent with such written request has been given to the Trustee during such 90-day period by the Owners of at least a majority of the aggregate principal amount of the Bonds then Outstanding, and (vi) notice of such action, suit, or proceeding is given to the Trustee; however, no one or more Owners of the Bonds shall have any right in any manner whatsoever to affect, disturb, or prejudice this Indenture by its, his, or their action or to enforce any right hereunder except in the manner provided herein, and that all proceedings at law or in equity shall be instituted and maintained in the manner provided herein and for the equal benefit of the Owners of all Bonds then Outstanding. The notification, request and furnishing of indemnity set forth above shall, at the option of the Trustee, be conditions precedent to the execution of the powers and trusts of this Indenture and to any action or cause of action for the enforcement of this Indenture or for any other remedy hereunder.

(b) Subject to Article VIII, nothing in this Indenture shall affect or impair the right of any Owner to enforce, by action at law, payment of any Bond at and after the maturity thereof,

or on the date fixed for redemption or the obligation of the City to pay each Bond issued hereunder to the respective Owners thereof at the time and place, from the source and in the manner expressed herein and in the Bonds.

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

Section 11.4. Application of Revenues and Other Moneys After Default.

(a) All moneys, securities, funds and Pledged Revenues and other assets of the Trust Estate and the income therefrom received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall, after payment of the cost and expenses of the proceedings resulting in the collection of such amounts, the expenses (including its counsel), liabilities, and advances incurred or made by the Trustee and the fees of the Trustee in carrying out this Indenture, during the continuance of an Event of Default, notwithstanding Section 11.2 hereof, shall be applied by the Trustee, on behalf of the City, to the payment of interest and principal or Redemption Price then due on Bonds, as follows:

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

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

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

(b) In the event funds are not adequate to cure any of the Events of Default described in Section 11.1, the available funds shall be allocated to the Bonds that are Outstanding in proportion to the quantity of Bonds that are currently due and in default under the terms of this Indenture.

(c) The restoration of the City to its prior position after any and all defaults have been cured, as provided in Section 11.3, shall not extend to or affect any subsequent default under this Indenture or impair any right consequent thereon.

Section 11.5. Effect of Waiver.

No delay or omission of the Trustee, or any Owner, to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Indenture to the Trustee or the Owners, respectively, may be exercised from time to time and as often as may be deemed expedient.

Section 11.6. Evidence of Ownership of Bonds.

(a) Any request, consent, revocation of consent or other instrument which this Indenture may require or permit to be signed and executed by the Owners of Bonds may be in one or more instruments of similar tenor, and shall be signed or executed by such Owners in person or by their attorneys duly appointed in writing. Proof of the execution of any such instrument, or of any instrument appointing any such attorney, or the holding by any Person of the Bonds shall be sufficient for any purpose of this Indenture (except as otherwise herein expressly provided) if made in the following manner:

(i) The fact and date of the execution of such instruments by any Owner of Bonds or the duly appointed attorney authorized to act on behalf of such Owner may be provided by a guarantee of the signature thereon by a bank or trust company or by the certificate of any notary public or other officer authorized to take acknowledgments of deeds, that the Person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. Where such execution is by an officer of a corporation or association or a member of a partnership, on behalf of such corporation, association or partnership, such signature guarantee, certificate, or affidavit shall also constitute sufficient proof of his authority.

(ii) The ownership of Bonds and the amount, numbers and other identification and date of holding the same shall be proved by the Register.

(b) Except as otherwise provided in this Indenture with respect to revocation of a consent, any request or consent by an Owner of Bonds shall bind all future Owners of the same Bonds in respect of anything done or suffered to be done by the City or the Trustee in accordance therewith.

Section 11.7. No Acceleration.

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

Section 11.8. Mailing of Notice.

Any provision in this Article for the mailing of a notice or other document to Owners shall be fully complied with if it is mailed, first-class, postage prepaid, only to each Owner at the address appearing upon the Register.

Section 11.9. Exclusion of Bonds.

Bonds owned or held by or for the account of the City will not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds provided for in this Indenture, and the City shall not be entitled with respect to such Bonds to give any consent or take any other action provided for in this Indenture.

Section 11.10. Remedies Not Exclusive.

No remedy herein conferred upon or reserved to the Trustee or to the Owners is intended to be exclusive of any other remedy and each and every such remedy shall be cumulative and shall be in addition to any other remedy given hereunder or now or hereafter existing at law or in equity, by statute or by contract.

Section 11.11. Direction by Owners.

Anything herein to the contrary notwithstanding, the Owners of at least 25% of the aggregate outstanding principal of the Bonds shall have the right by an instrument in writing executed and delivered to the Trustee, to direct the choice of remedies and the time, method, and place of conducting a proceeding for any remedy available to the Trustee hereunder, under each Supplemental Indenture, or otherwise, or exercising any trust or power conferred upon the Trustee, including the power to direct or withhold directions with respect to any remedy available to the Trustee or the Owners, provided, (i) such direction shall not be otherwise than in accordance with Applicable Laws and the provisions hereof, (ii) that the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction, and (iii) that the Trustee shall have the right to decline to follow any such direction which, in the opinion of the Trustee, would be unjustly prejudicial to Owners not parties to such direction.

ARTICLE XII

GENERAL COVENANTS AND REPRESENTATIONS

Section 12.1. Representations as to Trust Estate.

(a) The City represents and warrants that it is authorized by Applicable Laws to authorize and issue the Bonds, to execute and deliver this Indenture and to pledge the Trust Estate in the manner and to the extent provided in this Indenture, and that the Pledged Revenues and the Trust Estate are and will be and remain free and clear of any pledge, lien, charge, or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge and lien created in or authorized by this Indenture except as expressly provided herein.

(b) The City shall at all times, to the extent permitted by Applicable Laws, defend, preserve and protect the pledge of the Trust Estate and all the rights of the Owners and the Trustee, under this Indenture against all claims and demands of all Persons whomsoever.

(c) The City will take all steps reasonably necessary and appropriate, and will direct the Trustee to take all steps reasonably necessary and appropriate, to collect all delinquencies in the collection of the Assessments and any other amounts pledged to the payment of the Bonds to the fullest extent permitted by the PID Act and other Applicable Laws.

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

Section 12.2. Accounts, Periodic Reports and Certificates.

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

Section 12.3. General.

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

ARTICLE XIII

SPECIAL COVENANTS

Section 13.1. Further Assurances; Due Performance.

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

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

Section 13.2. Additional Obligations; Other Liens.

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

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

(c) Additionally, the City has reserved the right to issue bonds or other obligations secured by and payable from Pledged Revenues so long as such pledge is subordinate to the pledge of Pledged Revenues securing payment of the Bonds.

(d) Notwithstanding anything to the contrary herein, no Refunding Bonds, Additional Obligations, or subordinate obligations may be issued by the City unless: (1) the principal (including sinking fund installments) of such Refunding Bonds, Additional Obligations, or subordinate obligations are scheduled to mature on September 15 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 15 and September 15 of the years in which interest is scheduled to be paid.

Section 13.3. Books of Record.

(a) The City shall cause to be kept full and proper books of record and accounts, in which full, true and proper entries will be made of all dealing, business and affairs of the City, which relate to the Pledged Revenues, the Pledged Funds, the Trust Estate, and the Bonds.

(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 secured hereby are fully paid or provision is made for their payment as provided in this Article.

Section 14.2. Satisfaction of Indenture.

If the City shall pay or cause to be paid, or there shall otherwise be paid to the Owners, principal of and interest on all of the Bonds, at the times and in the manner stipulated in this Indenture, and all amounts due and owing with respect to the Bonds have been paid or provided for, then the pledge of the Trust Estate and all covenants, agreements, and other obligations of the City to the Owners of such Bonds, shall thereupon cease, terminate, and become void and be discharged and satisfied. In such event, the Trustee shall execute and deliver to the City copies of all such documents as it may have evidencing that principal of and interest on all of the Bonds has been paid so that the City may determine if the Indenture is satisfied; if so, the Trustee shall pay over or deliver all moneys held by it in the Funds and Accounts held hereunder to the Person entitled to receive such amounts, or, if no Person is entitled to receive such amounts, then to the City.

Section 14.3. Bonds Deemed Paid.

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

ARTICLE XV

MISCELLANEOUS

Section 15.1. Benefits of Indenture Limited to Parties.

Nothing in this Indenture, expressed or implied, is intended to give to any Person other than the City, the Trustee and the Owners, any right, remedy, or claim under or by reason of this Indenture. Any covenants, stipulations, promises or agreements in this Indenture by and on behalf of the City shall be for the sole and exclusive benefit of the Owners and the Trustee. This Indenture and the exhibit(s) hereto set forth the entire agreement and understanding of the parties related to this transaction and supersedes all prior agreements and understandings, oral or written.

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

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

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

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 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 shall bind all future Owners of such Bond in respect of anything done or suffered to be done by the City or the Trustee in good faith and in accordance therewith.

Section 15.4. Waiver of Personal Liability.

No member, officer, agent, or employee of the City shall be individually or personally liable for the payment of the principal of, or interest or any premium on, the Bonds; but nothing herein contained shall relieve any such member, officer, agent, or employee from the performance of any official duty provided by law.

Section 15.5. Notices to and Demands on City and Trustee.

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

If to the City:	City of Plano, Texas 1520 K. Avenue, Plano, Texas 75074 Attn: Director of Finance
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If to the Trustee or the Paying Agent/Registrar:	Wilmington Trust, National Association 15950 North Dallas Parkway, Suite 200 Dallas, Texas 75248 Attn: Dayna Smith
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Any such notice, demand, or request may also be transmitted to the appropriate party by telephone and shall be deemed to be properly given or made at the time of such transmission if, and only if, such transmission of notice shall be confirmed in writing and sent as specified above.

Any of such addresses may be changed at any time upon written notice of such change given to the other party by the party effecting the change. Notices and consents given by mail in accordance with this Section shall be deemed to have been given five Business Days after the

date of dispatch; notices and consents given by any other means shall be deemed to have been given when received.

(b) The Trustee shall mail to each Owner of a Bond notice of (i) any substitution of the Trustee; or (ii) the redemption or defeasance of all Bonds Outstanding.

(c) The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this Indenture and delivered using Electronic Means ("Electronic Means" means the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder); provided, however, that the City shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions ("Authorized Officers") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the City whenever a person is to be added or deleted from the listing. If the City elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee's understanding of such Instructions shall be deemed controlling. The City understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The City shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and the City and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the City. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The City agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the City; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

Section 15.6. Partial Invalidity.

If any Section, paragraph, sentence, clause, or phrase of this Indenture shall for any reason be held illegal or unenforceable, such holding shall not affect the validity of the remaining portions of this Indenture. The City hereby declares that it would have adopted this Indenture and each and every other Section, paragraph, sentence, clause, or phrase hereof and authorized the issue of the Bonds 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. With respect to this Indenture and any conflicts arising therefrom, the parties hereby (i) irrevocably submit to the exclusive jurisdiction of any federal district or state district court with jurisdiction in Collin County, Texas, (ii) waive any objection to laying of venue in any such action or proceeding in such courts, and (iii) waive any objection that such courts are an inconvenient forum or do not have jurisdiction over any party. Each of the parties hereto hereby waives the right to trial by jury with respect to any litigation directly or indirectly arising out of, under, or in connection with this Indenture.

Section 15.8. Payment on Business Day.

In any case where the date of the maturity of interest or of principal (and premium, if any) of the Bonds or the date fixed for redemption of any Bonds or the date any action is to be taken pursuant to this Indenture is other than a Business Day, the payment of interest or principal (and premium, if any) or the action need not be made on such date but may be made on the next succeeding day that is a Business Day with the same force and effect as if made on the date required and no interest shall accrue for the period from and after such date.

Section 15.9. Counterparts.

This Indenture may be executed in counterparts, each of which shall be deemed an original. The City and the Trustee agree that electronic signatures to this Indenture may be regarded as original signatures.

Section 15.10. No Boycott of Israel.

The Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and, to the extent this Indenture with the City is a contract for goods or services, will not boycott Israel during the term thereof. The foregoing verification is made solely to enable the City to comply with Section 2271.002, Texas Government Code, as amended, and to the extent such section does not contravene applicable Texas or federal law. As used in the foregoing verification, “boycott Israel” means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The 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 under the following Divestment Statute Lists: “Scrutinized Companies with ties to Foreign Terrorist Organizations,” “Scrutinized Companies with ties to Iran,” or “Scrutinized Companies with ties to Sudan” of such officer’s Internet website that are available at:

<https://comptroller.texas.gov/purchasing/publications/divestment.php>

The foregoing representation is made solely to enable the City to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Texas or 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 any 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.

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

CITY OF PLANO, TEXAS

By: _____
John B. Muns, Mayor

ATTEST:

Lisa C. Henderson, City Secretary

WILMINGTON TRUST, NATIONAL ASSOCIATION,
as Trustee

By: _____
Authorized Officer

EXHIBIT A

(a) Form of Bond.

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

REGISTERED
No. _____

REGISTERED
\$ _____

United States of America
State of Texas

CITY OF PLANO, TEXAS
SPECIAL ASSESSMENT REVENUE BOND, SERIES 2023
(HAGGARD FARM 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 15, 20__	November 20, 2023	_____

The City of Plano, Texas (the "City"), for value received, hereby promises to pay, solely from the Trust Estate, to

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

_____ DOLLARS

unless this Bond shall have been sooner called for redemption and the payment of the principal hereof shall have been paid or provision for such payment shall have been made, and to pay interest on the unpaid principal amount hereof from the later of the Date of Delivery, as specified above, or the most recent Interest Payment Date to which interest has been paid or provided for until such principal amount shall have been paid or provided for, at the per annum rate of interest specified above, computed on the basis of a 360-day year of twelve 30-day months, such interest to be paid semiannually on March 15 and September 15 of each year, commencing March 15, 2024, until maturity or prior redemption.

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

The principal of this Bond shall be payable without exchange or collection charges in lawful money of the United States of America upon presentation and surrender of this Bond at the corporate trust office in Wilmington, Delaware (the "Designated Payment/Transfer Office"), of Wilmington Trust, National Association, as trustee and paying agent/registrar (the "Trustee",

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

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

This Bond is one of a duly authorized issue of assessment revenue bonds of the City having the designation specified in its title (herein referred to as the "Bonds"), dated November 20, 2023 and issued in the aggregate principal amount of \$5,000,000 and issued, with the limitations described herein, pursuant to an Indenture of Trust, dated as of November 1, 2023 (the "Indenture"), by and between the City and the Trustee, to which Indenture reference is hereby made for a description of the amounts thereby pledged and assigned, the nature and extent of the lien and security, the respective rights thereunder to the holders of the Bonds, the Trustee, and the City, and the terms upon which the Bonds are, and are to be, authenticated and delivered and by this reference to the terms of which each holder of this Bond hereby consents. All Bonds issued under the Indenture are equally and ratably secured by the amounts thereby pledged and assigned. The Bonds are being issued for the purpose of (i) paying a portion of the Actual Costs of the Improvement Area #1 Projects, (ii) paying a portion of the costs incidental to the organization and administration of the District, and (iii) paying the Bond Issuance Costs, including funding a reserve fund and paying a portion of the interest on the Bonds during the period of acquisition and construction of the Improvement Area #1 Projects, and other costs related to the issuance of the Bonds.

The Bonds are limited obligations of the City payable solely from the Trust Estate as defined in the Indenture. Reference is hereby made to the Indenture, copies of which are on file with and available upon request from the Trustee, for the provisions, among others, with respect to the nature and extent of the duties and obligations of the City, the Trustee and the Owners. The Owner of this Bond, by the acceptance hereof, is deemed to have agreed and consented to the terms, conditions and provisions of the Indenture.

Notwithstanding any provision hereof, the Indenture may be released and the obligation of the City to make money available to pay this Bond may be defeased by the deposit of money

and/or certain direct or indirect Defeasance Securities sufficient for such purpose as described in the Indenture.

The Bonds are issuable as fully registered bonds only in Authorized Denominations, subject to the provisions of the Indenture authorizing redemption in denominations of \$100,000 and any multiple of \$1,000 in excess thereof.

The Bonds are subject to sinking fund redemption prior to their respective maturities and will be redeemed by the City in part at a price equal to the principal amount thereof plus accrued and unpaid interest thereon to the date set for redemption from moneys available for such purpose in the 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 15, 2053

<u>Redemption Date</u>	<u>Sinking Fund Installment (\$)</u>
September 15, 2026	60,000
September 15, 2027	64,000
September 15, 2028	68,000
September 15, 2029	73,000
September 15, 2030	78,000
September 15, 2031	84,000
September 15, 2032	89,000
September 15, 2033	96,000
September 15, 2034	103,000
September 15, 2035	110,000
September 15, 2036	118,000
September 15, 2037	126,000
September 15, 2038	136,000
September 15, 2039	145,000
September 15, 2040	156,000
September 15, 2041	168,000
September 15, 2042	180,000
September 15, 2043	194,000
September 15, 2044	208,000
September 15, 2045	224,000
September 15, 2046	240,000
September 15, 2047	259,000
September 15, 2048	278,000
September 15, 2049	299,000
September 15, 2050	322,000
September 15, 2051	347,000
September 15, 2052	373,000
September 15, 2053*	402,000
*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 for redemption, pursuant to the provisions of the Indenture, a principal amount of Bonds of such maturity equal to the Sinking

Fund Installments of such Bonds to be redeemed, shall call such Bonds for redemption on such scheduled mandatory sinking fund redemption date, and shall give notice of such redemption, as provided in the Indenture.

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

The principal amount of Bonds required to be redeemed on any mandatory sinking fund redemption date shall be reduced on a pro rata basis among Sinking Fund Installments 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 City reserves the right and option to redeem the Bonds before their scheduled maturity date, in whole or in part, on any date on or after September 15, 2033, such redemption date or dates to be fixed by the City, at the redemption price of par plus accrued interest to the date of redemption.

Bonds are subject to extraordinary optional redemption prior to maturity in whole or in part, and in an amount and on a date specified in a City Certificate, at a redemption price equal to the principal amount of the Bonds called for redemption, plus accrued and unpaid interest to the date fixed for redemption, pursuant to the provisions of the Indenture, from amounts on deposit in the Redemption Fund as a result of Prepayments, other transfers to the Redemption Fund pursuant to the Indenture, or as a result of unexpended amounts transferred from the Project Fund as provided in the Indenture.

The Trustee shall give notice of any redemption of Bonds by sending notice by United States mail, first-class, postage prepaid, not less than 30 days before the date fixed for redemption, to the Owner of each Bond (or part thereof) to be redeemed, at the address shown on the Register. The notice shall state the redemption date, the Redemption Price, the place at which the Bonds are to be surrendered for payment, and, if less than all the Bonds Outstanding are to be redeemed, an identification of the Bonds or portions thereof to be redeemed. Any notice so given shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice.

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

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the City and the rights of the holders

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

As provided in the Indenture, this Bond is transferable upon surrender of this Bond for transfer at the Designated Payment/Transfer Office, with such endorsement or other evidence of transfer as is acceptable to the Trustee, and upon delivery to the Trustee of such certifications and/or opinion of counsel as may be required under the Indenture for the transfer of this Bond. Upon satisfaction of such requirements, one or more new fully registered Bonds of the same Stated Maturity, of Authorized Denominations, bearing the same rate of interest, and for the same aggregate principal amount will be issued to the designated transferee or transferees.

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

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

The City has reserved the right to issue Additional Obligations on the terms and conditions specified in the Indenture.

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

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

IN WITNESS WHEREOF, the City Council of the City has caused this Bond to be executed under the official seal of the City.

Mayor, City of Plano, Texas

City Secretary, City of Plano, Texas

[City Seal]

(b) Form of Comptroller's Registration Certificate.

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

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER §
OF PUBLIC ACCOUNTS § REGISTER NO. _____
§
THE STATE OF TEXAS §

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

WITNESS MY SIGNATURE AND SEAL OF OFFICE this _____

Comptroller of Public Accounts
of the State of Texas

[SEAL]

(c) Form of Certificate of Trustee.

CERTIFICATE OF TRUSTEE

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

WILMINGTON TRUST, NATIONAL ASSOCIATION,
Dallas, Texas, as Trustee
DATED: _____

By: _____
Authorized Signatory

(d) Form of Assignment.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto
(print or typewrite name, address and zip code of transferee):

(Social Security or other identifying number: _____) the within Bond and
all rights hereunder and hereby irrevocably constitutes and appoints
_____ attorney to transfer the within Bond on the books kept for
registration hereof, with full power of substitution in the premises.

Date: _____

Signature Guaranteed By:

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 15 in each of the years, in the principal
installments and bearing interest at the per annum rates set forth in the following schedule:

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

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

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APPENDIX C

FORM OF SERVICE AND ASSESSMENT PLAN

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Haggard Farm Public Improvement District

SERVICE AND ASSESSMENT PLAN

OCTOBER 23, 2023



AUSTIN, TX | NORTH RICHLAND HILLS, TX | HOUSTON, TX

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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,” an “Exhibit,” or an “Appendix” shall be a reference to a Section of this Service and Assessment Plan or an Exhibit or Appendix attached to and made a part of this Service and Assessment Plan for all purposes.

On January 9, 2023, the City Council passed and approved Resolution No. 2023-1-7(R) authorizing the establishment of the District in accordance with the PID Act, which authorization was effective upon approval in accordance with the PID Act. The purpose of the District is to finance the Actual Costs of Authorized Improvements that confer a special benefit on approximately 142.49 acres located within the corporate limits of the City, as described by the legal description on **Exhibit K-1** and depicted on **Exhibit A-1**.

The PID Act requires a service plan must (i) cover a period of at least five years; (ii) define the annual indebtedness and projected cost of the Authorized Improvements; and (iii) include a copy of the notice form required by Section 5.014 of the Texas Property Code, as amended. The Service Plan is contained in **Section IV** and the notice form is attached as **Appendix B**.

The PID Act requires that the Service Plan include an Assessment Plan that assesses the Actual Costs of the Authorized Improvements against the Assessed Property within the District based on the special benefits conferred on such property by the Authorized Improvements. The Assessment Plan is contained in **Section V**.

The PID Act requires an Assessment Roll that states the Assessment against each Parcel determined by the method chosen by the City Council. The Assessment against each Parcel of Assessed Property must be sufficient to pay the share of the Actual Costs of the Authorized Improvements apportioned to such Parcel and cannot exceed the special benefit conferred on the Parcel by such Authorized Improvements. The Improvement Area #1 Assessment Roll is included as **Exhibit F-1**. The Major Improvement Area Assessment Roll is included as **Exhibit G-1**.

SECTION I: DEFINITIONS

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

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

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

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

“Annual Collection Costs” mean the actual or budgeted costs and expenses related to the operation of the District, including, but not limited to, costs and expenses for: (1) the Administrator; (2) City staff; (3) legal counsel, engineers, accountants, financial advisors, and other consultants engaged by the City; (4) calculating, collecting, and maintaining records with respect to Assessments and Annual Installments; (5) preparing and maintaining records with respect to Assessment Rolls and Annual Service Plan Updates; (6) paying and redeeming PID Bonds; (7) investing or depositing Assessments and Annual Installments; (8) complying with this Service and Assessment Plan, the PID Act, and any Indenture, with respect to the PID Bonds, including the City’s continuing disclosure requirements; and (9) the paying agent/registrar and Trustee in connection with PID Bonds, including their respective legal counsel. Annual Collection

Costs collected but not expended in any year shall be carried forward and applied to reduce Annual Collection Costs for subsequent years.

“Annual Installment” means the annual installment payment of an Assessment as calculated by the Administrator and approved by the City Council, that includes: (1) principal; (2) interest; (3) Annual Collection Costs; and (4) Additional Interest related to the PID Bonds, if applicable.

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

“Assessed Property” means any Parcel within the District against which an Assessment is levied.

“Assessment” means an assessment levied against Assessed Property, and imposed pursuant to an Assessment Ordinance and the provisions herein, as shown on an Assessment Roll, subject to reallocation upon the subdivision of such Assessed Property or reduction according to the provisions herein and in the PID Act.

“Assessment Ordinance” means an ordinance adopted by the City Council in accordance with the PID Act that levies an Assessment on the Assessed Property, as shown on any Assessment Roll.

“Assessment Plan” means the methodology employed to assess the Actual Costs of the Authorized Improvements against the Assessed Property based on the special benefits conferred on such property by the Authorized Improvements, more specifically set forth and described in **Section V**.

“Assessment Roll” means any assessment roll for the Assessed Property, including the Major Improvement Area Assessment Roll and the Improvement Area #1 Assessment Roll, as updated, modified or amended from time to time in accordance with the procedures set forth herein and in the PID Act, including any Annual Service Plan Updates, and updates prepared in connection with the issuance of PID Bonds.

“Assisted Living Lot Type” or **“Assisted Living”** means an Assessed Property within the District intended to be developed into assisted living units. The Buyer Disclosure for Assisted Living Lot Types is attached as part of **Appendix B**.

“Authorized Improvements” means the improvements authorized by Section 372.003 of the PID Act, and described in **Sections III.A** and **III.B**, as further depicted on **Exhibits H-1** and **H-2**.

“Bond Issuance Costs” means the costs associated with issuing PID Bonds, including, but not limited to, attorney fees, financial advisory fees, consultant fees, appraisal fees, printing costs, publication costs, capitalized interest, reserve fund requirements, underwriter’s discount, fees

charged by the Texas Attorney General, and any other cost or expense incurred by the City directly associated with the issuance of any series of PID Bonds.

“Buyer Disclosure” means the notice form required by Section 5.014 of the Texas Property Code, as amended, attached hereto as **Appendix B**.

“City” means the City of Plano, Texas.

“City Council” means the governing body of the City.

“County” means Collin County, Texas.

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

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

“District” means the Haggard Farm Public Improvement District containing approximately 142.49 acres located within the corporate limits of the City, and more specifically described in **Exhibit K-1** and depicted on **Exhibit A-1**.

“District Formation Costs” means the costs associated with forming the District, including, but not limited to, attorney fees, and any other cost or expense incurred by the City, the Developer or the Owner, directly associated with the establishment of the District.

“Engineer’s Report” means the report provided by a licensed professional engineer that describes the Authorized Improvements, including their costs, location, and benefit, and is attached hereto as **Appendix A**.

“Estimated Buildout Value” means the estimated value of an Assessed Property with fully constructed buildings, as provided by the Developer and confirmed by the City Council, by considering such factors as density, lot size, proximity to amenities, view premiums, location, market conditions, historical sales, builder contracts, discussions with homebuilders, reports from third party consultants, or any other factors that, in the judgment of the City, may impact value. The Estimated Buildout Value for each Lot Type is shown on **Exhibit E**.

“Hotel Lot Type” or **“Hotel”** means a Lot within the District intended to be developed as a hotel.

“Improvement Area #1” means approximately 11.5039 acres located within the District, more specifically described in **Exhibit K-2** and depicted on **Exhibit A-2**.

“Improvement Area #1 Annual Installment” means the Annual Installment of the Improvement Area #1 Assessment as calculated by the Administrator and approved by the City Council, that includes: (1) principal; (2) interest; (3) Annual Collection Costs related to Improvement Area #1; and (4) Additional Interest related to the Improvement Area #1 Bonds, as shown on **Exhibit F-2**.

“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 Improvement Area #1 Assessed Property, related to the Improvement Area #1 Authorized Improvements, and imposed pursuant to an Assessment Ordinance and the provisions herein, as shown on the Improvement Area #1 Assessment Roll, subject to reallocation or reduction pursuant to the provisions set forth in **Section VI** herein and in the PID Act.

“Improvement Area #1 Assessment Roll” means the Assessment Roll for the Improvement Area #1 Assessed Property, as updated, modified, or amended from time to time in accordance with the procedures set forth herein and in the PID Act, including any updates prepared in connection with the issuance of PID Bonds or any Annual Service Plan Updates. The Improvement Area #1 Assessment Roll is included in this Service and Assessment Plan as **Exhibit F-1**.

“Improvement Area #1 Authorized Improvements” means collectively, (1) the Improvement Area #1 Projects; (2) the first year’s Annual Collection Costs related to the Improvement Area #1 Bonds; and (3) Bond Issuance Costs incurred in connection with the issuance of Improvement Area #1 Bonds.

“Improvement Area #1 Bonds” means those certain “City of Plano, Texas, Special Assessment Revenue Bonds, Series 2023 (Haggard Farm Public Improvement District Improvement Area #1 Project)” that are secured by Improvement Area #1 Assessments. The debt service schedule for the Improvement Area #1 Bonds is attached hereto as **Exhibit J-1**.

“Improvement Area #1 Improvements” means the Authorized Improvements which only benefit the Improvement Area #1 Assessed Property, as further described in **Section III.A**, depicted on **Exhibit H-1**.

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

“Indenture” means an Indenture of Trust entered into between the City and the Trustee in

connection with the issuance of each series of PID Bonds, as amended from time to time, setting forth the terms and conditions related to a series of PID Bonds.

“Lot” means (1) for any portion of the District for which a final subdivision plat has been recorded in the Plat or Official Public Records of the County, a tract of land described by “lot” in such subdivision plat; and (2) for any portion of the District for which a subdivision plat has not been recorded in the Plat or Official Public Records of the County, a tract of land anticipated to be described as a “lot” in a final recorded subdivision plat as shown on a concept plan or a preliminary plat. A “Lot” shall not include real property owned by a government entity, even if such property is designated as a separate described tract or lot on a recorded subdivision plat.

“Lot Type” means a classification of final building Lots with similar characteristics (e.g. lot size, home product, Estimated Buildout Value, etc.), as determined by the Administrator and confirmed by the City Council and as shown on Exhibit E.

“Major Improvement Area” means approximately 130.9861 acres located within the District, and more specifically described in **Exhibit K-3** and depicted on **Exhibit A-3**. The Major Improvement Area includes all of the District save and except Improvement Area #1.

“Major Improvement Area Annual Installment” means the Annual Installment of the Major Improvement Area Assessment as calculated by the Administrator and approved by the City Council that includes: (1) principal; (2) interest; (3) Annual Collection Costs related to the Major Improvement Area; and (4) Additional Interest related to the Major Improvement Area Bonds, as shown on **Exhibit G-2**.

“Major Improvement Area Assessed Property” means any Parcel within the Major Improvement Area against which a Major Improvement Area Assessment is levied.

“Major Improvement Area Assessment” means an Assessment levied against the Major Improvement Area Assessed Property, related to the Major Improvement Area Authorized Improvements, and imposed pursuant to an Assessment Ordinance and the provisions herein, as shown on the Major Improvement Area Assessment Roll, subject to reallocation or reduction pursuant to the provisions set forth in **Section VI** herein and in the PID Act.

“Major Improvement Area Assessment Roll” means the Assessment Roll for the Major Improvement Area 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 any Annual Service Plan Updates. The Major Improvement Area Assessment Roll is included in this Service and Assessment Plan as **Exhibit G-1**.

“Major Improvement Area Authorized Improvements” means, collectively, (1) the pro rata portion of the Major Improvements allocable to the Major Improvement Area; (2) the first year’s Annual Collection Costs related to the Major Improvement Area Bonds; and (3) Bond Issuance Costs incurred in connection with the issuance of the Major Improvement Area Bonds.

“Major Improvement Area Bonds” means those certain “City of Plano, Texas, Special Assessment Revenue Bonds, Series 2023 (Haggard Farm Public Improvement District Major Improvement Area Project)” that are secured by Major Improvement Area Assessments. The debt service schedule for the Major Improvement Area Bonds is attached hereto as **Exhibit J-2**.

“Major Improvements” means those Authorized Improvements that confer a special benefit to all of the Assessed Property within the District, as further described in **Section III.B.** and depicted on **Exhibit H-2**.

“Maximum Assessment” means, for each Lot, an Assessment equal to the lesser of (1) the amount calculated pursuant to **Section VI.A**, or (2) for each Lot Type, the amount shown on **Exhibit E**. The Maximum Assessment per unit/square foot shall never exceed the amount shown on **Exhibit E** for any parcel within the District.

“Multi-family Lot Type – Improvement Area #1” or **“MF IA#1”** means a Lot within Improvement Area #1 intended to be developed as rental multi-family housing. The Buyer Disclosure for Multi-family Lot Type - Improvement Area #1 is attached as part of **Appendix B**.

“Multi-family Lot Type – Major Improvement Area” or **“MF MIA”** means a Lot within the Major Improvement Area intended to be developed as rental multi-family housing.

“Non-Benefitted Property” means Parcels within the boundaries of the District that accrue no special benefit from the Authorized Improvements as determined by the City Council.

“Notice of Assessment Termination” means a document that shall be recorded in the Official Public Records of the County evidencing the termination of an Assessment, a form of which is attached as **Exhibit I**.

“Office Lot Type – Improvement Area #1” or **“Office IA#1”** means a Lot within Improvement Area #1 intended to be developed to house employees of business entities that produce a product or service primarily for support services including, but not limited to, administration, accounting, marketing, information processing and dissemination, consulting, human resource management, financial and insurance services, education and medical service, and other professional services. The Buyer Disclosure for Office Lot Type - Improvement Area #1 is attached as part of **Appendix B**.

“Office Lot Type – Major Improvement Area” or “Office MIA” means a Lot within the Major Improvement Area intended to be developed to house employees of business entities that produce a product or service primarily for support services including, but not limited to, administration, accounting, marketing, information processing and dissemination, consulting, human resource management, financial and insurance services, education and medical service, and other professional services.

“Owner” means Acres of Sunshine Ltd., A Texas limited partnership, SW Haggard Master Developer, LLC, a Texas limited liability company, and any successors or assigns thereof that intends to develop the property in the District for the ultimate purpose of transferring title to end users.

“Parcel” or “Parcels” means a specific property within the District identified by either a tax parcel identification number assigned by the Collin Central Appraisal District for real property tax purposes, by legal description, or by lot and block number in a final subdivision plat recorded in the Official Public Records of the County, or by any other means determined by the City.

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

“PID Bonds” means any bonds issued by the City in one or more series and secured in whole or in part by Assessments.

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

“Prepayment Costs” means interest, including Additional Interest and Annual Collection Costs, to the date of Prepayment.

“Retail Lot Type” or “Retail” means a Lot within the District intended to be developed into or operated as a retail building where businesses will sell goods and services.

“Service and Assessment Plan” means this Haggard Farm Public Improvement District Service and Assessment Plan as updated, amended, or supplemented from time to time.

“Service Plan” means the plan described in **Section IV** which covers a period of at least five years and defines the annual indebtedness and projected costs of the Authorized Improvements.

“Townhome Lot Type” or “Townhome” means a Lot within the District marketed to homebuilders as a townhome Lot.

“Trustee” means the trustee or successor trustee under an Indenture.

SECTION II: THE DISTRICT

The District includes approximately 142.49 contiguous acres located within the corporate limits of the City, the boundaries of which are more particularly described on **Exhibit K-1** and depicted on **Exhibit A-1**. Development of the District is anticipated to include approximately 100 units classified as Townhome Lot Types, 350 units classified as Multi-Family Lot Type – Improvement Area #1, 350 units classified as Multi-Family Lot Type – Major Improvement Area, 122 units classified as Hotel Lot Types, 427 units classified as Assisted Living Lot Type, 69,650 square feet classified as Retail Lot Type, and 98,000 square feet classified as Office Lot Type – Improvement Area #1, and 525,900 square feet classified as Office Lot Type – Major Improvement Area.

Improvement Area #1 includes approximately 11.5039 contiguous acres located within the corporate limits of the City, the boundaries of which are more particularly described on **Exhibit K-2** and depicted on **Exhibit A-2**. Development of Improvement Area #1 is anticipated to include approximately 350 units classified as Multi-Family Lot Type – Improvement Area #1 and 98,000 square feet classified as Office Lot Type - Improvement Area #1

The Major Improvement Area includes approximately 130.9861 contiguous acres located within the corporate limits of the City, the boundaries of which are more particularly described on **Exhibit K-3** and depicted on **Exhibit A-3**. Development of the Major Improvement Area is anticipated to include approximately 100 units classified as Townhome Lot Types, 350 units classified as Multi-Family Lot Types – Major Improvement Area, 122 units classified as Hotel Lot Types, 427 units classified as Assisted Living Lot Type, 69,650 square feet classified as Retail Lot Type, and 525,900 square feet classified as Office Lot Type – Major Improvement Area.

SECTION III: AUTHORIZED IMPROVEMENTS

Based on information provided by the Developer and its engineers and reviewed by the City staff and by third-party consultants retained by the City, the City has determined that the Authorized Improvements confer a special benefit on the Assessed Property. Authorized Improvements will be designed and constructed in accordance with the City's standards and specifications and will be owned and operated by the City. The budget for the Authorized Improvements is shown on **Exhibit B**.

A. Major Improvements

▪ *Streets*

Improvements including subgrade stabilization, concrete and reinforcing steel for roadways, testing, handicapped ramps, sidewalk, landscaping, and streetlights. All

related earthwork, excavation, erosion control, retaining walls, intersections, signage, lighting and re-vegetation of all disturbed areas within the right-of-way are included. The street improvements will provide benefit to each Lot within the District.

- *Water*

Improvements including trench excavation and embedment, trench safety, PVC piping, fire hydrants, valves, service connections, testing, related earthwork, excavation, and erosion control, and all necessary appurtenances required to provide water service to all Lots within the District.

- *Sewer*

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

- *Drainage*

Improvements including earthen channels, swales, inlets, RCP piping and boxes, headwalls, rock rip rap, concrete outfalls, and testing as well as all related earthwork, excavation, erosion control and all necessary appurtenances required to provide storm drainage for all Lots within the District.

- *Linear Parks*

Linear parks with 10-12 foot wide trails, including a 12-foot pedestrian trail located along the creek extending from the northern border of Tract 2 to the southern border of Tract 3, a 10-foot trail connection to Tract 1 over a 12-foot wide pedestrian bridge, a 12-foot wide pedestrian trail meandering along the south side of Pinehaven Drive spanning from Parkwood Blvd to the creek, and two 10-foot wide trails extending from the creek to Spring Creek Pkwy on either side of Pinehaven Drive.

- *Soft Costs*

Costs related to designing, constructing, and installing the Major Improvements including land planning and design, City fees, engineering, soil testing, survey, construction management, contingency, District Formation Costs, legal fees, and consultant fees.

B. Improvement Area #1 Improvements

- *Water*

Improvements including trench excavation and embedment, trench safety, PVC piping, fire hydrants, valves, service connections, testing, related earthwork, excavation, and erosion control, and all necessary appurtenances required to provide water service to all Lots within Improvement Area #1.

- *Sewer*

Improvements including trench excavation and embedment, trench safety, PVC piping, manholes, service connections, testing, related earthwork, excavation, erosion control and all necessary appurtenances required to provide wastewater service to all Lots within Improvement Area #1.

- *Drainage*

Improvements including earthen channels, swales, inlets, RCP piping and boxes, headwalls, rock rip rap, concrete outfalls, and testing as well as all related earthwork, excavation, erosion control and all necessary appurtenances required to provide storm drainage for all Lots within Improvement Area #1.

- *Soft Costs*

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

C. Bond Issuance Costs

- *Debt Service Reserve Fund*

Equals the amount to be deposited in a debt service reserve fund under an applicable Indenture in connection with the issuance of PID Bonds.

- *Capitalized Interest*

Equals the amount required to be deposited for the purpose of paying capitalized interest on a series of PID Bonds under an applicable Indenture in connection with the issuance of such PID Bonds.

- *Underwriter's Discount*

Equals a percentage of the par amount of a particular series of PID Bonds related to the costs of underwriting such PID Bonds, including a fee for Underwriter's Counsel.

- *Cost of Issuance*

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

D. Other Costs

- *Deposit to Administrative Fund*

Equals the amount necessary to fund the first year's Annual Collection Costs for a particular series of PID Bonds.

SECTION IV: SERVICE PLAN

The PID Act requires the Service Plan to cover a period of at least five years. The Service Plan is required to define the annual projected costs and indebtedness for the Authorized Improvements undertaken within the District during the five-year period. The Service Plan is also required to include a copy of the Buyer Disclosure notice form required by Section 5.014 of the Texas Property Code, as amended. The Service Plan must be reviewed and updated in each Annual Service Plan Update. **Exhibit C** summarizes the initial Service Plan for the District. Per the PID Act and Section 5.014 of the Texas Property Code, as amended, this Service and Assessment Plan, and any future Annual Service Plan Updates, shall include a form of the Buyer Disclosure for the District. The Buyer Disclosures for each Lot Type are attached hereto as **Appendix B**.

Exhibit D summarizes the sources and uses of funds required to construct the Authorized Improvements. The sources and uses of funds shown on **Exhibit D** shall be updated in an Annual Service Plan Update.

SECTION V: ASSESSMENT PLAN

The PID Act allows the City Council to apportion the costs of the Authorized Improvements to the Assessed Property based on the special benefit received from the Authorized Improvements. The PID Act provides that such costs may be apportioned: (1) equally per front foot or square foot; (2) according to the value of property as determined by the City Council, with or without regard to improvements constructed on the property; or (3) in any other manner approved by the City Council that results in imposing equal shares of such costs on property similarly benefited. The PID Act further provides that the City Council may establish by ordinance or order reasonable classifications and formulas for the apportionment of the cost between the City and the area to

be assessed and the methods of assessing the special benefits for various classes of improvements.

This section of this Service and Assessment Plan describes the special benefit received by each Parcel within the District as a result of the Authorized Improvements and provides the basis and justification for the determination that this special benefit equals or exceeds the amount of the Assessments to be levied on the Assessed Property for such Authorized Improvements.

The determination by the City Council of the assessment methodologies set forth below is the result of the discretionary exercise by the City Council of its legislative authority and governmental powers and is conclusive and binding on the Developer, Owner, and all future owners and developers of the Assessed Property.

A. Assessment Methodology

Acting in its legislative capacity and based on information provided by the Developer and its engineers and reviewed by the City staff and by third-party consultants retained by the City, the City Council has determined that the costs related to the Authorized Improvements shall be allocated as follows:

- The costs of the Major Improvement Area Authorized Improvements shall be allocated to each Parcel in the Major Improvement Area based upon Estimated Buildout Value of each Parcel designated as Major Improvement Area Assessed Property to the Estimated Buildout Value of all Major Improvement Area Assessed Property.
- The costs of the Major Improvements shall be allocated to Improvement Area #1 and the Major Improvement Area based upon Estimated Buildout Value of each Parcel or Assessed Property to the Estimated Buildout Value of the District. Currently, the Major Improvement Area is allocated 81.62% of the Major Improvements costs, and Improvement Area #1 is allocated 18.38% of the Major Improvements costs. The Major Improvement Area and Improvement Area #1's shares of the Major Improvement costs are illustrated in **Exhibit B**.
- The costs of the Improvement Area #1 Authorized Improvements shall be allocated to each Parcel within Improvement Area #1 based on the ratio of the Estimated Buildout Value of each Parcel designated as Improvement Area #1 Assessed Property to the Estimated Buildout Value of all Improvement Area #1 Assessed Property.

B. Assessments

The Improvement Area #1 Assessment will be levied on the Improvement Area #1 Assessed Property in the amount shown on the Improvement Area #1 Assessment Roll, attached hereto as

Exhibit F-1. The projected Improvement Area #1 Annual Installments are shown on **Exhibit F-2**. Upon division or subdivision of the Improvement Area #1 Assessed Property, the Improvement Area #1 Assessment will be reallocated pursuant to **Section VI**.

The Major Improvement Area Assessment will be levied on the Major Improvement Area Assessed Property in the amount shown on the Major Improvement Area Assessment Roll, attached hereto as **Exhibit G-1**. The projected Major Improvement Area Annual Installments are shown on **Exhibit G-2**. Upon division or subdivision of the Major Improvement Area Assessed Property, the Major Improvement Area Assessment will be reallocated pursuant to **Section VI**.

The Maximum Assessment for each Lot Type is shown on **Exhibit E**. In no case will the Assessment for Lots classified as Multi-Family Lot Type – Improvement Area #1, Office Lot Type – Improvement Area #1, Multi-Family Lot Type – Major Improvement Area, Office Lot Type – Major Improvement Area, Retail Lot Type, Hotel Lot Type, Assisted Living Lot Type and Townhome Lot Type, exceed the corresponding Maximum Assessment for each Lot classification.

C. Findings of Special Benefit

Acting in its legislative capacity and based on information provided by the Developer and its engineer and reviewed by the City staff and by third-party consultants retained by the City, the City Council has found and determined the following:

- *Improvement Area #1*
 - The costs of the Improvement Area #1 Authorized Improvements equal \$5,595,389 as shown on **Exhibit B**;
 - The Improvement Area #1 Assessed Property receives special benefit from the Improvement Area #1 Authorized Improvements equal to or greater than the Actual Cost of the Improvement Area #1 Authorized Improvements;
 - The Improvement Area #1 Assessed Property will be allocated 100% of the Improvement Area #1 Assessment levied for the Improvement Area #1 Authorized Improvements, which equals \$5,000,000 as shown on the Improvement Area #1 Assessment Roll attached hereto as **Exhibit F-1**;
 - The special benefit ($\geq \$5,595,389$) received by the Improvement Area #1 Assessed Property from the Improvement Area #1 Authorized Improvements is greater than or equal to the amount of the Improvement Area #1 Assessment (\$5,000,000) levied on the Improvement Area #1 Assessed Property for the Improvement Area #1 Authorized Improvements; and

- At the time the City Council approved the Service and Assessment Plan, the Owner owned 100% of the Improvement Area #1 Assessed Property. The Owner acknowledged that the Improvement Area #1 Authorized Improvements 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 has ratified, confirmed, accepted, agreed to, and approved: (1) the determinations and findings by the City Council as to the special benefits described herein and the applicable Assessment Ordinance; (2) the Service and Assessment Plan and the applicable Assessment Ordinance; and (3) the levying of the Improvement Area #1 Assessment on the Improvement Area #1 Assessed Property.
- *Major Improvement Area*
 - The costs of the Major Improvement Area Authorized Improvements equal \$16,536,049, as shown on **Exhibit B**;
 - The Major Improvement Area Assessed Property receives special benefit from the Major Improvement Area Authorized Improvements equal to or greater than the Actual Cost of the Major Improvement Area Authorized Improvements;
 - The Major Improvement Area Assessed Property will be allocated 100% of the Major Improvement Area Assessment levied for the Major Improvement Area Authorized Improvements, which equals \$16,458,000 as shown on the Major Improvement Area Assessment Roll attached hereto as **Exhibit G-1**;
 - The special benefit (\geq \$16,536,049) received by the Major Improvement Area Assessed Property from the Major Improvement Area Authorized Improvements is greater than or equal to the amount of the Major Improvement Area Assessment (\$16,458,000) levied on the Major Improvement Area Assessed Property for the Major Improvement Area Authorized Improvements; and
 - At the time the City Council approved the Service and Assessment Plan, the Owner owned 100% of the Major Improvement Area Assessed Property. The Owner acknowledged that the Major Improvement Area Authorized Improvements confer a special benefit on the Major Improvement Area Assessed Property and consented to the imposition of the Major Improvement Area Assessments to pay for the Actual Costs associated therewith. The Owner has ratified, confirmed, accepted, agreed to, and approved: (1) the determinations and findings by the City Council as to the special benefits described herein and the applicable Assessment

Ordinance; (2) the Service and Assessment Plan and the applicable Assessment Ordinance; and (3) the levying of the Major Improvement Area Assessment on the Major Improvement Area Assessed Property.

D. Annual Collection Costs

The Annual Collection Costs shall be paid for annually by the owner of each Parcel pro rata based on the ratio of the amount of outstanding Assessment remaining on the Parcel to the total outstanding Assessment. The Annual Collection Costs shall be collected as part of and in the same manner as Annual Installments in the amounts shown on the Assessment Roll, which may be revised based on Actual Costs incurred in Annual Service Plan Updates.

E. Additional Interest

The interest rate on Assessments securing each respective series of PID Bonds may exceed the interest rate on each respective series of PID Bonds by the Additional Interest Rate. To the extent required by any Indenture, Additional Interest shall be collected as part of each Annual Installment and shall be deposited pursuant to the applicable Indenture.

SECTION VI: TERMS OF THE ASSESSMENTS

Any reallocation of Assessments as described in this Section VI shall be considered an administrative action of the City and will not be subject to the notice or public hearing requirements under the PID Act.

A. Reallocation of Assessments

1. Upon Division Prior to Recording of Subdivision Plat

Upon the division of any Assessed Property (without the recording of a subdivision plat), the Administrator shall reallocate the Assessment for the Assessed Property prior to the division among the newly divided Assessed Properties according to the following formula:

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

Where the terms have the following meanings:

A = the Assessment for the newly divided Assessed Property

B = the Assessment for the Assessed Property prior to division

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

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

The calculation of the Assessment of an Assessed Property shall be performed by the Administrator and shall be based on the Estimated Buildout Value of that Assessed Property, as provided by the Developer, relying on information from homebuilders, market studies, appraisals, Official Public Records of the County, and any other relevant information regarding the Assessed Property. The Estimated Buildout Values for Multi-Family Lot Type – Improvement Area #1, Office Lot Type – Improvement Area #1, Multi-Family Lot Type – Major Improvement Area, Office Lot Type – Major Improvement Area, Retail Lot Type, Hotel Lot Type, Assisted Living Lot Type and Townhome Lot Type are shown on **Exhibit E** and will not change in future Annual Service Plan Updates but **Exhibit E** may be updated in future Annual Service Plan Updates to account for additional Lot Types. The calculation as confirmed by the City Council shall be conclusive and binding.

The sum of the Assessments for all newly divided Assessed Properties shall equal the Assessment for the Assessed Property prior to subdivision. The calculation shall be made separately for each newly divided Assessed Property. The reallocation of an Assessment for an Assessed Property that is a homestead under Texas law may not exceed the Assessment prior to the reallocation. Any reallocation pursuant to this section shall be reflected in the Annual Service Plan Update immediately following such reallocation.

2. Upon Subdivision by a Recorded Subdivision Plat

Upon the subdivision of any Assessed Property based on a recorded subdivision plat, the Administrator shall reallocate the Assessment for the Assessed Property prior to the subdivision among the new subdivided Lots based on Estimated Buildout Value according to the following formula and subject to the provisions in this Service and Assessment Plan:

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

Where the terms have the following meanings:

A = the Assessment for the newly subdivided Lot

B = the Assessment for the Parcel prior to subdivision

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

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

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

Prior to the recording of a subdivision plat, the Developer, Owner, or other owner of the property shall provide the City the estimated gross building square footage by Lot Type for the newly subdivided Lot. The calculation of the Assessment for a Lot shall be

performed by the Administrator and confirmed by the City Council based on Estimated Buildout Value information provided by the Developer, homebuilders, third party consultants, and/or the Official Public Records of the County regarding the Lot. The Estimated Buildout Values for Multi-Family Lot Type – Improvement Area #1, Office Lot Type – Improvement Area #1, Multi-Family Lot Type – Major Improvement Area, Office Lot Type – Major Improvement Area, Retail Lot Type, Hotel Lot Type, Assisted Living Lot Type and Townhome Lot Type are shown on **Exhibit E** and will not change in future Annual Service Plan Updates. The calculation as confirmed by the City Council shall be conclusive and binding.

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

3. Upon Consolidation

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

B. Mandatory Prepayment of Assessments

If an Assessed Property or a portion thereof is conveyed to a party that is exempt from payment of the Assessment under applicable law, or the owner causes a Lot, Parcel or portion thereof to become Non-Benefitted Property, the owner of such Lot, Parcel or portion thereof shall pay to the City, or cause to be paid to the City, the full amount of the Assessment, plus all Prepayment Costs and Delinquent Collection Costs for such Assessed Property, prior to any such conveyance or act, and no such conveyance shall be effective until the City receives such payment. Following payment of the foregoing costs in full, the City shall provide the owner with a recordable “Notice of Assessment Termination,” a form of which is attached hereto as **Exhibit I.**

C. True-Up of Assessments if Maximum Assessment Exceeded at Plat

Upon submission of a preliminary plat and/or site plan by the Developer, Owner, or other owner of the property to the City, the Developer, Owner, or other owner shall provide the City the gross building square footage and use type for land included in the preliminary plat and/or site plan for each Lot anticipated to be created by the preliminary plat and/or site plan considering factors that may impact value. The Administrator will review the preliminary plat and/or site plan to determine if such plat and/or site plan will or will not result in the Assessment per Lot for any Lot Type within the preliminary plat and/or site plan exceeding the Maximum Assessment. If the Administrator determines the preliminary plat and/or site plan results in an Assessment per Lot for any Lot Type exceeding the Maximum Assessment, prior to the City issuing any building permit for any such Lot described in the reviewed preliminary plat or site plan, the entity submitting the preliminary plat and/or site plan will make a Prepayment in an amount sufficient to reduce the Assessment for each Lot within such preliminary plat and/or site plan to the Maximum Assessment. The City's approval of an Annual Service Plan Update, a preliminary plat, or a site plan without payment of such Prepayment amounts does not eliminate the obligation of the entity submitting the preliminary plat and/or site plan to pay such amounts.

D. Reduction of Assessments

If the Actual Costs of completed Authorized Improvements are less than the Assessments, then (i) in the event PID Bonds have not been issued for the purpose of financing Authorized Improvements affected by such reduction in Actual Costs, the City Council shall reduce each Assessment on a pro rata basis such that the sum of the resulting reduced Assessments for all Assessed Property equals the reduced Actual Costs that were expended, or (ii) in the event that PID Bonds have been issued for the purpose of financing Authorized Improvements affected by such reduction in Actual Costs, the Trustee shall apply amounts on deposit in the applicable account of the project fund created under the Indenture relating to such series of PID Bonds as directed by the City pursuant to the terms of such Indenture. Such excess PID Bond proceeds may be used for any purpose authorized by such Indenture. The Assessments shall never be reduced to an amount less than the amount required to pay all outstanding debt service requirements on all outstanding PID Bonds.

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

E. Prepayment of Assessments

The owner of any Assessed Property may, at any time, pay all or any part of an Assessment in accordance with the PID Act. Prepayment Costs, if any, may be paid from a reserve established under the applicable Indenture. If an Annual Installment has been billed, or the Annual Service Plan Update has been approved by the City Council prior to the Prepayment, the Annual Installment shall be due and payable and shall be credited against the Prepayment.

If an Assessment on an Assessed Property is prepaid in full, with Prepayment Costs, (1) the Administrator shall cause the Assessment to be reduced to zero on said Assessed Property and the Assessment Roll to be revised accordingly; (2) the Administrator shall prepare the revised Assessment Roll and submit such revised Assessment Roll to the City Council for review and approval as part of the next Annual Service Plan Update; (3) the obligation to pay the Assessment and corresponding Annual Installments shall terminate with respect to said Assessed Property; and (4) the City shall provide the owner with a recordable "Notice of Assessment Termination."

If an Assessment on an Assessed Property is prepaid in part with Prepayment Costs: (1) the Administrator shall cause the Assessment to be reduced on said Assessed Property and the Assessment Roll revised accordingly; (2) the Administrator shall prepare the revised Assessment Roll and submit such revised Assessment Roll to the City Council for review and approval as part of the next Annual Service Plan Update; and (3) the obligation to pay the Assessment will be reduced to the extent of the Prepayment made.

F. Payment of Assessment in Annual Installments

Assessments that are not paid in full shall be due and payable in Annual Installments. **Exhibit F-2** shows the estimated Improvement Area #1 Annual Installments. **Exhibit G-2** shows the estimated Major Improvement Area Annual Installments. Annual Installments are subject to adjustment in each Annual Service Plan Update.

Prior to the recording of a final subdivision plat, if any Parcel shown on the Assessment Roll is assigned multiple tax parcel identification numbers for billing and collection purposes, the Annual Installment shall be allocated pro rata based on the acreage of the Parcel not including any Non-Benefitted Property or Non-Assessed Property, as shown by the Collin Central Appraisal District for each tax parcel identification number.

The Administrator shall prepare and submit to the City Council for its review and approval an Annual Service Plan Update to allow for the billing and collection of Annual Installments. Each Annual Service Plan Update shall include updated Assessment Rolls and updated calculations of Annual Installments. The Annual Collection Costs for a given Assessment shall be paid by the owner of each Parcel pro rata based on the ratio of the amount of outstanding Assessment remaining on the Parcel to the total outstanding Assessment. Annual Installments shall be

reduced by any credits applied under an applicable Indenture, such as capitalized interest, interest earnings on account balances, and any other funds available to the Trustee for such purposes. Annual Installments shall be collected by the City in the same manner and at the same time as ad valorem taxes. Annual Installments shall be subject to the penalties, procedures, and foreclosure sale in case of delinquencies as set forth in the PID Act and in the same manner as ad valorem taxes due and owing to the City. To the extent permitted by the PID Act or other applicable law, the City Council may provide for other means of collecting Annual Installments, but in no case shall the City take any action, or fail to take any action, that would cause it to be in default under any Indenture. Assessments shall have the lien priority specified in the PID Act.

Sales of the Assessed Property for nonpayment of Annual Installments shall be subject to the lien for the remaining unpaid Annual Installments against the Assessed Property, and the Assessed Property may again be sold at a judicial foreclosure sale if the purchaser fails to timely pay any of the remaining unpaid Annual Installments as they become due and payable.

The City reserves the right to refund PID Bonds in accordance with applicable law, including the PID Act. In the event of a refunding, the Administrator shall recalculate the Annual Installments so that total Annual Installments will be sufficient to pay the refunding bonds, and the refunding bonds shall constitute “PID Bonds.”

Each Annual Installment of an Assessment, including interest on the unpaid principal of the Assessment, shall be updated annually. Each Annual Installment shall be due when billed and shall be delinquent if not paid prior to February 1 of the following year. The initial Annual Installments of the Assessments shall be due when billed and shall be delinquent if not paid prior to February 1, 2024.

Failure of an owner of an Assessed Property to receive an invoice for an Annual Installment shall not relieve said owner of the responsibility for payment of the Assessment. Assessments, or Annual Installments thereof, that are delinquent shall incur Delinquent Collection Costs.

G. Prepayment as a Result of an Eminent Domain Proceeding or Taking

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

For the Assessed Property that is subject to the Taking as described in the preceding paragraph, the Assessment that was levied against the Assessed Property (when it was included in the Taken

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

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

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

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

both the Taken Property and the Remaining Property until such time that such Assessment has been prepaid in full.

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

SECTION VII: ASSESSMENT ROLL

The Improvement Area #1 Assessment Roll is attached as **Exhibit F-1**. The Administrator shall prepare and submit to the City Council for review and approval proposed revisions to the Improvement Area #1 Assessment Roll and Improvement Area #1 Annual Installments for each Parcel as part of each Annual Service Plan Update.

The Major Improvement Area Assessment Roll is attached as **Exhibit G-1**. The Administrator shall prepare and submit to the City Council for review and approval proposed revisions to the Major Improvement Area Assessment Roll and Major Improvement Area Annual Installments for each Parcel as part of each Annual Service Plan Update.

SECTION VIII: ADDITIONAL PROVISIONS

A. Calculation Errors

If the owner of a Parcel claims that an error has been made in any calculation required by this Service and Assessment Plan, including, but not limited to, any calculation made as part of any Annual Service Plan Update, the owner's sole and exclusive remedy shall be to submit a written notice of error to the Administrator by December 1st of each year following City Council's approval of the calculation. Otherwise, the owner shall be deemed to have unconditionally approved and accepted the calculation. The Administrator shall provide a written response to the City Council and the owner not later than 30 days after receipt of such written notice of error by the Administrator. The City Council shall consider the owner's notice of error and the Administrator's response at a public meeting, and, not later than 30 days after closing such meeting, the City Council shall make a final determination as to whether an error has been made. If the City Council determines that an error has been made, the City Council shall take such corrective action as is authorized by the PID Act, this Service and Assessment Plan, the applicable Assessment Ordinance, the applicable Indenture, or as otherwise authorized by the discretionary power of the City Council. The determination by the City Council as to whether an error has been made, and any corrective action taken by the City Council, shall be final and binding on the owner and the Administrator.

B. Amendments

Amendments to this Service and Assessment Plan must be made by the City Council in accordance with the PID Act. To the extent permitted by the PID Act, this Service and Assessment Plan may be amended without notice to owners of the Assessed Property: (1) to correct mistakes and clerical errors; (2) to clarify ambiguities; and (3) to provide procedures to collect Assessments, Annual Installments, and other charges imposed by this Service and Assessment Plan.

C. Administration and Interpretation

The Administrator shall: (1) perform the obligations of the Administrator as set forth in this Service and Assessment Plan; (2) administer the District for and on behalf of and at the direction of the City Council; and (3) interpret the provisions of this Service and Assessment Plan. Interpretations of this Service and Assessment Plan by the Administrator shall be in writing and shall be appealable to the City Council by owners of Assessed Property adversely affected by the interpretation. Appeals shall be decided by the City Council after holding a public meeting at which all interested parties have an opportunity to be heard. Decisions by the City Council shall be final and binding on the owners of Assessed Property and developers and their successors and assigns.

D. Form of Buyer Disclosure/Filing Requirements

Per Section 5.014 of the Texas Property Code, as amended, this Service and Assessment Plan, and any future Annual Service Plan Updates, shall include a form of the Buyer Disclosures for the District. The Buyer Disclosures for each Lot Type are attached hereto as **Appendix B**. Within seven days of approval by the city Council, the City shall file and record in the real property records of the County the executed ordinance of this Service and Assessment Plan, or any future Annual Service Plan Updates. The executed ordinance, including any attachments, approving this Service an Assessment Plan or any future Annual Service Plan Updates shall be filed and recorded in their entirety.

E. Severability

If any provision of this Service and Assessment Plan is determined by a governmental agency or court to be unenforceable, the unenforceable provision shall be deleted and, to the maximum extent possible, shall be rewritten to be enforceable. Every effort shall be made to enforce the remaining provisions.

EXHIBITS

The following Exhibits are attached to and made a part of this Service and Assessment Plan for all purposes:

Exhibit A-1	Map of the District
Exhibit A-2	Map of Improvement Area #1
Exhibit A-3	Map of Major Improvement Area
Exhibit A-4	Concept Plan
Exhibit B	Project Costs
Exhibit C	Service Plan
Exhibit D	Sources and Uses of Funds
Exhibit E	Maximum Assessment and Tax Rate Equivalent
Exhibit F-1	Improvement Area #1 Assessment Roll
Exhibit F-2	Improvement Area #1 Annual Installments
Exhibit G-1	Major Improvement Area Assessment Roll
Exhibit G-2	Major Improvement Area Annual Installments
Exhibit H-1	Maps of Improvement Area #1 Improvements
Exhibit H-2	Maps of Major Improvements
Exhibit I	Form of Notice of Assessment Termination
Exhibit J-1	Debt Service Schedule for Improvement Area #1 Bonds
Exhibit J-2	Debt Service Schedule for Major Improvement Area Bonds
Exhibit K-1	District Legal Description
Exhibit K-2	Improvement Area #1 Legal Description
Exhibit K-3	Major Improvement Area Legal Description

APPENDICES

The following Appendices are attached to and made a part of this Service and Assessment Plan for all purposes:

Appendix A	Engineer's Report
Appendix B	Buyer Disclosures

EXHIBIT A-1 – MAP OF THE DISTRICT

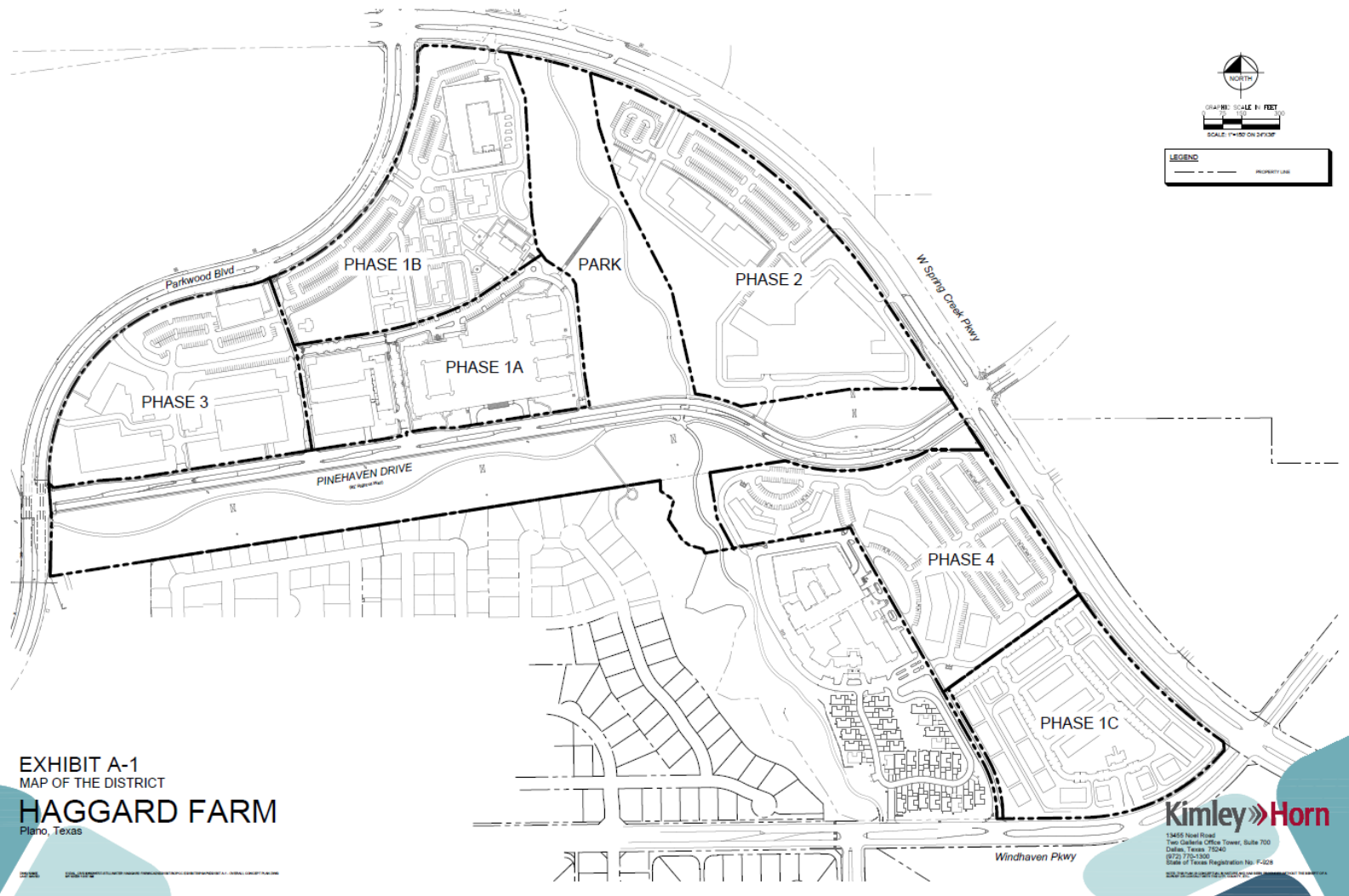


EXHIBIT A-2 – MAP OF IMPROVEMENT AREA #1

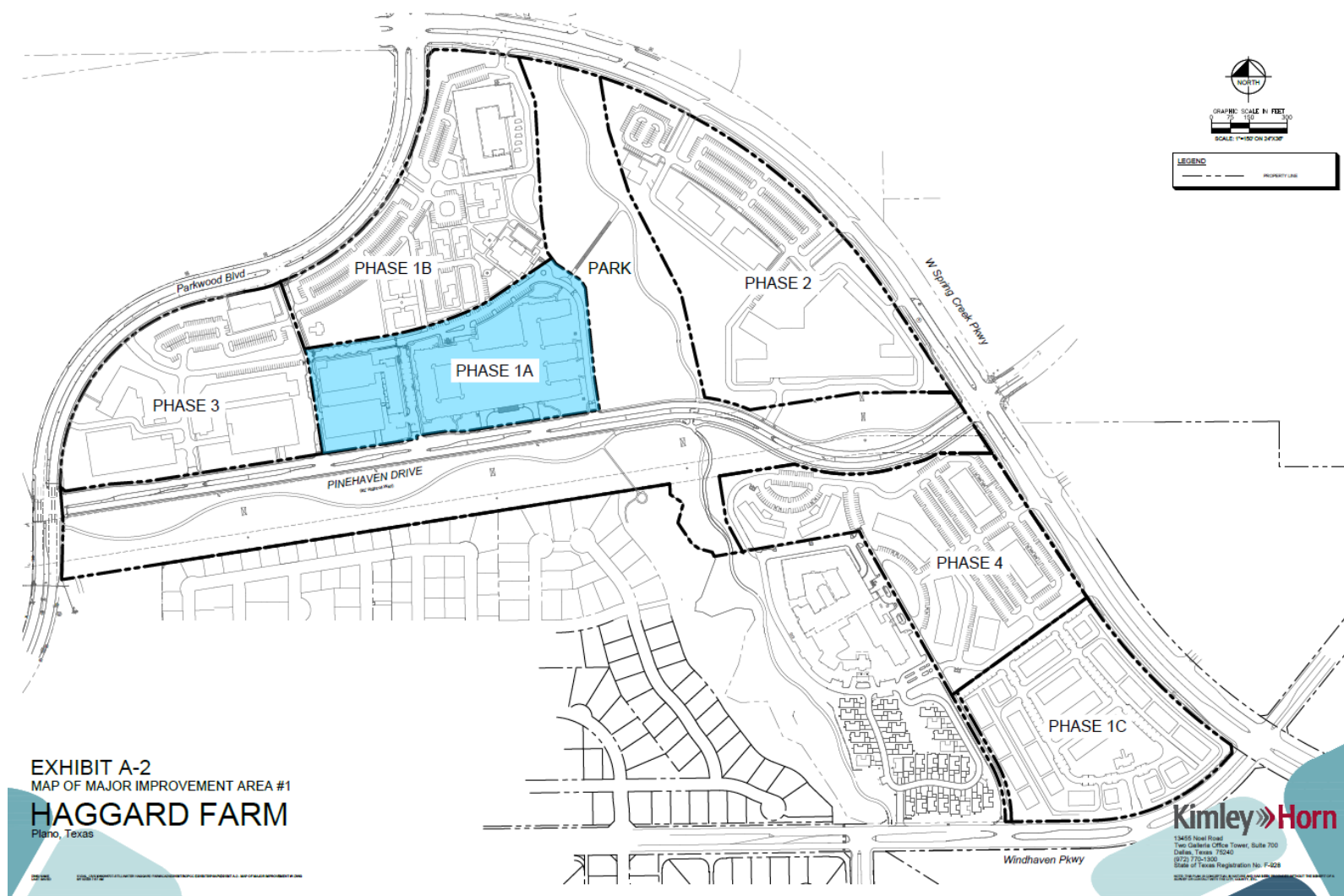


EXHIBIT A-3 – MAP OF MAJOR IMPROVEMENT AREA

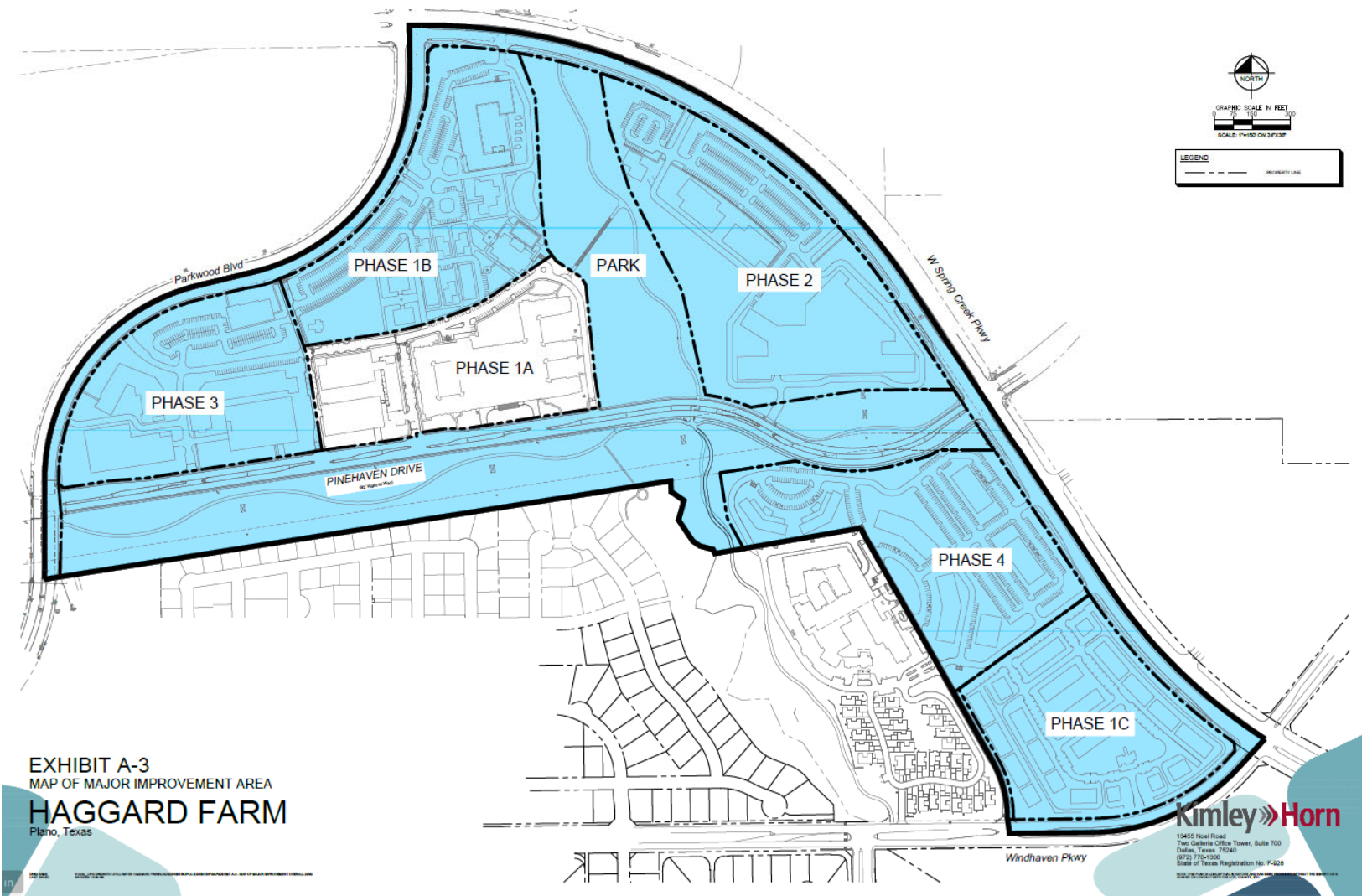


EXHIBIT A-4 – CONCEPT PLAN



EXHIBIT B – PROJECT COSTS

	Total Costs ^[a]	Private	City Contribution	PID Funded	Major Improvement Area		Improvement Area #1	
					%	Cost	%	Cost
<i>Major Improvements^[b]</i>								
Streets	\$ 7,568,641	\$ -	\$ 3,300,932	\$ 4,267,709	81.62%	\$ 3,483,373	18.38%	\$ 784,336
Water	1,550,210	-	-	1,550,210	81.62%	1,265,307	18.38%	284,903
Sewer	1,636,100	-	-	1,636,100	81.62%	1,335,411	18.38%	300,689
Drainage ^[c]	5,740,546	-	2,464,827	3,275,719	81.62%	2,673,695	18.38%	602,024
Linear Parks	750,000	-	-	750,000	81.62%	612,162	18.38%	137,838
Soft Costs ^{[c], [d]}	2,959,305	-	864,864	2,094,441	81.62%	1,709,517	18.38%	384,924
	<u>\$ 20,204,802</u>	<u>\$ -</u>	<u>\$ 6,630,623</u>	<u>\$ 13,574,179</u>		<u>\$ 11,079,465</u>		<u>\$ 2,494,714</u>
<i>Improvement Area #1 Improvements</i>								
Water	\$ 569,020	\$ -	\$ -	\$ 569,020	0.00%	\$ -	100.00%	\$ 569,020
Sewer	146,120	-	-	146,120	0.00%	-	100.00%	146,120
Drainage	633,390	-	-	633,390	0.00%	-	100.00%	633,390
Soft Costs	134,853	-	-	134,853	0.00%	-	100.00%	134,853
	<u>\$ 1,483,383</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,483,383</u>		<u>\$ -</u>		<u>\$ 1,483,383</u>
<i>Private Major Improvements</i>								
Streets	\$ 2,312,267	\$ 2,312,267	\$ -	\$ -	0.00%	\$ -	0.00%	\$ -
Soft Costs	254,349	254,349	-	-	0.00%	-	0.00%	-
	<u>\$ 2,566,616</u>	<u>\$ 2,566,616</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ -</u>		<u>\$ -</u>
<i>Private Internal Improvements</i>								
Streets	\$ 2,039,592	\$ 2,039,592	\$ -	\$ -	0.00%	\$ -	0.00%	\$ -
Water	19,500	19,500	-	-	0.00%	-	0.00%	-
Sewer	141,740	141,740	-	-	0.00%	-	0.00%	-
Drainage	193,675	193,675	-	-	0.00%	-	0.00%	-
Soft Costs	239,451	239,451	-	-	0.00%	-	0.00%	-
	<u>\$ 2,633,958</u>	<u>\$ 2,633,958</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ -</u>		<u>\$ -</u>
<i>Bond Issuance Costs</i>								
Debt Service Reserve	\$ 2,025,610	\$ -	\$ -	\$ 2,025,610		\$ 1,590,610		\$ 435,000
Capitalized Interest	3,199,525	-	-	3,199,525		2,517,233		682,292
Underwriter's Discount	643,740	-	-	643,740		493,740		150,000
Cost of Issuance	1,065,000	-	-	1,065,000		785,000		280,000
	<u>\$ 6,933,875</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,933,875</u>		<u>\$ 5,386,583</u>		<u>\$ 1,547,292</u>
<i>Other Costs</i>								
Deposit to Administrative Fund ^[e]	\$ 140,000	\$ -	\$ -	\$ 140,000		\$ 70,000		\$ 70,000
	<u>\$ 140,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 140,000</u>		<u>\$ 70,000</u>		<u>\$ 70,000</u>
Total	\$ 33,962,634	\$ 5,200,574	\$ 6,630,623	\$ 22,131,437		\$ 16,536,049		\$ 5,595,389

Footnotes:

[a] Per Engineer's Report provided by Developer dated 8/14/2023, attached hereto as **Appendix A**.

[b] Major Improvements are allocated between the Major Improvement Area and Improvement Area #1 based on Estimated Buildout Value.

[c] For the City's Contribution, the drainage and soft costs are specific to the Storm Drainage associated with the Major Improvement Streets being funded by the City's Contribution.

[d] Note District Formation Costs have decreased by \$427,519 since approval of the Preliminary Service and Assessment Plan.

[e] Annual Collection Costs required for first year will be paid for out of the proceeds of the respective series of PID Bonds.

EXHIBIT C – SERVICE PLAN

Improvement Area #1						
Annual Installment Due	1/31/2024	1/31/2025	1/31/2026	1/31/2027	1/31/2028	
Principal	\$ -	\$ -	\$ 60,000.00	\$ 64,000.00	\$ 68,000.00	
Interest	307,291.67	375,000.00	375,000.00	370,500.00	365,700.00	
Capitalized Interest	(307,291.67)	(375,000.00)	-	-	-	
(1)	\$ -	\$ -	\$ 435,000.00	\$ 434,500.00	\$ 433,700.00	
Additional Interest	(2)	\$ -	\$ 25,000.00	\$ 25,000.00	\$ 24,700.00	\$ 24,380.00
Annual Collection Costs	(3)	\$ -	\$ 35,700.00	\$ 36,414.00	\$ 37,142.28	\$ 37,885.13
Total Annual Installment Due	(4) = (1) + (2) + (3)	\$ -	\$ 60,700.00	\$ 496,414.00	\$ 496,342.28	\$ 495,965.13

Major Improvement Area						
Annual Installment Due	1/31/2024	1/31/2025	1/31/2026	1/31/2027	1/31/2028	
Principal	\$ -	\$ -	\$ 158,000.00	\$ 171,000.00	\$ 185,000.00	
Interest	1,133,715.73	1,383,517.50	1,383,517.50	1,370,482.50	1,356,375.00	
Capitalized Interest	(1,133,715.73)	(1,383,517.50)	-	-	-	
(1)	\$ -	\$ -	\$ 1,541,517.50	\$ 1,541,482.50	\$ 1,541,375.00	
Additional Interest	(2)	\$ -	\$ 82,290.00	\$ 82,290.00	\$ 81,500.00	\$ 80,645.00
Annual Collection Costs	(3)	\$ -	\$ 35,700.00	\$ 36,414.00	\$ 37,142.28	\$ 37,885.13
Total Annual Installment Due	(4) = (1) + (2) + (3)	\$ -	\$ 117,990.00	\$ 1,660,221.50	\$ 1,660,124.78	\$ 1,659,905.13

EXHIBIT D – SOURCES AND USES OF FUNDS

	Private	City Contribution	Major Improvement Area	Improvement Area #1	Total
Sources of Funds					
Major Improvement Area Bonds	\$ -	\$ -	\$ 16,458,000	\$ -	\$ 16,458,000
Improvement Area #1 Bonds	-	-	-	5,000,000	5,000,000
Owner Contribution ^[a]	-	-	78,049	595,389	673,437
Owner Contribution - Private Improvements ^[b]	5,200,574	-	-	-	5,200,574
City Contribution - Roads ^[c]	-	3,300,932	-	-	3,300,932
City Contribution - Drainage ^[c]	-	2,464,827	-	-	2,464,827
City Contribution - Soft Costs ^[c]	-	864,864	-	-	864,864
Total Sources	\$ 5,200,574	\$ 6,630,623	\$ 16,536,049	\$ 5,595,389	\$ 33,962,634
Uses of Funds					
Major Improvements	\$ -	\$ 6,630,623	\$ 11,079,465	\$ 2,494,714	\$ 20,204,802
Improvement Area #1 Improvements	-	-	-	1,483,383	1,483,383
Private Major Improvements	2,566,616	-	-	-	2,566,616
Private Internal Improvements	2,633,958	-	-	-	2,633,958
	\$ 5,200,574	\$ 6,630,623	\$ 11,079,465	\$ 3,978,097	\$ 26,888,759
<i>Bond Issuance Costs</i>					
Debt Service Reserve	\$ -	\$ -	\$ 1,590,610	\$ 435,000	\$ 2,025,610
Capitalized Interest	-	-	2,517,233	682,292	3,199,525
Underwriter's Discount	-	-	493,740	150,000	643,740
Cost of Issuance	-	-	785,000	280,000	1,065,000
	\$ -	\$ -	\$ 5,386,583	\$ 1,547,292	\$ 6,933,875
<i>Other Costs</i>					
Deposit to Administrative Fund	\$ -	\$ -	\$ 70,000	\$ 70,000	\$ 140,000
	\$ -	\$ -	\$ 70,000	\$ 70,000	\$ 140,000
Total Uses	\$ 5,200,574	\$ 6,630,623	\$ 16,536,049	\$ 5,595,389	\$ 33,962,634

Footnotes:

[a] Non-reimbursable through PID Bonds or Assessments levied and collected in this District. To be funded by the Owner with cash at closing.

[b] Non-reimbursable through PID Bonds or Assessments levied and collected in this District.

[c] These costs are funded by various City contribution sources as identified in the Indentures.

EXHIBIT E – MAXIMUM ASSESSMENT AND TAX RATE EQUIVALENT

Tract	Parcel	Lot Type	Units/Square footage ^[a]	Appraised Value		Estimated Buildout Value		Assessment		Average Annual Installment		PID TRE
				Per Unit/Sq Ft ^[a]	Total	Per Unit/Sq Ft ^[a]	Total	Per Unit/Sq Ft	Total	Per Unit/Sq Ft	Total	
Improvement Area #1												
1	1	Multi-Family	350	\$ 31,000	\$ 10,850,000	\$ 225,000	\$ 78,750,000	\$ 9,951.35	\$ 3,482,972	\$ 987.67	\$ 345,686	\$ 0.4390
1	2	Office	98,000	42	4,150,000	350	34,300,000	15.48	1,517,028	1.54	150,565	0.4390
Subtotal				\$	15,000,000	\$ 113,050,000		\$ 5,000,000		496,251		
Major Improvement Area												
1	3	Retail	63,050	\$ 258	\$ 16,280,000	\$ 400	\$ 25,220,000	\$ 13.11	\$ 826,711	\$ 1.32	\$ 83,393	\$ 0.3307
1	4	Hotel	122	62,459	7,620,000	325,000	39,650,000	10,653.49	1,299,726	1,074.65	131,107	0.3307
1	5	Office	164,000	35	5,730,000	350	57,400,000	11.47	1,881,570	1.16	189,799	0.3307
1	6	Office	144,000	50	7,190,000	350	50,400,000	11.47	1,652,110	1.16	166,653	0.3307
1	7	Office	31,500	143	4,510,000	350	11,025,000	11.47	361,399	1.16	36,455	0.3307
2	1	Multi-Family	350	31,000	10,850,000	225,000	78,750,000	7,375.49	2,581,422	743.99	260,395	0.3307
2	2	Office	50,000	63	3,170,000	350	17,500,000	11.47	573,649	1.16	57,866	0.3307
2	3	Office	50,000	73	3,660,000	350	17,500,000	11.47	573,649	1.16	57,866	0.3307
2	4	Retail	6,600	406	2,680,000	400	2,640,000	13.11	86,539	1.32	8,729	0.3307
3	1	Office	43,200	74	3,190,000	350	15,120,000	11.47	495,633	1.16	49,996	0.3307
3	2	Office	43,200	90	3,900,000	350	15,120,000	11.47	495,633	1.16	49,996	0.3307
3	3	Assisted Living	120	30,167	3,620,000	250,000	30,000,000	8,194.99	983,399	826.65	99,198	0.3307
3	4	Assisted Living	107	29,626	3,170,000	250,000	26,750,000	8,194.99	876,864	826.65	88,452	0.3307
3	5	Assisted Living	200	28,300	5,660,000	250,000	50,000,000	8,194.99	1,638,998	826.65	165,330	0.3307
4	1	Townhomes	100	110,000	11,000,000	650,000	65,000,000	21,306.98	2,130,698	2,149.29	214,929	0.3307
Subtotal				\$	92,230,000	\$ 502,075,000		\$ 16,458,000		\$ 1,660,164		

Footnotes

[a] Per information provided by the Developer dated July 19, 2023.

EXHIBIT F-1 – IMPROVEMENT AREA #1 ASSESSMENT ROLL

Concept Plan			
Tract and Parcel	Lot Type	Outstanding Assessment ^[a]	Annual Installment Due 1/31/2024 ^[a]
Tract 1 Parcel 1	Multi-Family	\$ 3,482,972.14	\$ -
Tract 1 Parcel 2	Office	\$ 1,517,027.86	\$ -
Total		\$ 5,000,000.00	\$ -

Footnotes:

[a] Improvement Area #1 Assessment will be levied on each Tract and Parcel within Improvement Area #1 as shown in this Improvement Area #1 Assessment Roll. See Concept Plan attached hereto as **Exhibit A-4**. For billing purposes, prior to platting, the total Improvement Area #1 Assessment and Annual Installment will be allocated to each Property ID within Improvement Area #1 pro rata based on acreage as reported by Collin Central Appraisal District, as shown below.

Property ID			
Property ID ^[a]	Area	Outstanding Assessment ^[b]	Annual Installment Due 1/31/2024 ^[b]
2551083	Improvement Area #1	\$ 2,922,909.34	\$ -
2669180	Improvement Area #1	\$ 2,077,090.66	\$ -
Total		\$ 5,000,000.00	\$ -

Footnotes:

[a] Property IDs as shown by Collin Central Appraisal District. Subject to change prior to billing.
 [b] Future allocation of the Assessment will be done in accordance with Section VI of this Service and Assessment Plan.

EXHIBIT F-2 – IMPROVEMENT AREA #1 ANNUAL INSTALLMENTS

Installment Due 1/31	Principal	Interest	Capitalized Interest	Additional Interest	Annual Collection Costs	Total Annual Installment
2024	\$ -	\$ 307,291.67	\$ (307,291.67)	\$ -	\$ -	\$ -
2025	\$ -	\$ 375,000.00	\$ (375,000.00)	\$ 25,000.00	\$ 35,700.00	\$ 60,700.00
2026	\$ 60,000.00	\$ 375,000.00	\$ -	\$ 25,000.00	\$ 36,414.00	\$ 496,414.00
2027	\$ 64,000.00	\$ 370,500.00	\$ -	\$ 24,700.00	\$ 37,142.28	\$ 496,342.28
2028	\$ 68,000.00	\$ 365,700.00	\$ -	\$ 24,380.00	\$ 37,885.13	\$ 495,965.13
2029	\$ 73,000.00	\$ 360,600.00	\$ -	\$ 24,040.00	\$ 38,642.83	\$ 496,282.83
2030	\$ 78,000.00	\$ 355,125.00	\$ -	\$ 23,675.00	\$ 39,415.68	\$ 496,215.68
2031	\$ 84,000.00	\$ 349,275.00	\$ -	\$ 23,285.00	\$ 40,204.00	\$ 496,764.00
2032	\$ 89,000.00	\$ 342,975.00	\$ -	\$ 22,865.00	\$ 41,008.08	\$ 495,848.08
2033	\$ 96,000.00	\$ 336,300.00	\$ -	\$ 22,420.00	\$ 41,828.24	\$ 496,548.24
2034	\$ 103,000.00	\$ 329,100.00	\$ -	\$ 21,940.00	\$ 42,664.80	\$ 496,704.80
2035	\$ 110,000.00	\$ 321,375.00	\$ -	\$ 21,425.00	\$ 43,518.10	\$ 496,318.10
2036	\$ 118,000.00	\$ 313,125.00	\$ -	\$ 20,875.00	\$ 44,388.46	\$ 496,388.46
2037	\$ 126,000.00	\$ 304,275.00	\$ -	\$ 20,285.00	\$ 45,276.23	\$ 495,836.23
2038	\$ 136,000.00	\$ 294,825.00	\$ -	\$ 19,655.00	\$ 46,181.76	\$ 496,661.76
2039	\$ 145,000.00	\$ 284,625.00	\$ -	\$ 18,975.00	\$ 47,105.39	\$ 495,705.39
2040	\$ 156,000.00	\$ 273,750.00	\$ -	\$ 18,250.00	\$ 48,047.50	\$ 496,047.50
2041	\$ 168,000.00	\$ 262,050.00	\$ -	\$ 17,470.00	\$ 49,008.45	\$ 496,528.45
2042	\$ 180,000.00	\$ 249,450.00	\$ -	\$ 16,630.00	\$ 49,988.62	\$ 496,068.62
2043	\$ 194,000.00	\$ 235,950.00	\$ -	\$ 15,730.00	\$ 50,988.39	\$ 496,668.39
2044	\$ 208,000.00	\$ 221,400.00	\$ -	\$ 14,760.00	\$ 52,008.16	\$ 496,168.16
2045	\$ 224,000.00	\$ 205,800.00	\$ -	\$ 13,720.00	\$ 53,048.32	\$ 496,568.32
2046	\$ 240,000.00	\$ 189,000.00	\$ -	\$ 12,600.00	\$ 54,109.29	\$ 495,709.29
2047	\$ 259,000.00	\$ 171,000.00	\$ -	\$ 11,400.00	\$ 55,191.47	\$ 496,591.47
2048	\$ 278,000.00	\$ 151,575.00	\$ -	\$ 10,105.00	\$ 56,295.30	\$ 495,975.30
2049	\$ 299,000.00	\$ 130,725.00	\$ -	\$ 8,715.00	\$ 57,421.21	\$ 495,861.21
2050	\$ 322,000.00	\$ 108,300.00	\$ -	\$ 7,220.00	\$ 58,569.63	\$ 496,089.63
2051	\$ 347,000.00	\$ 84,150.00	\$ -	\$ 5,610.00	\$ 59,741.03	\$ 496,501.03
2052	\$ 373,000.00	\$ 58,125.00	\$ -	\$ 3,875.00	\$ 60,935.85	\$ 495,935.85
2053	\$ 402,000.00	\$ 30,150.00	\$ -	\$ 2,010.00	\$ 62,154.56	\$ 496,314.56
Total	\$ 5,000,000.00	\$ 7,756,516.67	\$ (682,291.67)	\$ 496,615.00	\$ 1,384,882.77	\$ 13,955,722.77

Footnotes:

[a] Interest is calculated at a 7.500% rate.

[b] The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

EXHIBIT G-1 – MAJOR IMPROVEMENT AREA ASSESSMENT ROLL

Concept Plan			
Tract and Parcel	Lot Type	Outstanding Assessment ^[a]	Annual Installment Due 1/31/2024 ^[a]
Tract 1 Parcel 3	Retail	\$ 826,710.67	\$ -
Tract 1 Parcel 4	Hotel	\$ 1,299,725.54	\$ -
Tract 1 Parcel 5	Office	\$ 1,881,569.88	\$ -
Tract 1 Parcel 6	Office	\$ 1,652,110.14	\$ -
Tract 1 Parcel 7	Office	\$ 361,399.09	\$ -
Tract 2 Parcel 1	Multi-Family	\$ 2,581,422.10	\$ -
Tract 2 Parcel 2	Office	\$ 573,649.36	\$ -
Tract 2 Parcel 3	Office	\$ 573,649.36	\$ -
Tract 2 Parcel 4	Retail	\$ 86,539.10	\$ -
Tract 3 Parcel 1	Office	\$ 495,633.04	\$ -
Tract 3 Parcel 2	Office	\$ 495,633.04	\$ -
Tract 3 Parcel 3	Assisted Living	\$ 983,398.89	\$ -
Tract 3 Parcel 4	Assisted Living	\$ 876,864.01	\$ -
Tract 3 Parcel 5	Assisted Living	\$ 1,638,998.16	\$ -
Tract 4 Parcel 1	Townhomes	\$ 2,130,697.60	\$ -
Total		\$ 16,458,000.00	\$ -

Footnotes:

[a] The Major Improvement Area Assessment will be levied on each Tract and Parcel within the Major Improvement Area as shown in this Major Improvement Area Assessment Roll. See Concept Plan attached hereto as **Exhibit A-4**. For billing purposes, prior to platting, the total Major Improvement Area Assessment and Annual Installment will be allocated to each Property ID within the Major Improvement Area pro rata based on acreage as reported by Collin Central Appraisal District, as shown below.

Property ID			
Property ID ^[a]	Area	Outstanding Assessment ^[b]	Annual Installment Due 1/31/2024 ^[b]
2551083	Major Improvement Area	\$ 7,473,086.46	\$ -
2669180	Major Improvement Area	\$ 5,310,557.51	\$ -
170914	Major Improvement Area	\$ 244,049.92	\$ -
2669178	Major Improvement Area	\$ 3,301,869.09	\$ -
2138041	Major Improvement Area	\$ 128,437.02	\$ -
Total		\$ 16,458,000.00	\$ -

Footnotes:

[a] Property IDs as shown by Collin Central Appraisal District. Subject to change prior to billing.

[b] Future allocation of the Major Improvement Area Assessment will be done in accordance with Section VI of this Service and Assessment Plan.

EXHIBIT G-2 – MAJOR IMPROVEMENT AREA ANNUAL INSTALLMENTS

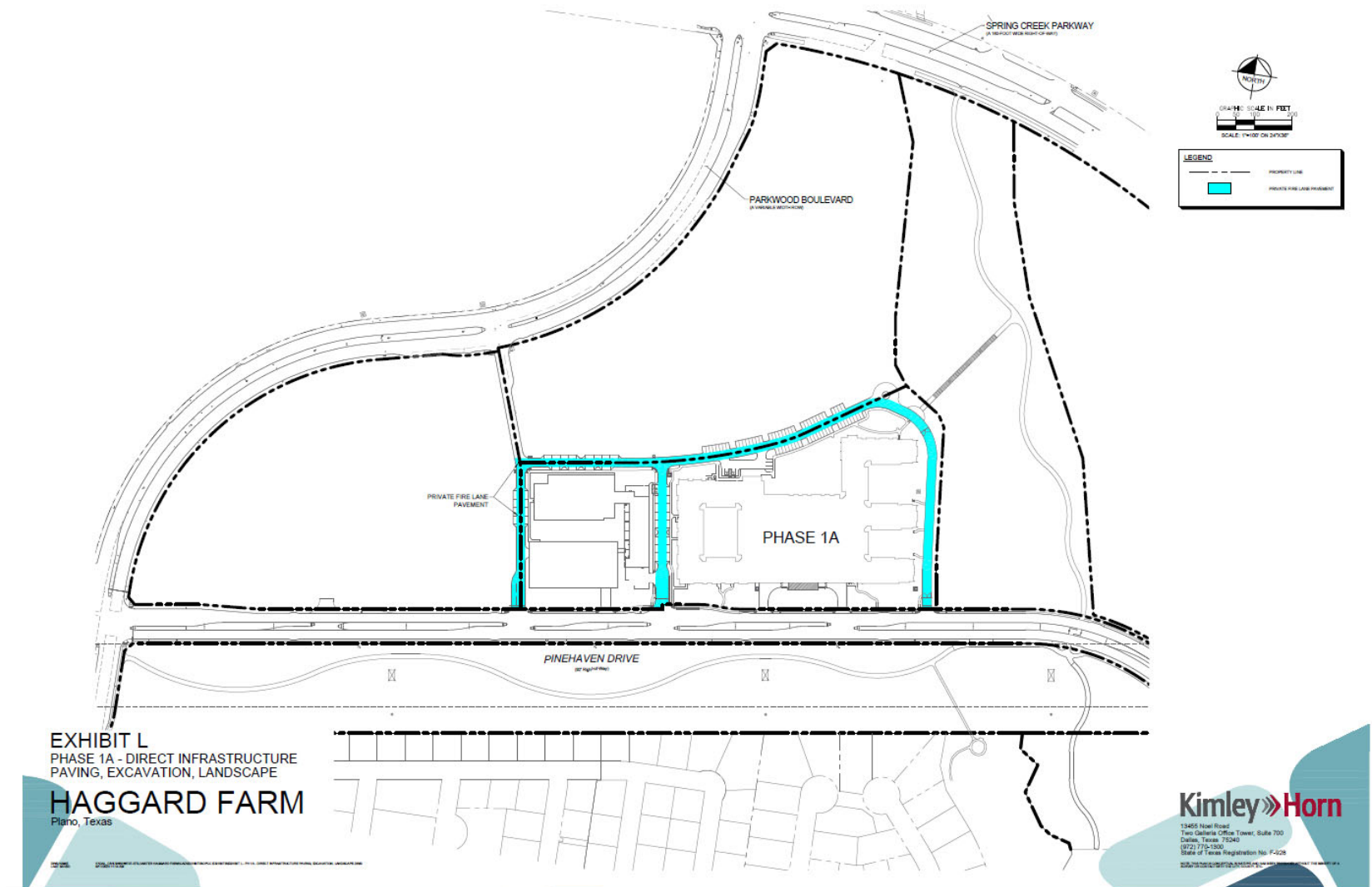
Installment Due 1/31	Principal	Interest ^[a]	Capitalized Interest	Additional Interest	Annual Collection Costs	Total Annual Installment ^[b]
2024	\$ -	\$ 1,133,715.73	\$ (1,133,715.73)	\$ -	\$ -	\$ -
2025	\$ -	\$ 1,383,517.50	\$ (1,383,517.50)	\$ 82,290.00	\$ 35,700.00	\$ 117,990.00
2026	\$ 158,000.00	\$ 1,383,517.50	\$ -	\$ 82,290.00	\$ 36,414.00	\$ 1,660,221.50
2027	\$ 171,000.00	\$ 1,370,482.50	\$ -	\$ 81,500.00	\$ 37,142.28	\$ 1,660,124.78
2028	\$ 185,000.00	\$ 1,356,375.00	\$ -	\$ 80,645.00	\$ 37,885.13	\$ 1,659,905.13
2029	\$ 201,000.00	\$ 1,341,112.50	\$ -	\$ 79,720.00	\$ 38,642.83	\$ 1,660,475.33
2030	\$ 218,000.00	\$ 1,324,530.00	\$ -	\$ 78,715.00	\$ 39,415.68	\$ 1,660,660.68
2031	\$ 236,000.00	\$ 1,306,545.00	\$ -	\$ 77,625.00	\$ 40,204.00	\$ 1,660,374.00
2032	\$ 256,000.00	\$ 1,287,075.00	\$ -	\$ 76,445.00	\$ 41,008.08	\$ 1,660,528.08
2033	\$ 277,000.00	\$ 1,265,955.00	\$ -	\$ 75,165.00	\$ 41,828.24	\$ 1,659,948.24
2034	\$ 301,000.00	\$ 1,243,102.50	\$ -	\$ 73,780.00	\$ 42,664.80	\$ 1,660,547.30
2035	\$ 326,000.00	\$ 1,218,270.00	\$ -	\$ 72,275.00	\$ 43,518.10	\$ 1,660,063.10
2036	\$ 354,000.00	\$ 1,191,375.00	\$ -	\$ 70,645.00	\$ 44,388.46	\$ 1,660,408.46
2037	\$ 384,000.00	\$ 1,162,170.00	\$ -	\$ 68,875.00	\$ 45,276.23	\$ 1,660,321.23
2038	\$ 416,000.00	\$ 1,130,490.00	\$ -	\$ 66,955.00	\$ 46,181.76	\$ 1,659,626.76
2039	\$ 452,000.00	\$ 1,096,170.00	\$ -	\$ 64,875.00	\$ 47,105.39	\$ 1,660,150.39
2040	\$ 491,000.00	\$ 1,058,880.00	\$ -	\$ 62,615.00	\$ 48,047.50	\$ 1,660,542.50
2041	\$ 533,000.00	\$ 1,018,372.50	\$ -	\$ 60,160.00	\$ 49,008.45	\$ 1,660,540.95
2042	\$ 578,000.00	\$ 974,400.00	\$ -	\$ 57,495.00	\$ 49,988.62	\$ 1,659,883.62
2043	\$ 628,000.00	\$ 926,715.00	\$ -	\$ 54,605.00	\$ 50,988.39	\$ 1,660,308.39
2044	\$ 682,000.00	\$ 874,905.00	\$ -	\$ 51,465.00	\$ 52,008.16	\$ 1,660,378.16
2045	\$ 742,000.00	\$ 816,935.00	\$ -	\$ 48,055.00	\$ 53,048.32	\$ 1,660,038.32
2046	\$ 808,000.00	\$ 753,865.00	\$ -	\$ 44,345.00	\$ 54,109.29	\$ 1,660,319.29
2047	\$ 879,000.00	\$ 685,185.00	\$ -	\$ 40,305.00	\$ 55,191.47	\$ 1,659,681.47
2048	\$ 957,000.00	\$ 610,470.00	\$ -	\$ 35,910.00	\$ 56,295.30	\$ 1,659,675.30
2049	\$ 1,042,000.00	\$ 529,125.00	\$ -	\$ 31,125.00	\$ 57,421.21	\$ 1,659,671.21
2050	\$ 1,135,000.00	\$ 440,555.00	\$ -	\$ 25,915.00	\$ 58,569.63	\$ 1,660,039.63
2051	\$ 1,236,000.00	\$ 344,080.00	\$ -	\$ 20,240.00	\$ 59,741.03	\$ 1,660,061.03
2052	\$ 1,346,000.00	\$ 239,020.00	\$ -	\$ 14,060.00	\$ 60,935.85	\$ 1,660,015.85
2053	\$ 1,466,000.00	\$ 124,610.00	\$ -	\$ 7,330.00	\$ 62,154.56	\$ 1,660,094.56
Total	\$ 16,458,000.00	\$ 29,591,520.73	\$ (2,517,233.23)	\$ 1,685,425.00	\$ 1,384,882.77	\$ 46,602,595.27

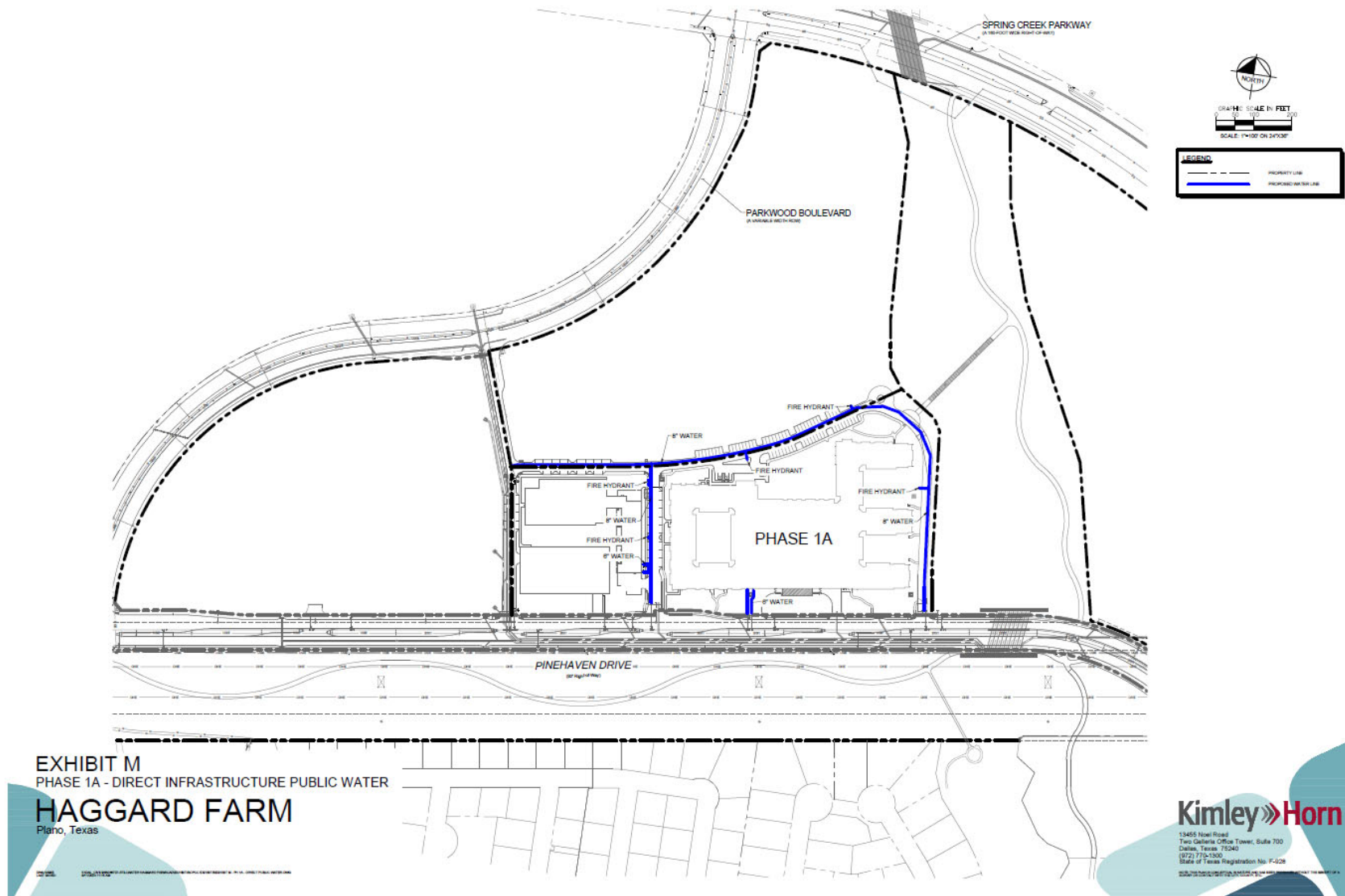
Footnotes:

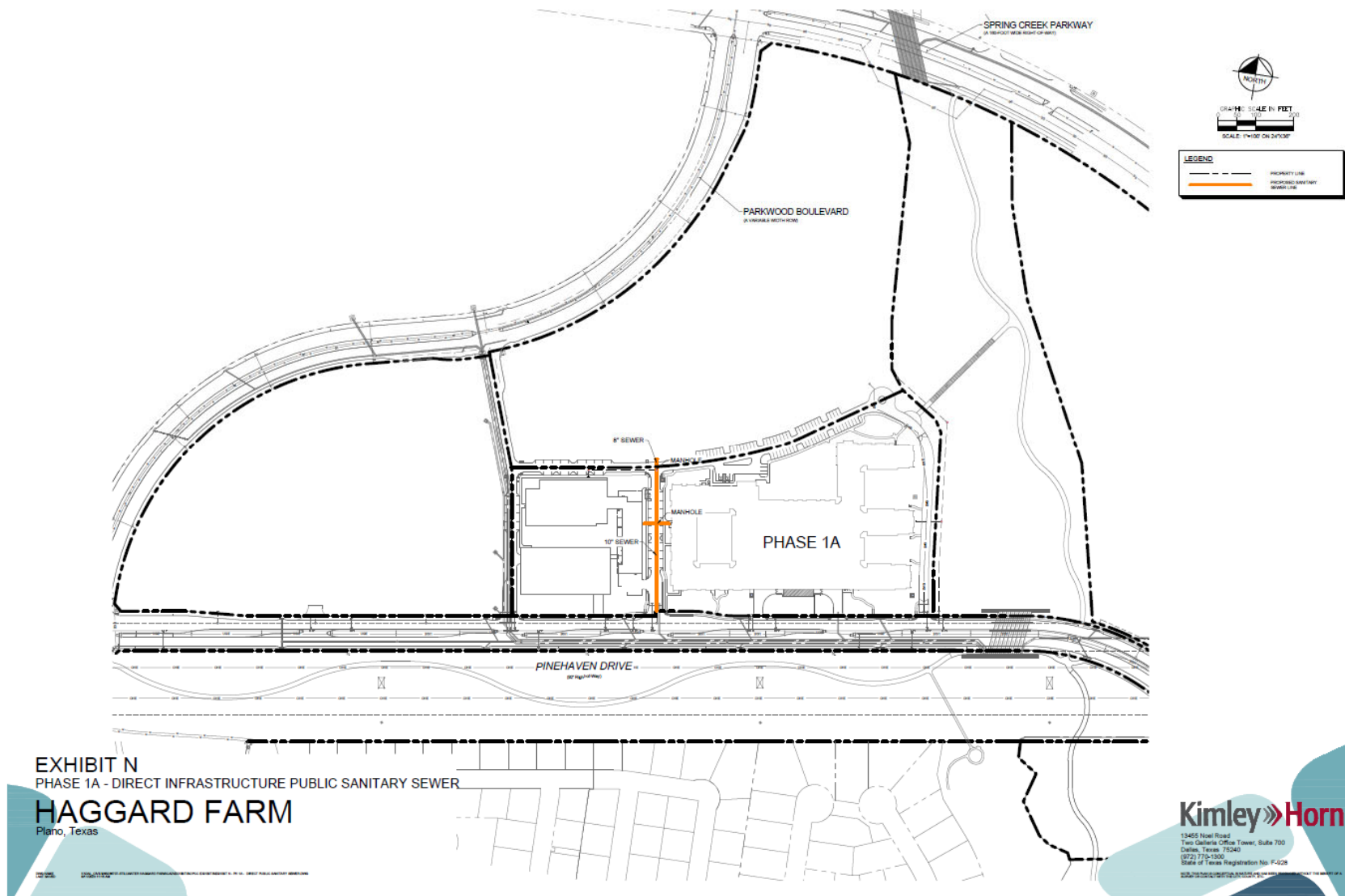
[a] Interest is calculated at a 8.250% rate and 8.500% rate for term bonds maturing 9/30/2043 and 9/30/2053 respectively.

[b] The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

EXHIBIT H-1 – MAPS OF IMPROVEMENT AREA #1 IMPROVEMENTS







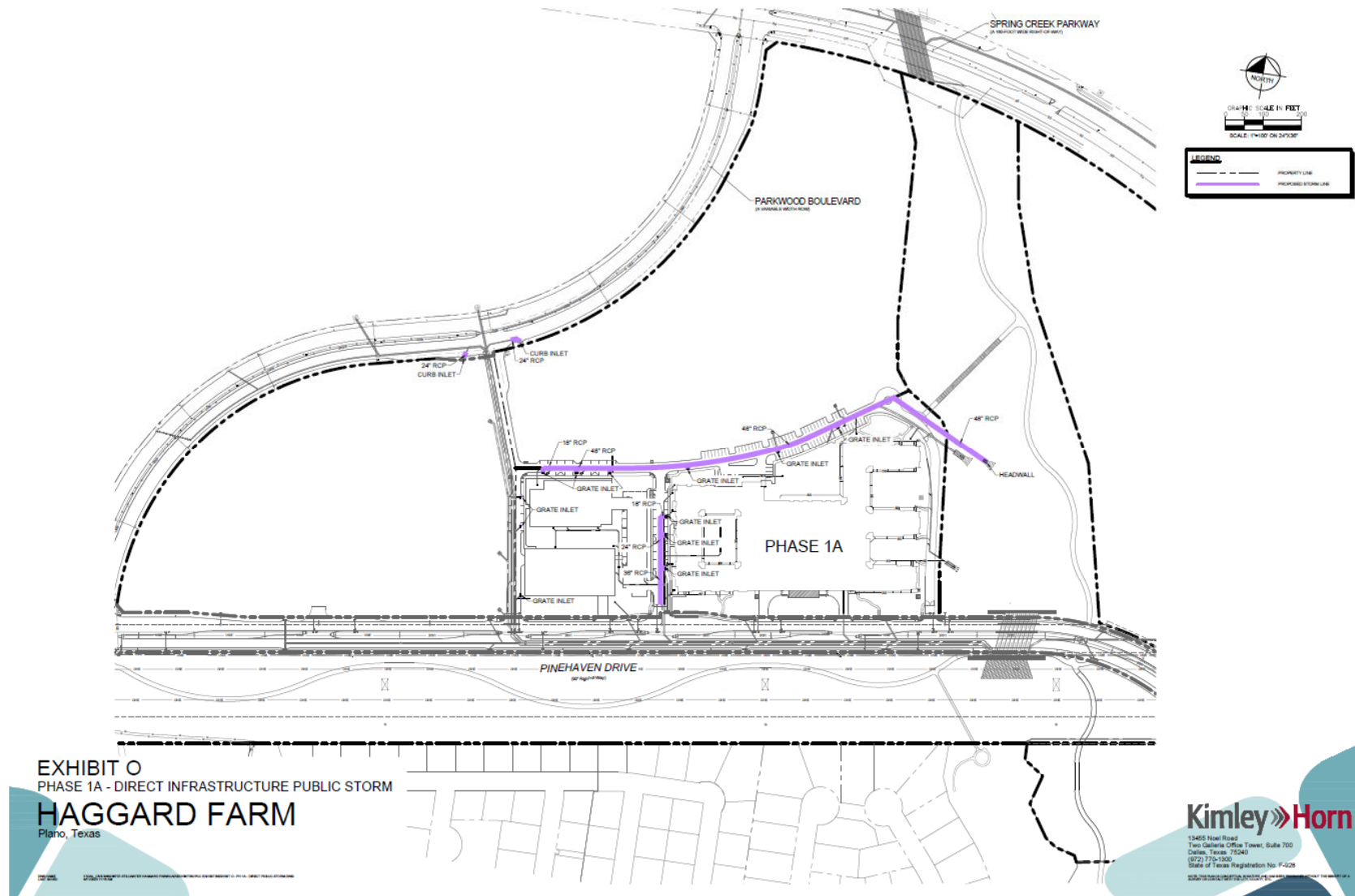
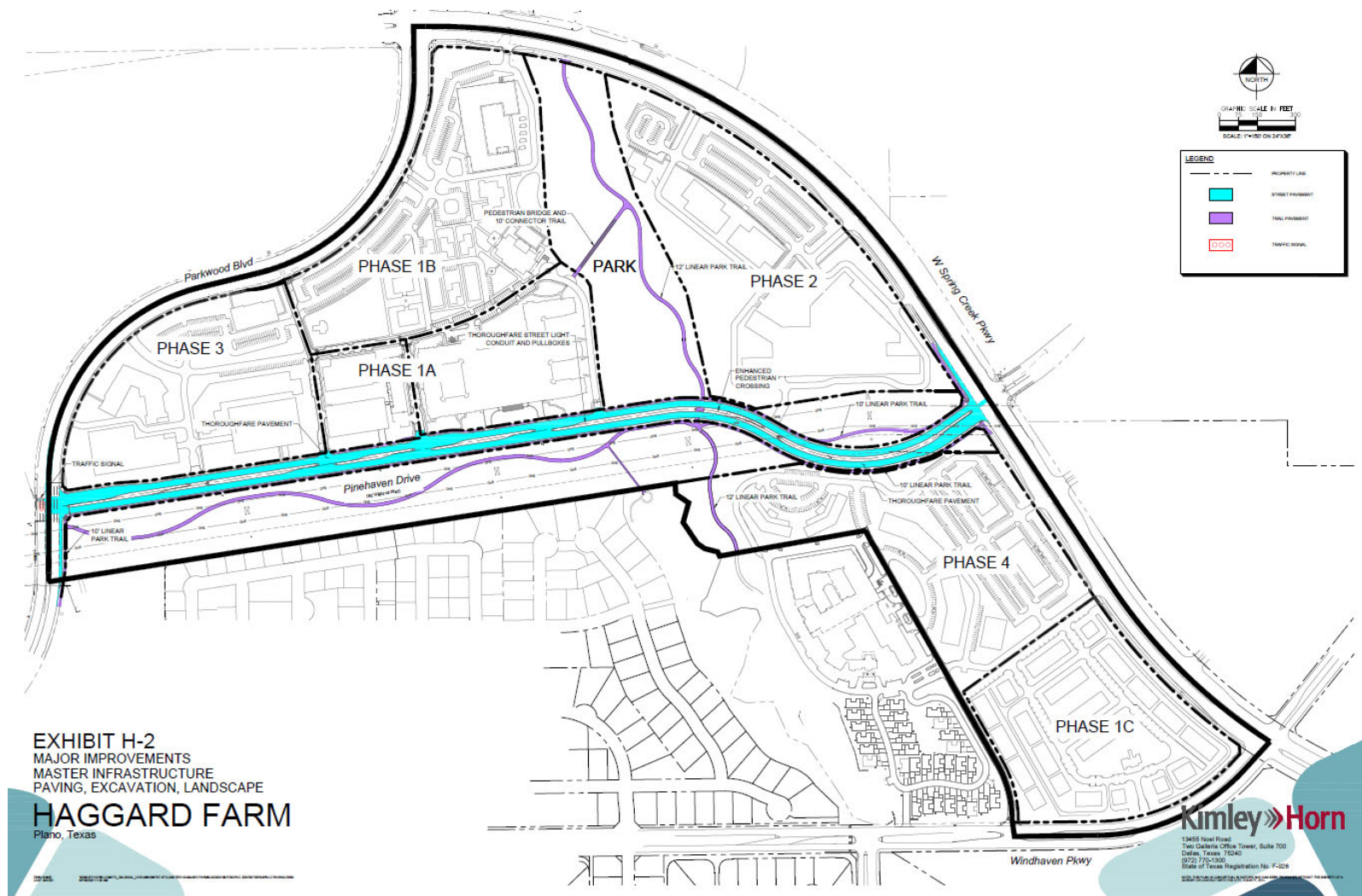
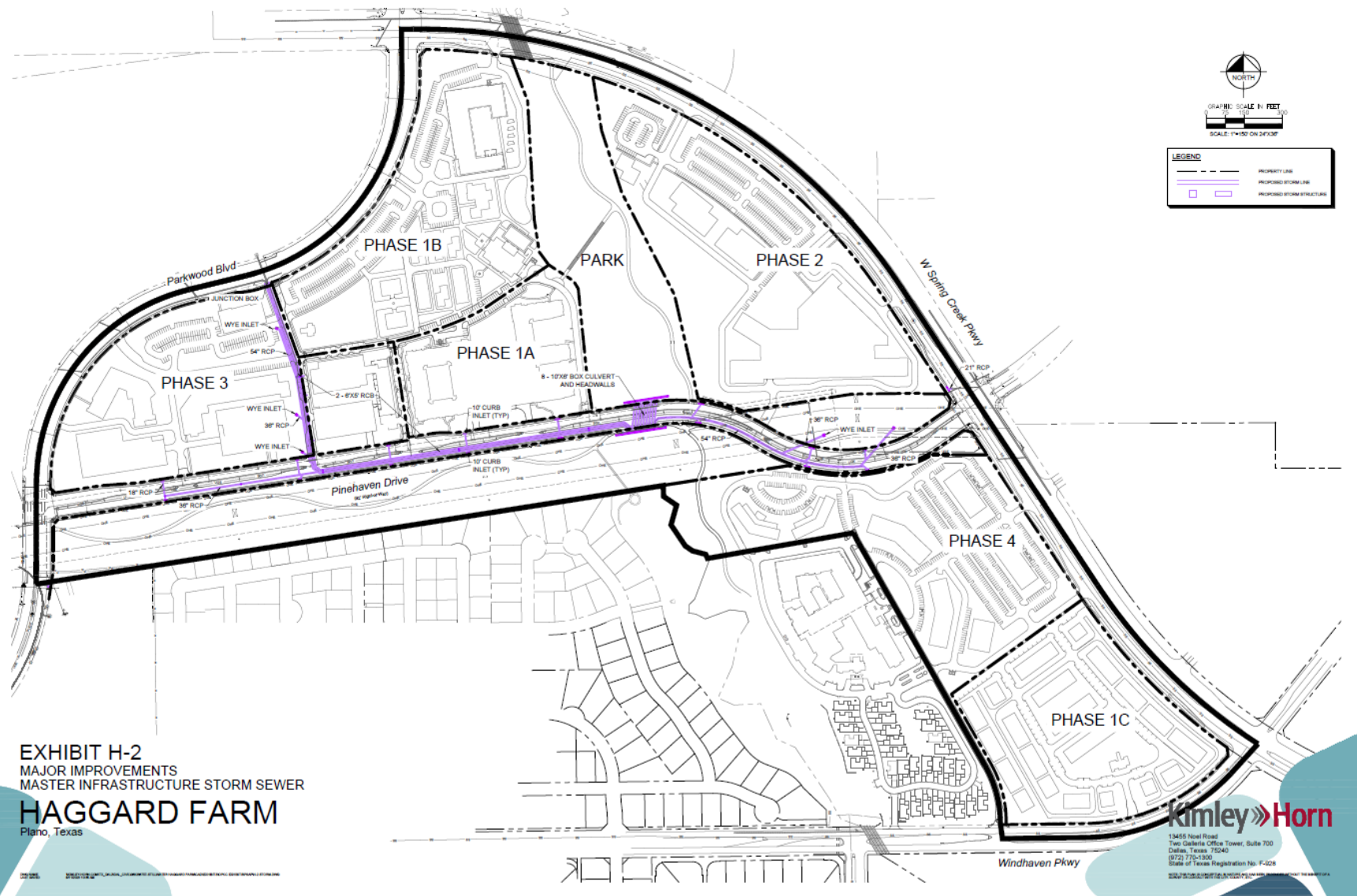


EXHIBIT H-2 – MAPS OF MAJOR IMPROVEMENTS





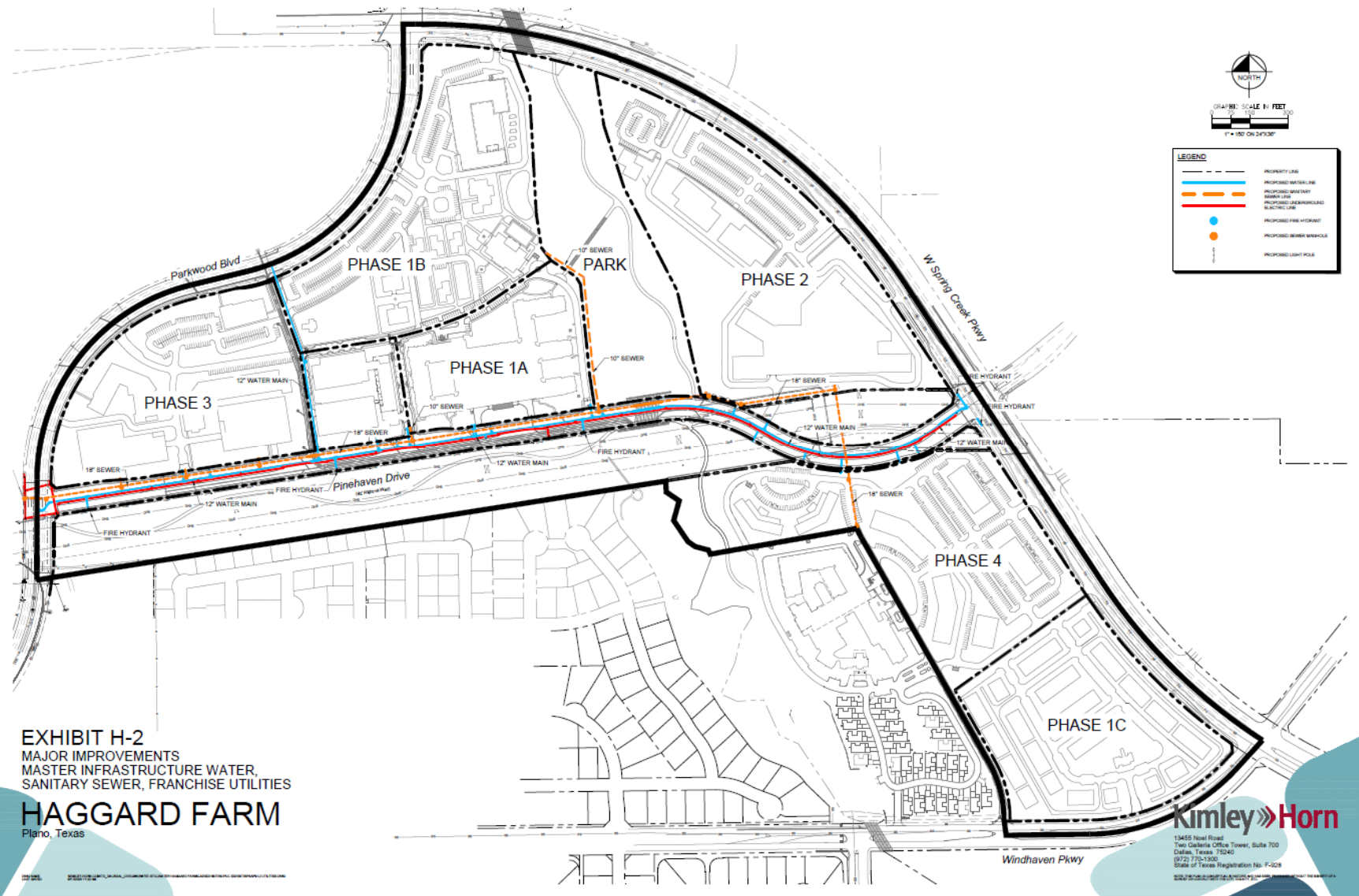


EXHIBIT I – FORM OF NOTICE OF ASSESSMENT TERMINATION



P3Works, LLC
9284 Huntington Square, Suite 100
North Richland Hills, TX 76182

[Date]
Collin County Clerk's Office
Honorable [County Clerk]
Collin County Administration Building
2300 Bloomdale Rd, #2106
McKinney, TX 75071

Re: City of Plano Lien Release documents for filing

Dear Ms./Mr. [County Clerk]

Enclosed is a lien release that the City of Plano is requesting to be filed in your office. Lien release for [insert legal description]. Recording Numbers: [Plat]. Please forward copies of the filed documents to my attention:

City of Plano
Attn: City Secretary
1520 K Ave
Plano, TX 75074

Please contact me if you have any questions or need additional information.

Sincerely,
[Signature]

P3Works, LLC
(817) 393-0353
Admin@P3-Works.com
www.P3-Works.com

**[City Secretary Name]
1520 K Avenue
Plano, TX 75074**

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 COLLIN §

THIS FULL RELEASE OF PUBLIC IMPROVEMENT DISTRICT LIEN (this "Full Release") is executed and delivered as of the Effective Date by the City of Plano, Texas, a Texas home rule municipality (the "City").

RECITALS

WHEREAS, the governing body (hereinafter referred to as the "City Council") of the City, Texas is authorized by Chapter 372, Texas Local Government Code, as amended (hereinafter referred to as the "Act"), to create public improvement districts within the corporate limits of the City; and

WHEREAS, on January 9, 2023, the City Council of the City approved Resolution No. 2023-1-7(R) creating the Haggard Farm Public Improvement District (the “District”); and

WHEREAS, the District consists of approximately 142.49 contiguous acres within the corporate limits of the City; and

WHEREAS, on _____, the City Council, approved Ordinance No. _____, (hereinafter referred to as the "Assessment Ordinance") approving a service and assessment plan and assessment roll for the real property located with the District, the Assessment Ordinance being recorded on _____, as Instrument No. _____ in the Official Public Records of Collin County, TX; and

WHEREAS, the Assessment Ordinance imposed an assessment in the amount of [amount] (hereinafter referred to as the "Lien Amount") and further imposed a lien to secure the payment of the Lien Amount (the "Lien") against the following property located within the District, to wit:

EXHIBIT J-1 – DEBT SERVICE SCHEDULE FOR IMPROVEMENT AREA #1 BONDS

Final

Haggard Farm Public Improvement

City of Plano, Texas

Improvement Area #1

Special Assessment Revenue Bonds, Series 2023

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
09/30/2024	-	-	307,291.67	307,291.67
09/30/2025	-	-	375,000.00	375,000.00
09/30/2026	60,000.00	7.500%	375,000.00	435,000.00
09/30/2027	64,000.00	7.500%	370,500.00	434,500.00
09/30/2028	68,000.00	7.500%	365,700.00	433,700.00
09/30/2029	73,000.00	7.500%	360,600.00	433,600.00
09/30/2030	78,000.00	7.500%	355,125.00	433,125.00
09/30/2031	84,000.00	7.500%	349,275.00	433,275.00
09/30/2032	89,000.00	7.500%	342,975.00	431,975.00
09/30/2033	96,000.00	7.500%	336,300.00	432,300.00
09/30/2034	103,000.00	7.500%	329,100.00	432,100.00
09/30/2035	110,000.00	7.500%	321,375.00	431,375.00
09/30/2036	118,000.00	7.500%	313,125.00	431,125.00
09/30/2037	126,000.00	7.500%	304,275.00	430,275.00
09/30/2038	136,000.00	7.500%	294,825.00	430,825.00
09/30/2039	145,000.00	7.500%	284,625.00	429,625.00
09/30/2040	156,000.00	7.500%	273,750.00	429,750.00
09/30/2041	168,000.00	7.500%	262,050.00	430,050.00
09/30/2042	180,000.00	7.500%	249,450.00	429,450.00
09/30/2043	194,000.00	7.500%	235,950.00	429,950.00
09/30/2044	208,000.00	7.500%	221,400.00	429,400.00
09/30/2045	224,000.00	7.500%	205,800.00	429,800.00
09/30/2046	240,000.00	7.500%	189,000.00	429,000.00
09/30/2047	259,000.00	7.500%	171,000.00	430,000.00
09/30/2048	278,000.00	7.500%	151,575.00	429,575.00
09/30/2049	299,000.00	7.500%	130,725.00	429,725.00
09/30/2050	322,000.00	7.500%	108,300.00	430,300.00
09/30/2051	347,000.00	7.500%	84,150.00	431,150.00
09/30/2052	373,000.00	7.500%	58,125.00	431,125.00
09/30/2053	402,000.00	7.500%	30,150.00	432,150.00
Total	\$5,000,000.00	-	\$7,756,516.67	\$12,756,516.67

Yield Statistics

Bond Year Dollars	\$103,420.22
Average Life	20.684 Years
Average Coupon	7.5000000%
Net Interest Cost (NIC)	7.6450393%
True Interest Cost (TIC)	7.8118894%
Bond Yield for Arbitrage Purposes	7.5015724%
All Inclusive Cost (AIC)	8.4349546%

IRS Form 8038

Net Interest Cost	7.5000000%
Weighted Average Maturity	20.684 Years

Haggard Area 1 Final | Phase 1 West | 10/23/2023 | 10:54 AM

Hilltop Securities Inc

Public Finance

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EXHIBIT J-2 – DEBT SERVICE SCHEDULE FOR MAJOR IMPROVEMENT AREA BONDS

Final

Haggard Farm Public Improvement

City of Plano, Texas

Major Improvement Area

Special Assessment Revenue Bonds, Series 2023

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
09/30/2024	-	-	1,133,715.73	1,133,715.73
09/30/2025	-	-	1,383,517.50	1,383,517.50
09/30/2026	158,000.00	8.250%	1,383,517.50	1,541,517.50
09/30/2027	171,000.00	8.250%	1,370,482.50	1,541,482.50
09/30/2028	185,000.00	8.250%	1,356,375.00	1,541,375.00
09/30/2029	201,000.00	8.250%	1,341,112.50	1,542,112.50
09/30/2030	218,000.00	8.250%	1,324,530.00	1,542,530.00
09/30/2031	236,000.00	8.250%	1,306,545.00	1,542,545.00
09/30/2032	256,000.00	8.250%	1,287,075.00	1,543,075.00
09/30/2033	277,000.00	8.250%	1,265,955.00	1,542,955.00
09/30/2034	301,000.00	8.250%	1,243,102.50	1,544,102.50
09/30/2035	326,000.00	8.250%	1,218,270.00	1,544,270.00
09/30/2036	354,000.00	8.250%	1,191,375.00	1,545,375.00
09/30/2037	384,000.00	8.250%	1,162,170.00	1,546,170.00
09/30/2038	416,000.00	8.250%	1,130,490.00	1,546,490.00
09/30/2039	452,000.00	8.250%	1,096,170.00	1,548,170.00
09/30/2040	491,000.00	8.250%	1,058,880.00	1,549,880.00
09/30/2041	533,000.00	8.250%	1,018,372.50	1,551,372.50
09/30/2042	578,000.00	8.250%	974,400.00	1,552,400.00
09/30/2043	628,000.00	8.250%	926,715.00	1,554,715.00
09/30/2044	682,000.00	8.500%	874,905.00	1,556,905.00
09/30/2045	742,000.00	8.500%	816,935.00	1,558,935.00
09/30/2046	808,000.00	8.500%	753,865.00	1,561,865.00
09/30/2047	879,000.00	8.500%	685,185.00	1,564,185.00
09/30/2048	957,000.00	8.500%	610,470.00	1,567,470.00
09/30/2049	1,042,000.00	8.500%	529,125.00	1,571,125.00
09/30/2050	1,135,000.00	8.500%	440,555.00	1,575,555.00
09/30/2051	1,236,000.00	8.500%	344,080.00	1,580,080.00
09/30/2052	1,346,000.00	8.500%	239,020.00	1,585,020.00
09/30/2053	1,466,000.00	8.500%	124,610.00	1,590,610.00
Total	\$16,458,000.00	-	\$29,591,520.73	\$46,049,520.73

Yield Statistics

Bond Year Dollars	\$350,571.42
Average Life	21.301 Years
Average Coupon	8.4409394%
Net Interest Cost (NIC)	8.5817780%
True Interest Cost (TIC)	8.7539697%
Bond Yield for Arbitrage Purposes	8.4262219%
All Inclusive Cost (AIC)	9.3111624%

IRS Form 8038

Net Interest Cost	8.4409394%
Weighted Average Maturity	21.301 Years

Haggard Area MIA Final | Phase 1 West | 10/23/2023 | 10:51 AM

Hilltop Securities Inc
Public Finance

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EXHIBIT K-1 – DISTRICT LEGAL DESCRIPTION

ZONING DESCRIPTION

142.49 ACRES

BEING a tract of land situated in the Maria Cantalina Vela Survey, Abstract No. 935, City of Plano, Collin County, Texas; and being part of Windhaven Parkway, Spring Creek Parkway and Parkwood Boulevard and being part of a tract of land described in Special Warranty Deed to Haggard Enterprises Limited, LTD. recorded in Volume 2523, Page 172 of the Land Records of Collin County, Texas and being part of a tract of land described in Special Warranty Deed to Haggard Enterprises Limited, LTD. recorded in Volume 2739, Page 967 of said Land Records and being part of a tract of land described in Special Warranty Deed, Bill of Sale and Assignment to Acres of Sunshine, LTD. recorded in Volume 4227, Page 835 of the Land Records of Collin County, Texas and being more particularly described as follows:

BEGINNING at the intersection of the centerline of Spring Creek Parkway (a variable width right-of-way) and the centerline of Windhaven Parkway (a variable width right-of-way);

THENCE with said centerline of Windhaven Parkway, the following courses and distances:

South 42°22'41" West, a distance of 158.86 feet to a point at the beginning of a non-tangent curve to the right having a central angle of 46°00'40", a radius of 800.00 feet, a chord bearing and distance of South 66°13'45" West, 625.31 feet;

In a southwesterly direction, with said curve to the right, an arc distance of 642.44 feet to a point for corner;

South 89°14'05" West, a distance of 337.88 feet to a point for corner;

THENCE said centerline of Windhaven Parkway, the following courses and distances:

North 0°00'00" East, a distance of 63.50 feet to a point at the beginning of a tangent curve to the left having a central angle of 29°35'57", a radius of 450.00 feet, a chord bearing and distance of North 14°47'58" West, 229.89 feet;

In a northwesterly direction, with said curve to the left, an arc distance of 232.47 feet to a point for corner;

North 29°36'05" West, a distance of 1011.83 feet to a point at the beginning of a non-tangent curve to the right having a central angle of 5°58'43", a radius of 441.64 feet, a chord bearing and distance of North 27°16'14" West, 46.06 feet;

In a northwesterly direction, with said curve to the right, an arc distance of 46.08 feet to a point for corner;

South 80°03'46" West, a distance of 584.73 feet to a point in the east line of Lot 58, Block A, Common Open Space, Avignon Windhaven, Phase 3 an addition to the City of Plano according to the plat recorded in Instrument No. 20111209010002540 of the Official Public Records of Collin County, Texas; and being in the approximate centerline of Creek Number 5B29;

THENCE with the east line of said Lot 58 and said approximate centerline of Creek Number 5B29, the following courses and distances:

North 24°50'38" West, a distance of 17.56 feet to a point for corner;
North 75°15'49" West, a distance of 53.86 feet to a point for corner;
North 55°19'20" West, a distance of 34.91 feet to a point for corner;
North 33°59'39" West, a distance of 99.90 feet to a point for corner;
North 15°48'40" East, a distance of 80.20 feet to a point for corner;
North 56°15'56" West, a distance of 62.96 feet to a point for corner;
North 0°28'11" West, a distance of 42.59 feet to the northeast corner of said Lot 58;

THENCE with the north line of said Block A, Avignon Windhaven, Phase 3, South 81°04'33" West, passing at a distance of 691.05 feet the northwest corner of said Block A, Avignon Windhaven, Phase 3 and the northeast corner of Lot 38, Block A, Avignon Windhaven, Phase 2 an addition to the City of Plano according to the plat recorded in Instrument No. 20091008010002560 of the Official Public Records of Collin County, Texas, continuing with north line of said Block A, Avignon Windhaven, Phase 2, passing at a distance of 1126.56 feet the northwest corner of said Block A, Avignon Windhaven, Phase 2 and the northeast corner of Lot 31, Block A, Avignon Windhaven, Phase 1 an addition to the City of Plano according to the plat recorded in Cabinet R, Slide 205 of the Map Records of Collin County, Texas, continuing with the north line of said Block A, Avignon Windhaven, Phase 1, passing at a distance of 2040.83 feet the northeast corner of said Block A, Avignon Windhaven, Phase 1, continuing in all a total distance of 2505.50 feet to a point for corner in said centerline of Parkwood Boulevard; said point also being at the beginning of a non-tangent curve to the left having a central angle of 2°41'09", a radius of 774.92 feet, a chord bearing and distance of North 1°21'12" East, 36.32 feet;

THENCE with said centerline of Parkwood Boulevard, the following courses and distances:

In a northeasterly direction, with said curve to the left, an arc distance of 36.32 feet to a point at the end of said curve;
North 0°00'44" East, a distance of 359.06 feet to a point at the beginning of a tangent curve to the right having a central angle of 76°22'01", a radius of 789.72 feet, a chord bearing and distance of North 38°11'45" East, 976.38 feet;
In a northeasterly direction, with said curve to the right, an arc distance of 1052.58 feet to a point at the end of said curve;
North 76°22'45" East, a distance of 230.20 feet to a point at the beginning of a tangent curve to the left having a central angle of 76°59'40", a radius of 805.00 feet, a chord bearing and distance of North 37°52'55" East, 1002.19 feet;
In a northeasterly direction, with said curve to the left, an arc distance of 1081.76 feet to a point at the end of said curve;
North 0°36'55" West, a distance of 180.53 feet to at the intersection of the centerline of Spring Creek Parkway (a variable width right-of-way) and the centerline of Parkwood Boulevard (a variable width right-of-way);

THENCE with said centerline of Spring Creek Parkway, the following course and distances:

North 89°12'46" East, a distance of 47.67 feet to a point at the beginning of a tangent curve to the right having a central angle of 57°23'42", a radius of 2270.36 feet, a chord bearing and distance of South 62°05'23" East, 2180.39 feet;

In a southeasterly direction, with said curve to the right, an arc distance of 2274.29 feet to a point for corner;

South 33°23'29" East, a distance of 1403.39 feet to a point at the beginning of a tangent curve to the left having a central angle of 23°53'29", a radius of 2153.93 feet, a chord bearing and distance of South 45°20'14" East, 891.66 feet;

In a southeasterly direction with said curve to the left, an arc distance of 898.15 feet to the **POINT OF BEGINNING** and containing 142.49 acres of land.

This document was prepared under 22 TAC §663.21, does not reflect the results of an on the ground survey, and is not to be used to convey or establish interests in real property except those rights and interests implied or established by the creation or reconfiguration of the boundary of the political subdivision for which it was prepared.

EXHIBIT K-2 – IMPROVEMENT AREA #1 LEGAL DESCRIPTION

PROPERTY DESCRIPTION

BEING a tract of land situated in the Maria Cantalina Vela Survey, Abstract No. 935, Collin County, Texas and being all of Lot 1, Block A, and Lot 2, Block A, Haggard Farm Almanac Addition, an addition to the City of Plano, according to the plat recorded in Instrument No. 2023-461, Official Public Records, Collin County, Texas, and being part of a called 108.9 acre tract of land described in Special Warranty Deed to Acres of Sunshine, Ltd., recorded in Volume 4227, Page 835, Deed Records, Collin County, Texas, and being more particularly described as follows:

COMMENCING at an aluminum disk found in the east right-of-way line of Parkwood Boulevard (a variable width right-of-way), and in the north line of Lot 3, Block A, of said Haggard Farm Almanac Addition;

THENCE with said east right-of-way line of Parkwood Boulevard, North 76°22'45" East, a distance of 172.77 feet to the common corner of said Lot 3 and a called 0.0255 acre tract for Parkwood Boulevard right-of-way reservation according to said Haggard Farm Almanac Addition, and being the beginning of a non-tangent curve to the right, with a radius of 241.00 feet, a central angle of 03°40'34", and a chord bearing and distance of North 86°55'27" East, 15.46 feet, from which an aluminum disk found bears North 76°22'45" East, a distance of 57.43 feet;

THENCE with the common line of said 0.0255 acre tract and said Lot 3, the following courses and distances;

In an easterly direction, with said non-tangent curve to the right, an arc distance of 15.46 feet to the beginning of a reverse curve to the left, with a radius of 259.00 feet, a central angle of 13°38'01", and a chord bearing and distance of North 81°56'43" East, 61.48 feet;
In an easterly direction, with said reverse curve to the left, an arc distance of 61.63 feet to the beginning of a compound curve to the left, with a radius of 869.00 feet, a central angle of 04°51'53", and a chord bearing and distance of North 72°41'46" East, 73.76 feet;
In a northeasterly direction, with said compound curve to the left, an arc distance of 73.78 feet to a point for the southeast corner of said 0.0255 acre tract and in the common line of said Lots 3 and 4, of said Haggard Farm Almanac Addition;

THENCE with said common line of Lots 3 and 4, the following courses and distances:

South 19°44'10" East, a distance of 302.45 feet to the beginning of a tangent curve to the right, with a radius of 100.00 feet, a central angle of 00°52'49", and a chord bearing and distance of South 19°17'46" East, 1.54 feet;
In a southeasterly direction, with said tangent curve to the left, an arc distance of 1.54 feet to the common corner of said Lots 2 and 4, said point also being the **POINT OF BEGINNING**;

THENCE departing said common line of Lots 2 and 3 and with the common line of said Lots 1 and 2, the following courses and distances:

North 81°03'52" East, a distance of 294.00 feet to the beginning of a tangent curve to the left, with a radius of 1,500.00 feet, a central angle of 15°11'13", and a chord bearing and distance of North 73°28'15" East, 396.43 feet;

In a northeasterly direction, with said tangent curve to the left, passing at an arc distance of 86.56 feet, the common corner of said Lots 1 and 2, continuing for a total arc distance of 397.59 feet to the beginning of a compound curve to the left with a radius of 500.00 feet, a central angle of 09°48'47", and a chord bearing and distance of North 60°58'15" East, 85.53 feet;

In a northeasterly direction, with said compound curve to the left, an arc distance of 85.63 feet to a point for corner;

North 56°03'52" East, a distance of 293.71 feet to the common corner of said Lots 1 and 4, in the west line of Lot 6, Block A of said Haggard Farm Almanac Addition;

THENCE with the common line of said Lots 1 and 6, the following courses and distances:

South 57°02'39" East, a distance of 115.48 feet to a point for corner;

South 31°23'23" East, a distance of 36.06 feet to a point for corner;

South 05°44'07" East, a distance of 360.88 feet to a point for corner;

South 08°56'08" East, a distance of 126.41 feet to the common corner of said Lots 1 and 6, in the north line of a called 8.1082 acre tract for Pinehaven Drive right-of-way reservation according to said Haggard Farm Almanac Addition;

THENCE with the common line of said 8.1082 acre tract and said Lot 1, the following courses and distances:

South 81°03'52" West, a distance of 525.67 feet to the beginning of a tangent curve to the right, with a radius of 238.00 feet, a central angle of 12°34'41", and a chord bearing and distance of South 87°21'12" West, 52.14 feet;

In a westerly direction, with said tangent curve to the right, an arc distance of 52.25 feet to the beginning of a reverse curve to the left, with a radius of 262.00 feet, a central angle of 12°34'41", and a chord bearing and distance of South 87°21'12" West, 57.40 feet;

In a westerly direction, with said reverse curve to the left, an arc distance of 57.52 feet to a point for corner;

South 81°03'52" West, a distance of 98.00 feet to the southwest corner of said Lot 1, in the east line of said Lot 2;

THENCE with the common line of said 8.1082 acre tract and Lot 2, the following courses and distances:

South 08°56'08" East, a distance of 12.00 feet to the southeast corner of said Lot 2;

South 81°03'52" West, a distance of 379.02 feet to the southwest corner of said Lot 2;

THENCE departing said north line of the 8.1082 acre tract and with the common line of said Lots 2 and 3, the following courses and distances:

North 08°56'08" West, a distance of 374.04 feet to the beginning of a tangent curve to the left, with a radius of 100.00 feet, a central angle of 9°55'14", and a chord bearing and distance of North 13°53'45" East, 17.29 feet;

In a northerly direction, with said tangent curve to the left, an arc distance of 17.31 feet to the **POINT OF BEGINNING** and containing 501,105 square feet or 11.5039 acres of land.

Bearing system based on the Texas Coordinate System of 1983, North Central Zone (4202), North American Datum of 1983.

EXHIBIT K-3 – MAJOR IMPROVEMENT AREA LEGAL DESCRIPTION

130.9861 ACRES

BEING a tract of land situated in the Maria Cantalina Vela Survey, Abstract No. 935, City of Plano, Collin County, Texas; and being part of Windhaven Parkway, Spring Creek Parkway and Parkwood Boulevard and being part of a tract of land described in Special Warranty Deed to Haggard Enterprises Limited, LTD. recorded in Volume 2523, Page 172 of the Land Records of Collin County, Texas and being part of a tract of land described in Special Warranty Deed to Haggard Enterprises Limited, LTD. recorded in Volume 2739, Page 967 of said Land Records and being part of a tract of land described in Special Warranty Deed, Bill of Sale and Assignment to Acres of Sunshine, LTD. recorded in Volume 4227, Page 835 of the Land Records of Collin County, Texas and being more particularly described as follows:

BEGINNING at the intersection of the centerline of Spring Creek Parkway (a variable width right-of-way) and the centerline of Windhaven Parkway (a variable width right-of-way);

THENCE with said centerline of Windhaven Parkway, the following courses and distances:

South 42°22'41" West, a distance of 158.86 feet to a point at the beginning of a non-tangent curve to the right having a central angle of 46°00'40", a radius of 800.00 feet, a chord bearing and distance of South 66°13'45" West, 625.31 feet;

In a southwesterly direction, with said curve to the right, an arc distance of 642.44 feet to a point for corner;

South 89°14'05" West, a distance of 337.88 feet to a point for corner;

THENCE said centerline of Windhaven Parkway, the following courses and distances:

North 0°00'00" East, a distance of 63.50 feet to a point at the beginning of a tangent curve to the left having a central angle of 29°35'57", a radius of 450.00 feet, a chord bearing and distance of North 14°47'58" West, 229.89 feet;

In a northwesterly direction, with said curve to the left, an arc distance of 232.47 feet to a point for corner;

North 29°36'05" West, a distance of 1011.83 feet to a point at the beginning of a non-tangent curve to the right having a central angle of 5°58'43", a radius of 441.64 feet, a chord bearing and distance of North 27°16'14" West, 46.06 feet;

In a northwesterly direction, with said curve to the right, an arc distance of 46.08 feet to a point for corner;

South 80°03'46" West, a distance of 584.73 feet to a point in the east line of Lot 58, Block A, Common Open Space, Avignon Windhaven, Phase 3 an addition to the City of Plano according to the plat recorded in Instrument No. 20111209010002540 of the Official Public Records of Collin County, Texas; and being in the approximate centerline of Creek Number 5B29;

THENCE with the east line of said Lot 58 and said approximate centerline of Creek Number 5B29, the following courses and distances:

North 24°50'38" West, a distance of 17.56 feet to a point for corner;
North 75°15'49" West, a distance of 53.86 feet to a point for corner;
North 55°19'20" West, a distance of 34.91 feet to a point for corner;
North 33°59'39" West, a distance of 99.90 feet to a point for corner;
North 15°48'40" East, a distance of 80.20 feet to a point for corner;
North 56°15'56" West, a distance of 62.96 feet to a point for corner;
North 0°28'11" West, a distance of 42.59 feet to the northeast corner of said Lot 58;

THENCE with the north line of said Block A, Avignon Windhaven, Phase 3, South 81°04'33" West, passing at a distance of 691.05 feet the northwest corner of said Block A, Avignon Windhaven, Phase 3 and the northeast corner of Lot 38, Block A, Avignon Windhaven, Phase 2 an addition to the City of Plano according to the plat recorded in Instrument No. 20091008010002560 of the Official Public Records of Collin County, Texas, continuing with north line of said Block A, Avignon Windhaven, Phase 2, passing at a distance of 1126.56 feet the northwest corner of said Block A, Avignon Windhaven, Phase 2 and the northeast corner of Lot 31, Block A, Avignon Windhaven, Phase 1 an addition to the City of Plano according to the plat recorded in Cabinet R, Slide 205 of the Map Records of Collin County, Texas, continuing with the north line of said Block A, Avignon Windhaven, Phase 1, passing at a distance of 2040.83 feet the northeast corner of said Block A, Avignon Windhaven, Phase 1, continuing in all a total distance of 2505.50 feet to a point for corner in said centerline of Parkwood Boulevard; said point also being at the beginning of a non-tangent curve to the left having a central angle of 2°41'09", a radius of 774.92 feet, a chord bearing and distance of North 1°21'12" East, 36.32 feet;

THENCE with said centerline of Parkwood Boulevard, the following courses and distances:

In a northeasterly direction, with said curve to the left, an arc distance of 36.32 feet to a point at the end of said curve;
North 0°00'44" East, a distance of 359.06 feet to a point at the beginning of a tangent curve to the right having a central angle of 76°22'01", a radius of 789.72 feet, a chord bearing and distance of North 38°11'45" East, 976.38 feet;
In a northeasterly direction, with said curve to the right, an arc distance of 1052.58 feet to a point at the end of said curve;
North 76°22'45" East, a distance of 230.20 feet to a point at the beginning of a tangent curve to the left having a central angle of 76°59'40", a radius of 805.00 feet, a chord bearing and distance of North 37°52'55" East, 1002.19 feet;
In a northeasterly direction, with said curve to the left, an arc distance of 1081.76 feet to a point at the end of said curve;
North 0°36'55" West, a distance of 180.53 feet to at the intersection of the centerline of Spring Creek Parkway (a variable width right-of-way) and the centerline of Parkwood Boulevard (a variable width right-of-way);

THENCE with said centerline of Spring Creek Parkway, the following course and distances:

North 89°12'46" East, a distance of 47.67 feet to a point at the beginning of a tangent curve to the right having a central angle of 57°23'42", a radius of 2270.36 feet, a chord bearing and distance of South 62°05'23" East, 2180.39 feet;

In a southeasterly direction, with said curve to the right, an arc distance of 2274.29 feet to a point for corner;

South 33°23'29" East, a distance of 1403.39 feet to a point at the beginning of a tangent curve to the left having a central angle of 23°53'29", a radius of 2153.93 feet, a chord bearing and distance of South 45°20'14" East, 891.66 feet;

In a southeasterly direction with said curve to the left, an arc distance of 898.15 feet to the **POINT OF BEGINNING** and containing 142.49 acres of land.

This document was prepared under 22 TAC §663.21, does not reflect the results of an on the ground survey, and is not to be used to convey or establish interests in real property except those rights and interests implied or established by the creation or reconfiguration of the boundary of the political subdivision for which it was prepared.

Save and Except:

PROPERTY DESCRIPTION

BEING a tract of land situated in the Maria Cantalina Vela Survey, Abstract No. 935, Collin County, Texas and being all of Lot 1, Block A, and Lot 2, Block A, Haggard Farm Almanac Addition, an addition to the City of Plano, according to the plat recorded in Instrument No. 2023-461, Official Public Records, Collin County, Texas, and being part of a called 108.9 acre tract of land described in Special Warranty Deed to Acres of Sunshine, Ltd., recorded in Volume 4227, Page 835, Deed Records, Collin County, Texas, and being more particularly described as follows:

COMMENCING at an aluminum disk found in the east right-of-way line of Parkwood Boulevard (a variable width right-of-way), and in the north line of Lot 3, Block A, of said Haggard Farm Almanac Addition;

THENCE with said east right-of-way line of Parkwood Boulevard, North 76°22'45" East, a distance of 172.77 feet to the common corner of said Lot 3 and a called 0.0255 acre tract for Parkwood Boulevard right-of-way reservation according to said Haggard Farm Almanac Addition, and being the beginning of a non-tangent curve to the right, with a radius of 241.00 feet, a central angle of 03°40'34", and a chord bearing and distance of North 86°55'27" East, 15.46 feet, from which an aluminum disk found bears North 76°22'45" East, a distance of 57.43 feet;

THENCE with the common line of said 0.0255 acre tract and said Lot 3, the following courses and distances;

In an easterly direction, with said non-tangent curve to the right, an arc distance of 15.46 feet to the beginning of a reverse curve to the left, with a radius of 259.00 feet, a central angle of 13°38'01", and a chord bearing and distance of North 81°56'43" East, 61.48 feet;
In an easterly direction, with said reverse curve to the left, an arc distance of 61.63 feet to the beginning of a compound curve to the left, with a radius of 869.00 feet, a central angle of 04°51'53", and a chord bearing and distance of North 72°41'46" East, 73.76 feet;
In a northeasterly direction, with said compound curve to the left, an arc distance of 73.78 feet to a point for the southeast corner of said 0.0255 acre tract and in the common line of said Lots 3 and 4, of said Haggard Farm Almanac Addition;

THENCE with said common line of Lots 3 and 4, the following courses and distances:

South 19°44'10" East, a distance of 302.45 feet to the beginning of a tangent curve to the right, with a radius of 100.00 feet, a central angle of 00°52'49", and a chord bearing and distance of South 19°17'46" East, 1.54 feet;
In a southeasterly direction, with said tangent curve to the left, an arc distance of 1.54 feet to the common corner of said Lots 2 and 4, said point also being the **POINT OF BEGINNING**;

THENCE departing said common line of Lots 2 and 3 and with the common line of said Lots 1 and 2, the following courses and distances:

North 81°03'52" East, a distance of 294.00 feet to the beginning of a tangent curve to the left, with a radius of 1,500.00 feet, a central angle of 15°11'13", and a chord bearing and distance of North 73°28'15" East, 396.43 feet;
In a northeasterly direction, with said tangent curve to the left, passing at an arc distance of 86.56 feet, the common corner of said Lots 1 and 2, continuing for a total arc distance of 397.59 feet to the beginning of a compound curve to the left with a radius of 500.00 feet, a central angle of 09°48'47", and a chord bearing and distance of North 60°58'15" East, 85.53 feet;
In a northeasterly direction, with said compound curve to the left, an arc distance of 85.63 feet to a point for corner;
North 56°03'52" East, a distance of 293.71 feet to the common corner of said Lots 1 and 4, in the west line of Lot 6, Block A of said Haggard Farm Almanac Addition;

THENCE with the common line of said Lots 1 and 6, the following courses and distances:

South 57°02'39" East, a distance of 115.48 feet to a point for corner;
South 31°23'23" East, a distance of 36.06 feet to a point for corner;
South 05°44'07" East, a distance of 360.88 feet to a point for corner;
South 08°56'08" East, a distance of 126.41 feet to the common corner of said Lots 1 and 6, in the north line of a called 8.1082 acre tract for Pinehaven Drive right-of-way reservation according to said Haggard Farm Almanac Addition;

THENCE with the common line of said 8.1082 acre tract and said Lot 1, the following courses and distances:

South 81°03'52" West, a distance of 525.67 feet to the beginning of a tangent curve to the right, with a radius of 238.00 feet, a central angle of 12°34'41", and a chord bearing and distance of South 87°21'12" West, 52.14 feet;

In a westerly direction, with said tangent curve to the right, an arc distance of 52.25 feet to the beginning of a reverse curve to the left, with a radius of 262.00 feet, a central angle of 12°34'41", and a chord bearing and distance of South 87°21'12" West, 57.40 feet;

In a westerly direction, with said reverse curve to the left, an arc distance of 57.52 feet to a point for corner;

South 81°03'52" West, a distance of 98.00 feet to the southwest corner of said Lot 1, in the east line of said Lot 2;

THENCE with the common line of said 8.1082 acre tract and Lot 2, the following courses and distances:

South 08°56'08" East, a distance of 12.00 feet to the southeast corner of said Lot 2;

South 81°03'52" West, a distance of 379.02 feet to the southwest corner of said Lot 2;

THENCE departing said north line of the 8.1082 acre tract and with the common line of said Lots 2 and 3, the following courses and distances:

North 08°56'08" West, a distance of 374.04 feet to the beginning of a tangent curve to the left, with a radius of 100.00 feet, a central angle of 9°55'14", and a chord bearing and distance of North 13°53'45" East, 17.29 feet;

In a northerly direction, with said tangent curve to the left, an arc distance of 17.31 feet to the **POINT OF BEGINNING** and containing 501,105 square feet or 11.5039 acres of land.

Bearing system based on the Texas Coordinate System of 1983, North Central Zone (4202), North American Datum of 1983.

APPENDIX A – ENGINEER’S REPORT

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RE: *Engineer's Report*
Haggard Farm
Plano, Texas

Introduction:

Haggard Farm is a proposed mixed-use development including approximately 142 acres located at the southeast corner of Spring Creek Parkway and Parkwood Boulevard in Plano, Texas as described in Exhibit A. The development anticipates 4 Phases with proposed office, multifamily, commercial, retail, hotel, and single family with the phases shown on Exhibit B. This Engineer's report includes the documents requested by the City of Plano for the formation of the PID and the issuance of bonds by the City. Bonds are anticipated to be used to finance public infrastructure projects vital for the development within the PID.

Development Costs:

An Engineers' Opinion of Probable Cost (OPC) has been prepared for all off-site and on-site infrastructure and is included as Exhibit C.

Development Improvements:

The authorized improvements benefitting the property within the Haggard Farm PID are illustrated in Exhibits D through O. There are Master Infrastructure Public Improvements, Master Infrastructure Private Improvements, Direct Public Improvements, and Direct Private Improvements.

Development Schedule:

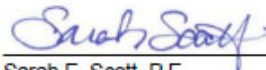
Design Phase

The off-site civil construction plans for the public infrastructure have been prepared and submitted to the City of Plano. A Traffic Study, Floodplain Study and CLOMR have been prepared and submitted to the City of Plano. A Preliminary Site Plan, Revised Concept Plan, and Conveyance Plat has been submitted to the City of Plano. Design and platting for Phase 1 on-site civil construction plans for are currently underway with an anticipated submittal in the second quarter of 2023.

Construction Phase:

The construction of the master Infrastructure is estimated to begin in September 2023 with final acceptance is estimated in the second quarter of 2024. The on-site Phase 1 Development is estimated to begin in August 2023 with final acceptance estimated in the third quarter of 2025. A project timeline is depicted in Exhibit P.



 08/14/2023
Sarah E. Scott, P.E.
Kimley-Horn and Associates, Inc.

kimley-horn.com

13455 Noel Road, Suite 700, Dallas, TX 75240

972 770 1300

EXHIBIT A

LEGAL DESCRIPTION – 142.49 acres

BEING a tract of land situated in the Maria Cantalina Vela Survey, Abstract No. 935, City of Plano, Collin County, Texas; and being part of Windhaven Parkway, Spring Creek Parkway and Parkwood Boulevard and being part of a tract of land described in Special Warranty Deed to Haggard Enterprises Limited, LTD. recorded in Volume 2523, Page 172 of the Land Records of Collin County, Texas and being part of a tract of land described in Special Warranty Deed to Haggard Enterprises Limited, LTD. recorded in Volume 2739, Page 967 of said Land Records and being part of a tract of land described in Special Warranty Deed, Bill of Sale and Assignment to Acres of Sunshine, LTD. recorded in Volume 4227, Page 835 of the Land Records of Collin County, Texas and being more particularly described as follows:

BEGINNING at the intersection of the centerline of Spring Creek Parkway (a variable width right-of-way) and the centerline of Windhaven Parkway (a variable width right-of-way);

THENCE with said centerline of Windhaven Parkway, the following courses and distances:

South 42°22'41" West, a distance of 158.86 feet to a point at the beginning of a non-tangent curve to the right having a central angle of 46°00'40", a radius of 800.00 feet, a chord bearing and distance of South 66°13'45" West, 625.31 feet;

In a southwesterly direction, with said curve to the right, an arc distance of 642.44 feet to a point for corner;

South 89°14'05" West, a distance of 337.88 feet to a point for corner;

THENCE said centerline of Windhaven Parkway, the following courses and distances:

North 0°00'00" East, a distance of 63.50 feet to a point at the beginning of a tangent curve to the left having a central angle of 29°35'57", a radius of 450.00 feet, a chord bearing and distance of North 14°47'58" West, 229.89 feet;

In a northwesterly direction, with said curve to the left, an arc distance of 232.47 feet to a point for corner;

North 29°36'05" West, a distance of 1011.83 feet to a point at the beginning of a non-tangent curve to the right having a central angle of 5°58'43", a radius of 441.64 feet, a chord bearing and distance of North 27°16'14" West, 46.06 feet;

In a northwesterly direction, with said curve to the right, an arc distance of 46.08 feet to a point for corner;

South 80°03'46" West, a distance of 584.73 feet to a point in the east line of Lot 58, Block A, Common Open Space, Avignon Windhaven, Phase 3 an addition to the City of Plano according to the plat recorded in Instrument No. 20111209010002540 of the Official Public Records of Collin County, Texas; and being in the approximate centerline of Creek Number 5B29;

THENCE with the east line of said Lot 58 and said approximate centerline of Creek Number 5B29, the following courses and distances:

North 24°50'38" West, a distance of 17.56 feet to a point for corner;
North 75°15'49" West, a distance of 53.86 feet to a point for corner;
North 55°19'20" West, a distance of 34.91 feet to a point for corner;
North 33°59'39" West, a distance of 99.90 feet to a point for corner;
North 15°48'40" East, a distance of 80.20 feet to a point for corner;
North 56°15'56" West, a distance of 62.96 feet to a point for corner;
North 0°28'11" West, a distance of 42.59 feet to the northeast corner of said Lot 58;

THENCE with the north line of said Block A, Avignon Windhaven, Phase 3, South 81°04'33" West, passing at a distance of 691.05 feet the northwest corner of said Block A, Avignon Windhaven, Phase 3 and the northeast corner of Lot 38, Block A, Avignon Windhaven, Phase 2 an addition to the City of Plano according to the plat recorded in Instrument No. 20091008010002560 of the Official Public Records of Collin County, Texas, continuing with north line of said Block A, Avignon Windhaven, Phase 2, passing at a distance of 1126.56 feet the northwest corner of said Block A, Avignon Windhaven, Phase 2 and the northeast corner of Lot 31, Block A, Avignon Windhaven, Phase 1 an addition to the City of Plano according to the plat recorded in Cabinet R, Slide 205 of the Map Records of Collin County, Texas, continuing with the north line of said Block A, Avignon Windhaven, Phase 1, passing at a distance of 2040.83 feet the northeast corner of said Block A, Avignon Windhaven, Phase 1, continuing in all a total distance of 2505.50 feet to a point for corner in said centerline of Parkwood Boulevard; said point also being at the beginning of a non-tangent curve to the left having a central angle of 2°41'09", a radius of 774.92 feet, a chord bearing and distance of North 1°21'12" East, 36.32 feet;

THENCE with said centerline of Parkwood Boulevard, the following courses and distances:

In a northeasterly direction, with said curve to the left, an arc distance of 36.32 feet to a point at the end of said curve;
North 0°00'44" East, a distance of 359.06 feet to a point at the beginning of a tangent curve to the right having a central angle of 76°22'01", a radius of 789.72 feet, a chord bearing and distance of North 38°11'45" East, 976.38 feet;
In a northeasterly direction, with said curve to the right, an arc distance of 1052.58 feet to a point at the end of said curve;
North 76°22'45" East, a distance of 230.20 feet to a point at the beginning of a tangent curve to the left having a central angle of 76°59'40", a radius of 805.00 feet, a chord bearing and distance of North 37°52'55" East, 1002.19 feet;
In a northeasterly direction, with said curve to the left, an arc distance of 1081.76 feet to a point at the end of said curve;
North 0°36'55" West, a distance of 180.53 feet to at the intersection of the centerline of Spring Creek Parkway (a variable width right-of-way) and the centerline of Parkwood Boulevard (a variable width right-of-way);

THENCE with said centerline of Spring Creek Parkway, the following course and distances:

North 89°12'46" East, a distance of 47.67 feet to a point at the beginning of a tangent curve to the right having a central angle of 57°23'42", a radius of 2270.36 feet, a chord bearing and distance of South 62°05'23" East, 2180.39 feet;

In a southeasterly direction, with said curve to the right, an arc distance of 2274.29 feet to a point for corner;
South 33°23'29" East, a distance of 1403.39 feet to a point at the beginning of a tangent curve to the left having a central angle of 23°53'29", a radius of 2153.93 feet, a chord bearing and distance of South 45°20'14" East, 891.66 feet;
In a southeasterly direction with said curve to the left, an arc distance of 898.15 feet to the **POINT OF BEGINNING** and containing 142.49 acres of land.

This document was prepared under 22 TAC §663.21, does not reflect the results of an on the ground survey, and is not to be used to convey or establish interests in real property except those rights and interests implied or established by the creation or reconfiguration of the boundary of the political subdivision for which it was prepared.

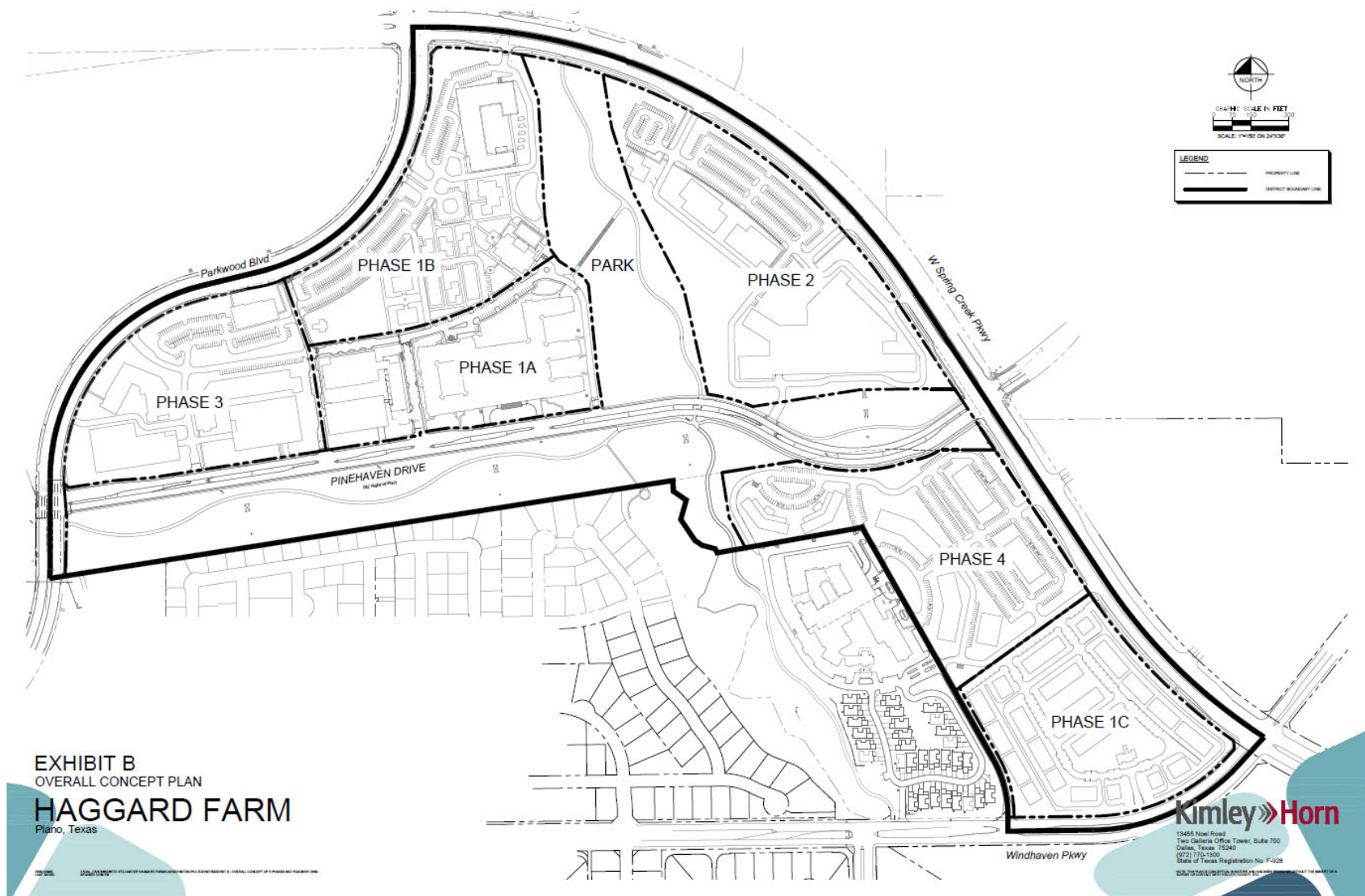


EXHIBIT C

PRELIMINARY OPINION OF PROBABLE CONSTRUCTION COSTS

Project: Haggard Farm Public Improvement District

Location: Plano, Texas

Date: August 14, 2023

Master Infrastructure Public Costs

Phase		Total	1A	1B,1C	2	3	4
Paving		6,131,052	6,131,052				
Water		1,550,210	1,550,210				
Sanitary Sewer		1,636,100	1,636,100				
Storm		5,740,547	5,740,547				
Franchise Utilities		344,813	344,813				
Landscape		3,242,776	1,842,776		1,400,000		
Inspection Fees	4%	745,820	689,820				
Soft Costs	6%	1,118,730	1,034,730		84,000		
Contingency	5%	932,275	862,275		70,000		
District Formation		800,000	800,000				
Total		22,242,322	20,632,322	-	1,554,000	-	-

Master Infrastructure Private Costs

Phase		Total	1A	1B,1C	2	3	4
Franchise Utilities		2,312,267	2,312,267				
Soft Costs	6%	138,736	138,736				
Contingency	5%	115,613	115,613				
Total		2,566,617	2,566,617	-	-	-	-

Direct Public Costs

Phase		Total	1A	1B,1C	2	3	4
Paving		10,259,809	-	7,209,170	2,032,115	-	1,018,524
Water		6,377,411	569,020	2,425,893	1,414,456	522,936	1,445,106
Sanitary Sewer		2,501,598	146,120	1,908,332	281,321	94,386	71,439
Storm		5,922,439	633,390	2,456,532	1,182,294	521,635	1,128,588
Landscape		2,011,900	-	2,011,900	-	-	-
Soft Costs	6%	1,624,389	80,912	960,710	294,611	68,337	219,819
Contingency	5%	1,434,877	71,472	848,627	260,240	60,365	194,174
Total		30,132,422	1,500,914	17,821,163	5,465,037	1,267,658	4,077,651

Direct Private Costs

Phase		Total	1A	1B,1C	2	3	4
Paving		16,989,658	2,039,592	3,179,498	3,625,936	3,596,032	4,548,601
Water		1,752,684	19,500	124,302	541,151	469,048	598,683
Sanitary Sewer		2,336,911	141,740	49,996	721,535	625,397	798,244
Storm		3,505,367	193,675	93,929	1,082,303	938,095	1,197,365
Franchise Utilities		5,355,081	155,786	1,713,386	1,172,494	1,016,270	1,297,146
Landscape		27,347,611	2,809,000	9,530,300	3,898,109	4,958,984	6,151,218
Soft Costs	6%	3,437,239	321,558	881,485	662,492	696,229	875,475
Contingency	5%	3,036,228	284,042	778,645	585,201	615,003	773,337
Total		63,760,778	5,964,892	16,351,540	12,289,220	12,915,057	16,240,069

Notes

1. Kimley-Horn (KH) does not control the cost of labor, materials, equipment or services furnished by others; and does not control the methods of determining prices, or competitive bidding or market conditions; any opinions rendered as to costs, including but not limited to opinions as to the costs of construction and materials shall be made on the basis of its experience and represent judgment as an experienced and qualified professional, familiar with the industry. KH cannot and does not guarantee that proposals, bids, or actual costs will not vary from its opinions of cost, due to variances in items, quantities, or price.

