This Preliminary Limited Offering Memorandum and the information contained herein are subject to completion and amendment without notice. Under no circumstances shall this Preliminary Limited Offering Memorandum constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

PRELIMINARY LIMITED OFFERING MEMORANDUM DATED JANUARY 24, 2025

NEW ISSUE **NOT RATED**

THE BONDS ARE INITIALLY OFFERED ONLY TO PERSONS WHO MEET THE DEFINITION OF "QUALIFIED INSTITUTIONAL BUYER" (WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT OF 1933) OR "ACCREDITED INVESTOR" (AS DEFINED IN RULE 501 OF REGULATION D PROMULGATED 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.

$15,622,000*
CITY OF DECATUR, TEXAS,
(a municipal corporation of the State of Texas located in Wise County)
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025
(PALOMA TRAILS PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1 PROJECT)

Dated Date: Delivery Date (defined below) **Due: September 15, as shown on the inside cover**

The City of Decatur, Texas, Special Assessment Revenue Bonds, Series 2025 (Paloma Trails Public Improvement District Improvement Area #1 Project) (the "Bonds"), are being issued by the City of Decatur, 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 September 15, 2025, 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, as trustee (the "Trustee"), to DTC as the registered owner thereof. See "BOOK-ENTRY ONLY SYSTEM."

The Bonds are being issued by the City pursuant to the Public Improvement District Assessment Act, Subchapter A of Chapter 372, Texas Local Government Code, as amended (the "PID Act"), an ordinance to be adopted by the City Council of the City (the "City Council"), and an Indenture of Trust to be entered into by and between the City and the Trustee (the "Indenture"). ***Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Indenture.***

Proceeds of the Bonds will be used for the purposes of (i) paying a portion of the Actual Costs of the Improvement Area #1 Projects, (ii) paying the District Formation Costs allocable to Improvement Area #1, 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 construction and acquisition of the Improvement Area #1 Projects, and other costs related to the issuance of the Bonds. See "THE IMPROVEMENT AREA #1 PROJECTS" and "APPENDIX B – Form of Indenture."

The Bonds, when issued and delivered, will constitute valid and binding special, limited obligations of the City payable solely from and secured by a first lien on and pledge of the Trust Estate, consisting primarily of Assessments expected to be levied against Assessed Property in Improvement Area #1 of the District in accordance with a Service and Assessment Plan, all to the extent and upon the conditions described in the Indenture. The Bonds 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 under the subcaption "DESCRIPTION OF THE BONDS – Redemption Provisions."

The Bonds involve a significant degree of risk, are speculative in nature, and are not suitable for all investors. The Underwriter is limiting this offering to Qualified Institutional Buyers and Accredited Investors. The limitation of the initial offering to Qualified Institutional Buyers and Accredited Investors does not denote restrictions on transfers in any secondary market for the Bonds. 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. See "BONDHOLDERS' RISKS."

THE BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM PLEDGED REVENUES AND OTHER ASSETS 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 ASSETS OF THE CITY OTHER THAN 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 ASSETS OF THE CITY OTHER THAN 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 FMSbonds, Inc. (the "Underwriter"), subject to, among other things, the approval of the Bonds by the Attorney General of Texas and the receipt of the opinion of Norton Rose Fulbright US LLP, Bond Counsel, as to the validity of the Bonds and the excludability of interest thereon from gross income for federal income tax purposes. See "APPENDIX D – Form of Opinion of Bond Counsel." Certain legal matters will be passed upon for the City by its City Attorney, for the Underwriter by its counsel, Orrick, Herrington & Sutcliffe LLP, and for the Developer by its counsel, Troutman Pepper Locke LLP. It is expected that the Bonds will be delivered in book-entry form through the facilities of DTC on or about March 6, 2025 (the "Delivery Date").

fmsbonds, Inc.
Municipal Bond Specialists

* Preliminary, subject to change.

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

CUSIP Prefix: _____ [(a)]

$15,622,000*
CITY OF DECATUR, TEXAS,
(a municipal corporation of the State of Texas located in Wise County)
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025
(PALOMA TRAILS PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1 PROJECT)

$_____ _____% Term Bonds, Due September 15, 20__, Priced to Yield ____%; CUSIP Suffix: __ [(a) (b)(c)]

$_____ _____% Term Bonds, Due September 15, 20__, Priced to Yield ____%; CUSIP Suffix: __ [(a) (b) (c)]

$_____ _____% Term Bonds, Due September 15, 20__, Priced to Yield ____%; CUSIP Suffix: __ [(a) (b) (c)]

(a) CUSIP numbers are included solely for the convenience of owners of the Bonds. CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed on behalf of the American Bankers Association by FactSet Research Systems Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. CUSIP numbers are provided for convenience of reference only. None of the City, the City's Financial Advisor, or the Underwriter takes any responsibility for the accuracy of such numbers.

(b) The Bonds maturing on or after September 15, 20__, are subject to redemption, in whole or in part, prior to stated maturity, at the option of the City, on any date on or after September 15, 20__, at the redemption price of 100% of the principal amount plus accrued 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."

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* 3 U H O L P LVXEMHFW WR FKDQJH

CITY OF DECATUR, TEXAS
CITY COUNCIL

Name	Place	Term Expires (May)
Mike McQuiston	Mayor	2026
Debra Jackson	Place 1	2026
Jake Hayes	Place 2	2025
Darlene Hilton	Place 3	2026
Will Carpenter, Deputy Mayor Pro Tem	Place 4	2025
Eddie Allen	Place 5	2026
Melinda Reeves, Mayor Pro Tem	Place 6	2025

CITY MANAGER
Nate Mara

CITY SECRETARY
Asucena Delgado

FINANCE DIRECTOR
Jennifer Summers, Interim

ADMINISTRATOR
P3Works, LLC

FINANCIAL ADVISOR TO THE CITY
Sentry Management, Inc.

BOND COUNSEL
Norton Rose Fulbright US LLP

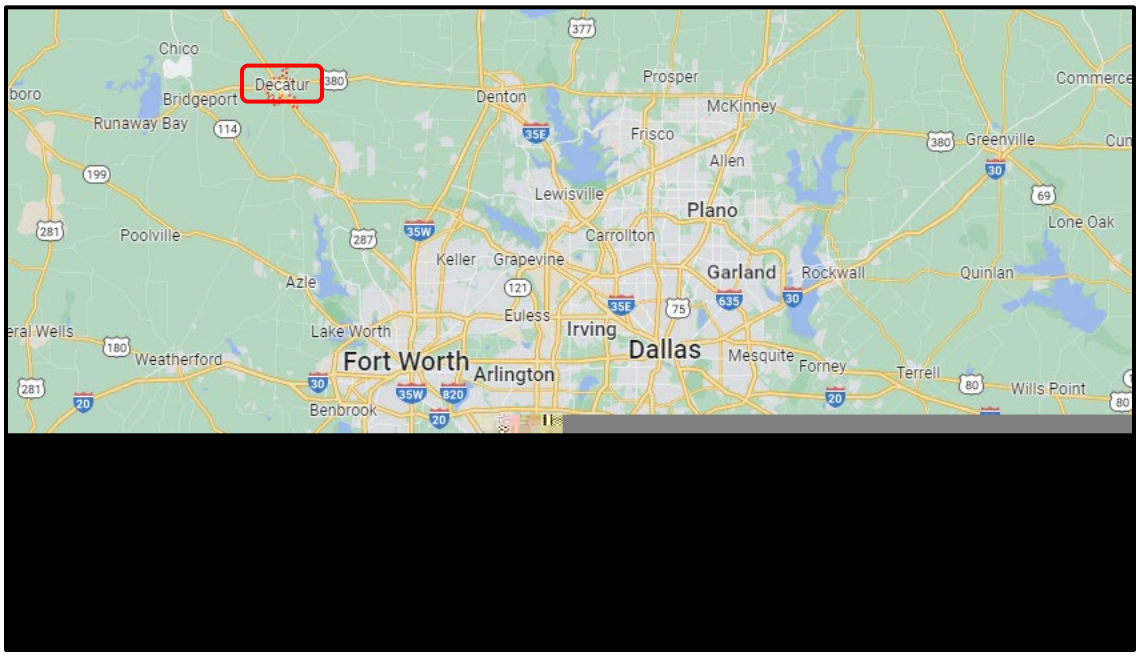
UNDERWRITER'S COUNSEL
Orrick, Herrington & Sutcliffe LLP

For additional information regarding the City, please contact:

Nate Mara
City Manager
City of Decatur, Texas
201 E. Walnut Street
Decatur, Texas 76234
(940) 393-0200
nmara@decaturtx.org

Murphy Davis, Jr.
President
Sentry Management, Inc.
#5 Eureka Circle, Suite E
Wichita Falls, Texas 76308
(940) 696-2810
murph@sentrymanagement.com

REGIONAL LOCATION MAP OF THE CITY



USE OF LIMITED OFFERING MEMORANDUM

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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 "QUALIFIED INSTITUTIONAL BUYERS" AS DEFINED IN RULE 144A PROMULGATED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT OF 1933") AND "ACCREDITED INVESTORS" AS DEFINED IN RULE 501 OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT OF 1933. SEE "LIMITATIONS APPLICABLE TO INITIAL PURCHASERS." 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." 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, WHICH ARE BELIEVED BY THE CITY AND THE UNDERWRITER TO BE RELIABLE, BUT IT IS NOT GUARANTEED AS TO ACCURACY OR COMPLETENESS, AND IS NOT TO BE CONSTRUED AS A REPRESENTATION OF THE UNDERWRITER. THE INFORMATION AND EXPRESSIONS OF OPINION HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE, AND NEITHER THE DELIVERY OF THIS LIMITED OFFERING MEMORANDUM, NOR ANY SALE MADE HEREUNDER, SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE CITY OR THE DEVELOPER SINCE THE DATE HEREOF.

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

THE 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. NEITHER THE CITY NOR THE DEVELOPER PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ANY OF THEIR EXPECTATIONS (OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED) CHANGE, OTHER THAN AS DESCRIBED UNDER "CONTINUING DISCLOSURE – THE CITY" AND "– THE DEVELOPER," RESPECTIVELY.

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

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

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

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PRELIMINARY LIMITED OFFERING MEMORANDUM

$15,622,000[*]
CITY OF DECATUR, TEXAS,
(a municipal corporation of the State of Texas located in Wise County)
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025
(PALOMA TRAILS PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1 PROJECT)

INTRODUCTION

The purpose of this Limited Offering Memorandum, including the cover page, inside cover, and appendices hereto, is to provide certain information in connection with the issuance and sale by the City of Decatur, Texas (the "City"), of its $15,622,000[*] aggregate principal amount of Special Assessment Revenue Bonds, Series 2025 (Paloma Trails 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. THE LIMITATION OF THE INITIAL OFFERING TO QUALIFIED INSTITUTIONAL BUYERS AND ACCREDITED INVESTORS DOES NOT DENOTE RESTRICTIONS ON TRANSFERS IN ANY SECONDARY MARKET FORTHE BONDS. PROSPECTIVE INVESTORS SHOULD BE AWARE OF CERTAIN RISK FACTORS, ANY OF WHICH, IF MATERIALIZED TO A SUFFICIENT DEGREE, COULD DELAY OR PREVENT PAYMENT OF PRINCIPAL OF, PREMIUM, IF ANY, AND/OR INTEREST ON THE BONDS. THE BONDS ARE NOT A SUITABLE INVESTMENT FOR ALL INVESTORS. SEE "LIMITATIONS APPLICABLE TO INITIAL PURCHASERS" AND "BONDHOLDERS' RISKS."

The Bonds are being issued by the City pursuant to the Public Improvement District Assessment Act, Subchapter A of Chapter 372, Texas Local Government Code, as amended (the "PID Act"), an ordinance expected to be adopted by the City Council of the City (the "City Council") authorizing the issuance of the Bonds (the "Bond Ordinance"), and an Indenture of Trust (the "Indenture"), expected to be entered into by and between the City and Wilmington Trust, National Association, as Trustee (the "Trustee"). 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 Memorandumthat are not otherwise defined herein shall have the meanings set forth in the Indenture. See "APPENDIX B– Form of Indenture."

The Bonds will be secured by a first lien on and pledge of the Trust Estate, consisting primarily of revenue from Assessments expected to be levied pursuant to the Assessment Ordinance against the Assessed Property located within Improvement Area #1 of the District, all to the extent and upon the conditions described in the Indenture. See "SECURITY FOR THE BONDS."

Set forth herein are brief descriptions of the City, the District, the Administrator, the Bond Ordinance, the Assessment Ordinance, the Service and Assessment Plan, the Development Agreement, the Improvement Area #1 Construction, Funding, and Acquisition Agreement, the Developer, the Completion Agreement, and the Appraisal (defined herein), together with summaries of terms of the Bonds and the Indenture and certain provisions of the PID Act. All references herein to such documents and the PID Act are qualified in their entirety by reference to such documents or such PID Act and all references to the Bonds are qualified by reference to the definitive forms thereof and the information with respect thereto contained in the Indenture. Copies of these documents may be obtained during the period of the offering of the Bonds from the Underwriter, FMSbonds, Inc., 5 Cowboys Way, Suite 300-25, Frisco, Texas, 75034, Phone: (214) 302-2246. The form of Indenture appears in APPENDIX B and the form of Service and Assessment Plan appears in APPENDIX C. The information provided under this caption "INTRODUCTION" is intended to provide a brief overview of the information provided in the other captions herein and is not intended, and should not be considered, fully representative or complete as to the subjects discussed in this Limited Offering Memorandum.

[*] 3UHOLPLQDU\ VXEMHFW WR FKDQJH1

PLAN OF FINANCE

Development Plan

On March 11, 2024, Paloma Trails Development, LLC, a Texas limited liability company (the "Developer"), acquired approximately 165.51 acres of land in the City (the "Property"), all of which comprises the District. The purchase price of the Property was $8,500,000, the payment of which was financed with a combination of proceeds of the Acquisition and Development Loan (defined herein) and cash on hand (including the Earnest Money Deposits (defined below)). See "– Lot Purchase Contracts" and "THE DEVELOPER – History and Financing of the District."

The Developer intends to develop the Property as a mixed-use development (the "Development") in two phases to include approximately 418 single-family detached residential lots, approximately 420 multi-family units, and approximately 1,025,000 square feet of commercial space. The Developer expects the commercial space to include neighborhood retail or other land uses supported by the Development and the surrounding area. The Developer will dedicate to the City, in accordance with the Development Agreement, approximately 2.28 acres for use as a fire station and approximately 0.65 acres for the location of a water tower, as depicted in the Concept Plan on page vi. The multi-family tract, the fire station and water tower sites, and the commercial space are within the District but are not expected to be subject to assessments.

Improvement Area #1 (identified on the map on page v), consisting of approximately 66.23 acres, is the first phase of the Development, and is expected to include 254 single-family residential lots, consisting of 78 50' front footage lots, 134 60' front footage lots, and 42 70' front footage lots. The Developer began development in the District with the construction of certain public improvements benefiting all of the property within District (such improvements, the "Major Improvements") and certain public improvements benefiting only Improvement Area #1 (such improvements, the "Improvement Area #1 Improvements"). A portion of the proceeds of the Bonds will be used to pay the Actual Costs of the "Improvement Area #1 Projects," which consist of the Improvement Area #1 Improvements and Improvement Area #1's pro rata share of the Major Improvements (such pro rata share, the "Improvement Area #1 Major Improvements"). The Improvement Area #1 Projects consist of water, sanitary sewer, drainage, and roadway improvements as well as related soft costs and District Formation Costs. See "THE IMPROVEMENT AREA #1 PROJECTS."

The costs of the Improvement Area #1 Projects are expected to total approximately $12,533,942, all* of which is expected to be paid by the City with proceeds of the Bonds. Construction of the Improvement Area #1 Projects began in April 2024 and is expected to be complete in July 2025. As of December 31, 2024, the Developer has spent approximately $1,343,846.24 on construction of the Improvement Area #1 Improvements and $265,218 on construction of the Major Improvements, using proceeds of the Acquisition and Development Loan and cash on hand. See "SOURCES AND USES OF FUNDS," "THE IMPROVEMENT AREA #1 PROJECTS," and "THE DEVELOPER – History and Financing of the District."

Pursuant to the Development Agreement, (i) the City will provide the Developer with a credit for impact fees in the approximate amount of $475,501 for certain costs of oversizing the offsite water line, and (ii) the Developer is responsible for paying, without reimbursement by the City, for the Amenities and the Private Improvements (both defined herein). The approximate cost of the Amenities and Private Improvements is expected to be $2,344,481. As of December 31, 2024, the Developer has spent approximately $295,129.89 on construction of Amenities and the Private Improvements, using proceeds of the Acquisition and Development Loan and cash on hand. See "THE IMPROVEMENT AREA #1 PROJECTS – Amenities and Private Improvements" and "THE DEVELOPMENT – Development Agreement."

The Developer is also responsible for payment of the costs of Major Improvements allocable to Non-Assessed Property in the District in the approximate amount of $3,474,125, certain costs required to complete lots in Improvement Area #1 in the approximate amount of $3,786,427, and certain costs required to complete the Major Improvements in the approximate amount of $320,813, without reimbursement by the City. See "– Completion Agreement" and "THE DEVELOPER – History and Financing of the District – 6XIILFLHQF\ RI 'HYHORSHU¶V

The City and the Developer expect to enter into the Improvement Area #1 Construction, Funding, and Acquisition Agreement, at the time of adoption of the Bond Ordinance, which will provide, in part, for the deposit of

* 3UHOLPLQDU\ VXEMHFW WR FKDQJH2

proceeds from the issuance and sale of the Bonds and the payment of costs of the Improvement Area #1 Projects within the District, including payment to the Developer for funds expended by the Developer and used to pay costs of Improvement Area #1 Projects. See "APPENDIX G – Form of Improvement Area #1 Construction, Funding, and Acquisition Agreement."

Upon completion of the Improvement Area #1 Projects, the Developer expects to continue with the construction of local public improvements benefiting only the area of the District not included in Improvement Area #1 (the "Future Improvement Area") based on market demand. The Developer expects to request the City to issue in the future one or more series of bonds (collectively, the "Future Bonds") to finance the costs of certain public improvements benefitting the Future Improvement Area (such improvements, the "Future Improvement Area Improvements"). The estimated costs of the Future Improvement Area Improvements will be determined as development progresses, and the Service and Assessment Plan will be updated accordingly. Such Future Bonds will be secured by separate assessments levied pursuant to the PID Act on assessable property within the Future Improvement Area. The Developer anticipates that Future Bonds will be issued over a two to three-year period. See "THE DEVELOPMENT – Future Improvement Area and Future Bonds."

Completion Agreement

In accordance with the Improvement Area #1 Construction, Funding, and Acquisition Agreement and the Development Agreement, and in order to provide additional assurance that the Developer will complete the Improvement Area #1 Projects, the Developer and the Trustee expect to enter into the Completion Agreement to be effective as of February 10, 2025. In the Completion Agreement, the Developer agrees to provide, no later than 3 Business Days prior to the Closing Date, evidence of sufficient funds to complete the improvements necessary to deliver lots in Improvement Area #1 not funded with proceeds of the Bonds, less any amounts spent on completed Improvement Area #1 Projects that will not be reimbursed at closing of the Bonds. Such amount is expected to equal approximately $4,107,240*. See "THE DEVELOPER – History and Financing of the District – 6XIILFLHQF\ RI 'HYHORSHU¶V)LQDQFLQJ

Lot Purchase Contracts

The Developer has three contracts (collectively, the "Lot Purchase Contracts") to sell all 254 of the proposed single-family detached residential lots within Improvement Area #1 to Antares Acquisition, LLC, Lillian Custom Homes LLC, and First Texas Homes, Inc. (collectively, the "Homebuilders"). The Developer has received a total of $1,919,700 in earnest money from the Homebuilders pursuant to the Lot Purchase Contracts (the "Earnest Money Deposits"), all of which has been released to the Developer and is non-refundable. The Earnest Money Deposits are secured by second lien deeds of trust on property in the District, including the property in Improvement Area #1. See "THE DEVELOPMENT – Lot Purchase Contracts."

The Bonds

Proceeds of the Bonds will be used for the purposes of (i) paying a portion of the Actual Costs of the Improvement Area #1 Projects, (ii) paying the District Formation Costs allocable to Improvement Area #1, 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 construction and acquisition of the Improvement Area #1 Projects, and other costs related to the issuance of the Bonds. See "SOURCES AND USES OF FUNDS," "THE IMPROVEMENT AREA #1 PROJECTS," and "APPENDIX B – Form of Indenture."

Payment of the Bonds is secured by a first lien on and pledge of the Trust Estate, including Pledged Revenues, consisting primarily of Assessments d (א ה – " f `nכ׳ op l] ' Uen

Foreclosure Proceedings

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

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

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

The Indenture provides for the creation of the Additional Interest Reserve Account under the Reserve Fund to be funded as provided in the Indenture. The City will not be obligated to fund foreclosure proceedings out of any funds other than in the Administrative Fund. If funds in the Administrative Fund are insufficient to pay foreclosure costs, the owners of the Bonds may be required to pay amounts necessary to continue foreclosure proceedings. See "SECURITY FOR THE BONDS – Additional Interest Reserve Account of the Reserve Fund," "APPENDIX B – Form of Indenture," and "APPENDIX C – Form of Service and Assessment Plan."

THE CITY

Background

The City is located at the intersection of U.S. Highways 380 and 287, approximately 30 miles north of the Dallas-Fort Worth-Arlington Metropolitan Area (the "DFWA Metroplex") and approximately 27 miles west of Denton, Texas. The City is the county seat and is an agricultural and commercial center of Wise County. The economy is based primarily on manufacturing, agricultural, and mineral production. The City's 2020 census population was 6,538. The City estimates its 2025 population to be 8,250.

Adjacent to some of the fastest growing areas in both the State and the country, the City's real estate market is recognized as a business-friendly alternative to the high land and housing costs of the DFWA Metroplex. With four-lane divided freeway access to Interstate 35, the City provides a quality location for the distribution of goods and services. Less than 30 minutes from Alliance Airport and about 45 minutes from the DFW International Airport, the City provides a mix of the best qualities of small-town life with easy access to metropolitan amenities.

City Government

The City is a political subdivision and is a municipal corporation of the State, duly organized and existing under the laws of the State, including the City's Home Rule Charter. The City adopted a Home Rule Charter in 2003. The City operates under a Council/Manager form of government with a City Council comprised of the Mayor and six Council members elected by district. Council members serve for staggered two-year terms. The City Council formulates operating policy for the City while the City Manager is the chief administrative officer.

The current members of the City Council, their respective expiration of terms of office, and principal administrators of the City are shown on page ii hereof.

For more information regarding the City and surrounding areas, see "APPENDIX A – General Information Regarding the City and Surrounding Areas."

Water and Wastewater

The City will provide both water and wastewater services to the District. The City's currently existing water and wastewater systems are sufficient to serve the District.

The City is currently served by surface water, via Lake Bridgeport, and an existing partnership with Wise County Water Supply District ("WCWSD") via Tarrant Regional Water District ("TRWD"). The City's agreement allows for 4,000 acre-feet of water per year. The City has a total elevated storage capacity of 1,500,000 gallons of water and ground storage tanks with total storage capacity of 2,500,000 gallons. The City's current water treatment facility is located on Private Road 1123 on the west side of the City. Both TRWD and the City are working on capital projects which will increase the maximum treated water supply and storage. The City's water treatment plant capacity is currently 3 million gallons per day ("mgd").

The City's sanitary sewer system consists of 22 lift stations and one wastewater treatment facility at its wastewater treatment plant. The City's current wastewater treatment facility is located on Bennett Road on the south side of the City. Currently, the total treatment capacity of the City's facility is approximately 1.2 mgd. The City's wastewater treatment plant is currently nearing 70% capacity. The City is working on capital projects which will increase the maximum wastewater treatment capacity.

In September 2022, the City issued approximately $5.5 million of debt for the purpose of constructing a new elevated storage tank on East Thompson Street. The new storage tank has significantly expanded the City's ability to provide water volume to the central and south side of the City. The City is in the process of issuing additional debt for water line projects that will complement the City's overall water and wastewater infrastructure.

THE DISTRICT

General

The PID Act authorizes municipalities, such as the City, to create public improvement districts within their boundaries or extraterritorial jurisdiction, and to impose assessments within the public improvement district to pay for certain improvements. The District was created by Resolution No. R2024-05-08 of the City Council adopted on May 13, 2024 (the "Creation Resolution") for the purpose of undertaking and financing the cost of certain public improvements within the District, including the Improvement Area #1 Projects, authorized by the PID Act and approved by the City Council that confer a special benefit on the District property being developed. The District is not a separate political subdivision of the State and is governed by the City Council. A map of the property within the District is included on page v hereof.

Powers and Authority of the City

Pursuant to the PID Act, the City may establish and create the District and undertake or pay or reimburse a developer for the costs of, improvement projects that confer a special benefit on property located within the District,

whether located within the City limits or the City's extraterritorial jurisdiction. The entirety of the District is located within the corporate boundaries of the City. The PID Act provides that the City may levy and collect assessments on property in the District, or portions thereof, payable in periodic installments to pay all or part of its cost based on the benefit conferred by an improvement project.

Pursuant to the PID Act and the Creation Resolution, the City has the power to undertake, or pay or reimburse a developer for the costs of, the financing, acquisition, construction, or improvement of the Improvement Area #1 Projects. See "THE IMPROVEMENT AREA #1 PROJECTS." Pursuant to the authority granted by the PID Act and the Creation Resolution, the City has determined to undertake the construction, acquisition, or purchase of certain water, sanitary sewer, drainage, and roadway improvements comprising the Improvement Area #1 Projects and to finance a portion of 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 Pledged Revenues and other assets comprising the Trust Estate. See "ASSESSMENT PROCEDURES" and "APPENDIX C – Form of Service and Assessment Plan."

THE IMPROVEMENT AREA #1 PROJECTS

General

The Improvement Area #1 Projects will be dedicated to the City. Pursuant to the Development Agreement, the Developer is responsible for the completion of the construction, acquisition, or purchase of the Improvement Area #1 Projects.

Pursuant to the Improvement Area #1 Construction, Funding, and Acquisition Agreement, the City will pay or reimburse the Developer for a portion of the costs for the Improvement Area #1 Projects from proceeds of the Bonds. The Developer will submit payment requests on a monthly basis for costs actually incurred in development and construction of the Improvement Area #1 Projects and be paid in accordance with the Indenture and the Improvement Area #1 Construction, Funding, and Acquisition Agreement. See "THE DEVELOPMENT – Construction, Funding, and Acquisition Agreement."

The Improvement Area #1 Projects, a portion of which are being financed with proceeds of the Bonds, consist of the Improvement Area #1 Improvements and the pro rata portion of the Major Improvements allocable to Improvement Area #1. The Improvement Area #1 Improvements include water, sanitary sewer, drainage, and roadway improvements, soft costs, and District Formation Costs benefitting only Improvement Area #1 of the District.

The Improvement Area #1 Improvements consist of the following:

Water improvements. The water improvements include PVC C-900 DR18 pipe and appurtenances, fire hydrant assemblies, isolation valves, and service lines. Trench excavation, backfill, embedment, trench safety, and construction testing required during construction are also included in the scope of these improvements. The water improvements will provide benefit to each lot within Improvement Area #1.

Sanitary sewer improvements. The sanitary sewer improvements include PVC SDR-26 and SDR-35 pipe, manholes, force main pipes, isolation valves, and laterals to each lot. Trench excavation, backfill embedment, trench safety, and constructing testing required during construction are also included in the scope of these improvements. The sanitary sewer improvements will provide benefit to each lot within Improvement Area #1.

Drainage improvements. The drainage improvements include reinforced concrete pipe (RCP) class III pipe, curb inlets, manholes, junction boxes, headwalls, drainage channels, drainage swales, and rip rap. Trench excavation, backfill, embedment, trench safety, and construction testing required during construction are also included in the scope of these improvements. The drainage improvements will provide benefit to each lot within Improvement Area #1.

Roadway improvements. Roadway improvements include reinforced concrete pavement for roadways, rights-of-way, accessible ramps at intersections, pavement marking, and signage. Lime of subgrade

stabilization, subgrade compaction, and construction testing required during construction are also included in the scope of these improvements. The roadway improvements will provide benefit to each lot 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.

District Formation Costs: Costs associated with forming the District related to Improvement Area #1, including, but not limited to, attorney fees, and any other cost or expense incurred by the City directly associated with the establishment of the District related to Improvement Area #1.

The Major Improvements include water, sanitary sewer, drainage, and roadway improvements, soft costs, and District Formation Costs benefitting the entire District:

Water improvements: The water improvements include PVC C-900 DR18 pipe and appurtenances, fire hydrant assemblies, isolation valves, and service lines. Trench excavation, backfill, embedment, trench safety, and construction testing required during construction are also included in the scope of these improvements. The water improvements will provide benefit to each lot within the District.

Sanitary sewer improvements: The sanitary sewer improvements include PVC SDR-26 and SDR-35 pipe, manholes, force main pipes, isolation valves, and laterals to each lot and a lift station. Trench excavation, backfill embedment, trench safety, and constructing testing required during construction are also included in the scope of these improvements. The sanitary sewer improvements will provide benefit each lot within the District.

Drainage improvements: The drainage improvements include reinforced concrete pipe (RCP) class III pipe, curb inlets, manholes, junction boxes, headwalls, drainage channels, drainage swales, and rip rap. Trench excavation, backfill, embedment, trench safety, and construction testing required during construction are also included in the scope of these improvements. The drainage improvements will provide benefit to each lot within the District.

Roadway improvements: Roadway improvements include reinforced concrete pavement for roadways, accessible ramps at intersections, pavement marking, and signage. Lime of subgrade stabilization, subgrade compaction, and construction testing required during construction are also included in the scope of these improvements. The roadway improvements will provide benefit to each lot within the District.

Soft costs: Soft costs include costs related to designing, constructing, and installing the Major Improvements including land planning and design, City fees, engineering, soil testing, survey, construction management, contingency, legal fees, and consultant fees.

District Formation Costs: Costs associated with forming the District, including, but not limited to, attorney fees, and any other cost or expense incurred by the City directly associated with the establishment of the District.

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ESTIMATED IMPROVEMENT AREA #1 PROJECT COSTS [(1)]

Type of Improvements	Improvement Area #1 Improvements	Improvement Area #1 Major Improvements	Improvement Area #1 Projects
Water	$ 787,518	$ 591,991	$ 1,379,509
Sanitary Sewer	755,034	862,538	1,617,572
Drainage	777,584	534,306	1,311,890
Roadway	2,340,227	1,075,429	3,415,656
Right-of-way	1,200,000	–	1,200,000
Soft Costs	1,545,543	1,063,772	2,609,315
District Formation Costs	–	1,000,000	1,000,000
Total	**$7,405,906**	**$5,128,036**	**$12,533,942**

(1) All costs were provided by the Developer. See "APPENDIX C – Form of Service and Assessment Plan."

The costs of the Improvement Area #1 Projects are expected to total approximately $12,533,942, all of which is expected to be paid by the City with proceeds of the Bonds. Construction of the Improvement Area #1 Projects began in April 2024 and is expected to be complete in July 2025. As of December 31, 2024, the Developer has spent approximately $1,343,846.24 on construction of the Improvement Area #1 Improvements and $265,218 on construction of the Major Improvements, using proceeds of the Acquisition and Development Loan and cash on hand. See "SOURCES AND USES OF FUNDS" and "THE DEVELOPER – History and Financing of the District."

Amenities and Private Improvements

The Development expects to include a 1,500 square foot amenity pavilion, a playground, open spaces, and trails throughout the Development (collectively, the "Amenities"). Construction of the amenity pavilion and playground is expected to begin in August 2025 and is expected to be completed in February 2026. The trails and open spaces will be completed with each phase. The expected combined cost of the Amenities is approximately $600,000, which amount is expected to be funded with proceeds of the Acquisition and Development Loan.

In addition to the Amenities, the Developer is responsible for constructing the following, without reimbursement by the City: certain costs of the Major Improvements allocable to Non-Assessed Property in the District in the approximate amount of $3,474,125, certain costs required to complete lots in Improvement Area #1 in the approximate amount of $3,786,427, certain costs required to complete the Major Improvements in the approximate amount of $320,813, and certain costs of private improvements (consisting of enhanced screening, landscaping, and hardscaping at each street entrance to the District) in the approximate amount of $1,871,481 (the "Private Improvements").

Ownership and Maintenance of Improvements

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 operation, maintenance, and repair of the Improvement Area #1 Projects constructed and conveyed, as outlined in the Service and Assessment Plan.

The landscaping, detention ponds, open spaces, parks, and trails will be owned by the City and maintained by the HOA. The Private Improvements, except for any franchise utilities, will be owned and operated by the HOA. See "OVERLAPPING TAXES AND DEBT – Homeowners' Association Dues."

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THE DEVELOPMENT

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Overview

The District contains approximately 165.51 acres, of which approximately 66.23 acres is within Improvement Area #1. The District is located just southeast of the intersection of US 380 and Business 380. The City is located in the northwest region of the Dallas-Fort Worth-Arlington Texas Metropolitan Statistical Area.

Development Plan

The Developer intends to develop the Development as a mixed-use development in two phases to include approximately 418 single-family detached residential lots, approximately 420 multi-family units, and approximately 1,025,000 square feet of commercial space. The Developer expects the commercial space to include neighborhood retail or other land uses supported by the Development and the surrounding area. The Developer will dedicate to the City approximately 2.28 acres for use as a fire station and approximately 0.65 acres for the location of a water tower, as depicted in the Concept Plan on page vi. The multi-family tract, the fire station and water tower sites, and the commercial space are within the District but are not expected to be subject to assessments.

Improvement Area #1, consisting of approximately 66.23 acres, is the first phase of the Development and is expected to include 254 single-family residential lots, consisting of 78 50’ front footage lots, 134 60’ front footage lots, and 42 70’ front footage lots. The Developer began development in the District with the construction of the Major Improvements and the Improvement Area #1 Improvements. A portion of the proceeds of the Bonds will be used to pay the Actual Costs of the Improvement Area #1 Projects. The Improvement Area #1 Projects consist of water, sanitary sewer, drainage, and roadway improvements well as related soft costs and District Formation Costs. See “THE IMPROVEMENT AREA #1 PROJECTS.”

Construction of the Improvement Area #1 Projects began in April 2024 and is expected to be complete in July 2025. As of December 31, 2024, the Developer has spent approximately $1,343,846.24 on costs of the Improvement Area #1 Improvements and $265,218 on construction of the Major Improvements, using proceeds of the Acquisition and Development Loan and cash on hand. See “SOURCES AND USES OF FUNDS,” “THE IMPROVEMENT AREA #1 PROJECTS,” and “THE DEVELOPER – History and Financing of the District.”

Upon completion of the Improvement Area #1 Improvements and the Major Improvements, the Developer expects to continue with the construction of local public improvements benefiting only the Major Improvement Area based on market demand. See “– Major Improvement Area and Future Bonds.”

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Expected Lot and Home Prices and Buildout and Absorption Schedules

The Developer expects to complete the Development in two phases over a four-year period. The following tables reflect the Developer's expected lot and home prices and build-out and absorption schedules for the District.

Single-Family Lot and Home Prices in the District

Improvement Area	Lot Size	Quantity	Estimated Base Lot Price [1]	Estimated Base Home Price [2]
#1	50'	78	$67,500	$405,000
	60'	134	$81,000	$486,000
	70'	42	$94,500	$567,000
		254		
Future	50'	127	$67,500	$405,000
	60'	37	$81,000	$486,000
		164		
	Total	**418**		

[1] Based on the Lot Purchase Contracts. See "– Lot Purchase Contracts."
[2] Provided by Developer based on projections.

Expected Single-Family Build-Out and Absorption Schedules

Improvement Area	Lot Size	Units	Expected Infrastructure Completion Date	Expected Initial Sale Date to + R P H E X L (	Expected Initial Sale Date to + R P H R Z Q
#1	50'	78	July 2025	August 2025 [1]	Q1 2026 [3]
	60'	134	July 2025	August 2025 [1]	Q1 2026 [3]
	70'	42	July 2025	August 2025 [1]	Q1 2026 [3]
Future	50'	127	March 2028	April 2028 [2]	Q4 2028 [3]
	60'	37	March 2028	April 2028 [2]	Q4 2028 [3]
Total		**418**			

[1] Provided by the Developer. See "– Lot Purchase Contracts."
[2] Provided by Developer based on projections.
[3] Provided by Developer based on projections of binding contracts (not closings) on completed homes with homeowners.

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Lot Purchase Contracts

The Developer has executed three Lot Purchase Contracts to sell all 254 single-family detached residential lots in Improvement Area #1.

The following table contains information regarding the terms of the Lot Purchase Contracts.

Homebuilder	Lot Size	Lot Price [(1)]	Totals # of Lots	Initial Closing	Subsequent Takedowns
Antares Acquisitions	50’	$67,500	~ 85 [(1)]	14 lots Initial takedown is to occur 21 days after the “Substantial Completion Date”	8 lots no later than 120 days after the initial closing 8 lots no later than 210 days after the initial closing 8 lots every 90 days thereafter
	60’	$81,000			
	70’	$94,500			
Lillian Custom Homes	50’	$67,500	~ 85 [(1)]	14 lots Initial takedown is to occur 10 business days after the “Substantial Completion Date”	8 lots no later than 90 days after the initial closing 8 lots every 90 days thereafter
	60’	$81,000			
	70’	$94,500			
First Texas Homes	50’	$67,500	~ 85 [(1)]	14 lots Initial takedown is to occur 10 business days after the “Substantial Completion Date”	8 lots no later than 90 days after the initial closing 8 lots every 90 days thereafter
	60’	$81,000			
	70’	$94,500			

[(1)] Each Homebuilder is under contract to purchase approximately one-third of the lots in Improvement Area #1.

The Developer has received the Earnest Money Deposits totaling $1,919,700 from the Homebuilders pursuant to the Lot Purchase Contracts relating to lots in Improvement Area #1, all of which has been released to the Developer and is non-refundable. The Earnest Money Deposits are secured by second lien deeds of trust on property in Improvement Area #1.

Future Improvement Area and Future Bonds

Concurrently with the issuance of the Bonds, the City expects to issue its Major Improvement Area Bonds in the approximate amount of $4,469,000[*] to pay a portion of the costs of Major Improvements allocable to the Major Improvement Area. The Major Improvement Area Bonds will be secured by separate assessments levied on property

within the Major Improvement Area of the District, which is expected to be contiguous with the Future Improvement Area.

The Developer expects to request the City to issue Future Bonds to finance the cost of the Future Improvement Area Improvements. The estimated costs of the Future Improvement Area Improvements will be determined as development progresses, and the Service and Assessment Plan will be updated to identify the improvements to be constructed and financed by each new series of Future Bonds. Such Future Bonds will be secured by separate assessments levied pursuant to the PID Act on assessable property within the Future Improvement Area of the District. The Developer anticipates that Future Bonds will be issued over a two to three-year period.

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

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Photographs of the Development

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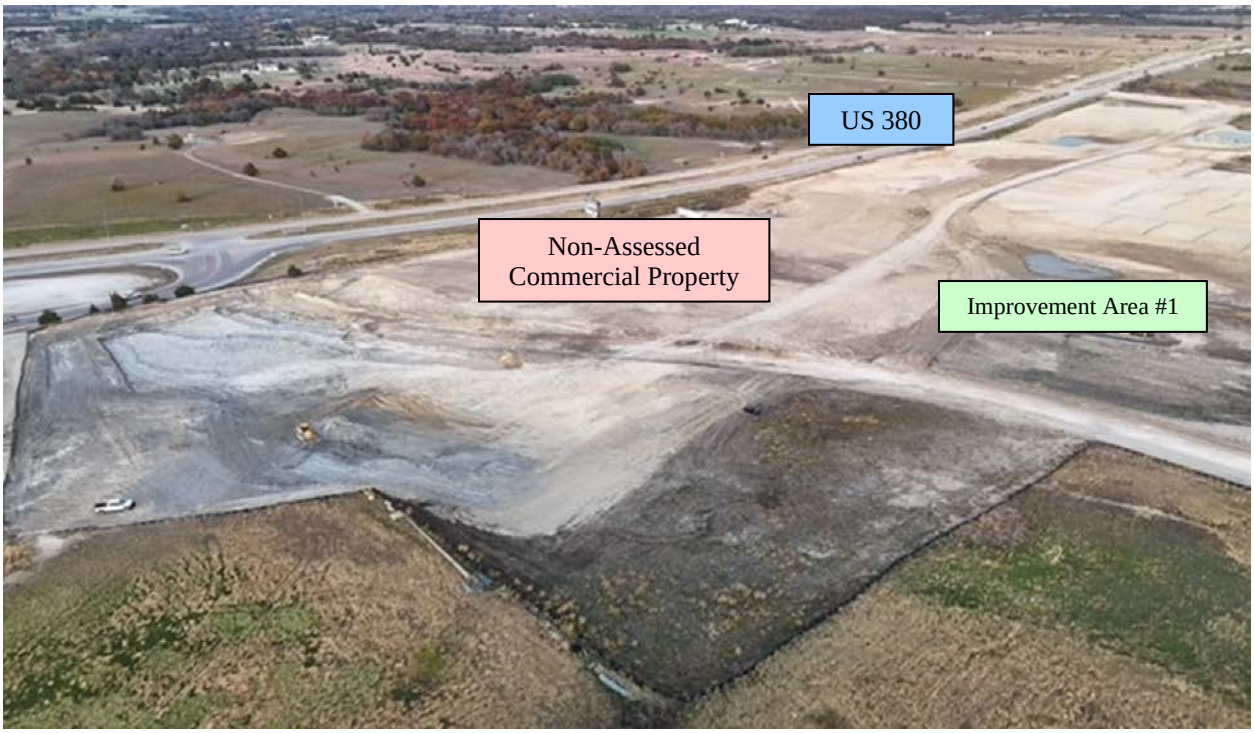

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construction to develop the lots proposed for Improvement Area #1 of the District also consists of proceeds from the Bonds and proceeds of lot sales to the Homebuilders, as well as possible additional loans from the Lender or other private lenders. There can be no assurances given as to the financial ability of the Developer to advance any funds to the City to supplement revenues from the Assessments if necessary, or as to whether the Developer will advance such funds. See "THE DEVELOPMENT – Expected Lot and Home Prices and Buildout and Absorption Schedules."

Moreover, the City will pay to 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, in accordance with the Improvement Area #1 Construction, Funding, and Acquisition Agreement and the Indenture. See "THE IMPROVEMENT AREA #1 PROJECTS – General," "THE DEVELOPMENT – Lot Purchase Contracts," and "– Construction, Funding, and Acquisition Agreement," "APPENDIX B – Form of Indenture," and "APPENDIX G – Form of Improvement Area #1 Construction, Funding, and Acquisition Agreement."

TAX MATTERS

Opinion

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

In rendering the foregoing opinions, Bond Counsel will rely upon representations and certifications of the 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, individual recipients of Social Security or Railroad Retirement benefits, corporations subject to alternative minimum tax on adjusted financial statement income, 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 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 Texas, as recorded in the Bond Register of the Comptroller of Public Accounts of the State, to the effect that the Bonds are valid and binding special obligations of the City. The City will also furnish the legal opinion of Bond Counsel, to the effect that, based upon an examination of such transcript, the Bonds are valid and binding special obligations of the City under the Constitution and laws of the State. The legal opinion of Bond Counsel will further state that the Bonds, including principal thereof and interest thereon, are payable from and secured by a pledge of and

first lien on the Pledged Revenues. Bond Counsel will also provide a legal opinion to the effect that interest on the Bonds will be excludable from gross income for federal income tax purposes under Section 103(a) of the Code, subject to the matters described above under the caption "TAX MATTERS." A copy of the form of the opinion of Bond Counsel is attached hereto as "APPENDIX D – Form of Opinion of Bond Counsel."

Except as noted below, Bond Counsel did not take part in the preparation of the Limited Offering Memorandum, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information describing the 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" and APPENDIX B and such firm is of the opinion that the information relating to the Bonds, the Bond Ordinance, the Assessment Ordinance, and the Indenture contained therein fairly and accurately describes the laws and legal issues addressed therein and, with respect to the Bonds, such information conforms to the Bond Ordinance, the Assessment Ordinance, and the Indenture.

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

Litigation – The City

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

Litigation – The Developer

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

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 United States Securities and Exchange Commission (the "Rule"), the City, the Administrator, and Wilmington Trust, National Association (in such capacity, the "Dissemination Agent") expect to 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

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

Due to an administrative oversight, the City did not timely file an event notice of a rating upgrade that occurred in August 2020. Notice was filed in June 2021. The City has implemented procedures to ensure timely filing of all future financial information.

The Developer

The Developer, the Administrator, and the Dissemination Agent expect to 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 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 Disclosure Agreement of Developer is a voluntary agreement made for the benefit of the holders of the Bonds and is not entered into pursuant to the Rule.

The Developer has agreed to provide (i) certain updated information to the Administrator, which consultant will prepare and provide such updated information in report form and (ii) notices of certain specified events, only as provided in the 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

The Developer has not previously undertaken any continuing disclosure obligations in accordance with the Rule.

UNDERWRITING

FMSbonds, Inc. (the "Underwriter") has agreed to purchase the Bonds from the City at a purchase price of $_____ (the par amount of the Bonds less an underwriting discount of $_____) and no accrued interest. 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. Subject to certain restrictions contained in the bond purchase agreement, the Bonds may be offered and sold by the Underwriter at prices lower than the initial offering prices stated on the inside cover page hereof, and such initial offering prices may be changed from time to time by the Underwriter.

REGISTRATION AND QUALIFICATION OF BONDS FOR SALE

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

LEGAL 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 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 on 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, clause (12) below, require the securities being purchased by the City or cash held by the City to be pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City, and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (11) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least "A-1" or "P-1" or the equivalent by at least one nationally recognized credit rating agency; (12) commercial

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

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

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

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

Under State law, the City's investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment considering the probable safety of capital and the probable income to be derived." At least quarterly the City's investment officers must submit an investment report to the City Council detailing: (1) the investment position of the City, (2) that all investment officers jointly prepared and signed

the report, (3) the beginning market value, the ending market value and the fully accrued interest for the reporting period of each pooled fund group, (4) the book value and market value of each separately listed asset at the end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategies and (b) State law. No person may invest City funds without express written authority from the City Council.

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

INFORMATION RELATING TO THE TRUSTEE

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

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

Additional information about the Trustee may be found at its website at www.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.

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SOURCES OF INFORMATION

General

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

Source of Certain Information

The information contained in this Limited Offering Memorandum relating to the description of the Improvement Area #1 Projects, the Development, the Developer, the Homebuilders, and the Lender generally and, in particular, the information included in the sections captioned "THE IMPROVEMENT AREA #1 PROJECTS," "THE DEVELOPMENT," "THE DEVELOPER," "BONDHOLDERS' RISKS" (only as it pertains to the Developer, the Improvement Area #1 Projects, and the Development) and "LEGAL MATTERS – Litigation – The Developer" has been provided by the Developer.

Experts

The information regarding the Service and Assessment Plan in this Limited Offering Memorandum has been provided by P3Works, LLC, and has been included in reliance upon the authority of such firm as experts in the field of development planning and finance.

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

Updating of Limited Offering Memorandum

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

FORWARD-LOOKING STATEMENTS

Certain statements included or incorporated by reference in this Limited Offering Memorandum constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of

1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "project," "anticipate," "budget" or other similar words.

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

AUTHORIZATION AND APPROVAL

The City Council will approve the form and content of this preliminary Limited Offering Memorandum and the use thereof by the Underwriter in connection with the marketing and sale of the Bonds. In the Bond Ordinance, the City Council is expected to approve the form and content of the final Limited Offering Memorandum.

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APPENDIX A

GENERAL INFORMATION REGARDING THE CITY AND SURROUNDING AREAS

The following information has been derived from various sources, including the U.S. Census and the Municipal Advisory Council of Texas. While such sources are believed to be reliable, no representation is made as to the accuracy thereof.

Location and Population

The City is located at the intersection of U.S. Highways 380 and 287, approximately 30 miles north of the Dallas-Fort Worth-Arlington Metropolitan Area (the "DFWA Metroplex"). The City is the county seat and is an agricultural and commercial center of Wise County. The economy is based primarily on manufacturing, agricultural, and mineral production. The City's 2020 census population was 6,538. The City estimates its 2025 population to be 8,250.

Historical Employment in Wise County (Average Annual)

	Average Annual				
	2024 [(1)]	2023 [(1)]	2022	2021	2020
Civilian Labor Force	36,324	35,165	34,293	33,255	32,090
Total Employed	34,843	33,880	33,059	31,632	29,988
Total Unemployed	1,481	1,285	1,234	1,623	2,102
Unemployment Rate	4.1%	3.7%	3.6%	4.9%	6.6%

[(1)] Data through October 2024.

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:KHQHYHU LQ WKH DGPLQLVWUDWLRQ RI LWV GXWLHV XQGH
QHFHVVDU\ RU GHVLUDEOH WKDW D PDWWHU EH SURYHG RU HV
DFWLRQ KHUHXQGHU VXFK PDWWHU XQOHVV RWKHUZLVH HYLGHQFH
SUHVFULEHG PD\ LQ WKH DEVHQFH RI ZLOOIXO PLVFRQGXFW R
FRQFOXVLYHO\ SURYHG DQG HVWDEOLVKHG E\ D FHUWLILFDWH
&RQVXOWDQW DQ LQGHSHQGHQW LQVSHFWRU WKH &LW\ 0DQDJ
&RXQFLO WR VR DFW RQ EHKDOI RI WKH &LW\ DQG VXFK FHUWLI
DFWLRQ WDNHQ RU VXIIHUHG XQGHU WKH SURYLVLRQV RI WKLV
GLVFUHWLRQ WKH &LW\ PD\ LQ OLHX WKHUHRI DFFHSW RWKHU
DGGLWLRQDO HYLGHQFH DV WR LW PD\ VHHP UHDVRQDEOH

,$,QGHQWXUH RI 7UXVW

,Q RUGHU WR SHUIRUP LWV GXWLHV DQG REOLJDWLRQV KHUH
RU HQWLWLHV DV LW GHHPV QHFHVVDU\ RU DGYLVDEOH 7KH &L
RPLVVLRQV RI VXFK SHUVRQV RU HQWLWLHV HPSOR\HG E\ LW LQ
WR UHO\ DQG VKDOO EH IXOO\ SURWHFWHG LQ GRLQJ VR XSRQ
DQG GLUHFWLRQV RI VXFK SHUVRQV RU HQWLWLHV

$57,&/(,;

7+(75867((

6HFWLRQ 7UXVWHH DV 3D\LQJ $JHQW 5HJLVWUDU

7KH 7UXVWHH LV KHUHE\ GHVLJQDWHG DQG DJUHHV WR DFW
UHVSHFW WR WKH %RQGV

6HFWLRQ 7UXVWHH (QWLWOHG WR ,QGHPQLW\

7KH 7UXVWHH VKDOO EH XQGHU QR REOLJDWLRQ WR VHQG
XQGHUWDNH DQ\ SURFHHGLQJ XQGHU WKLV ,QGHQWXUH RU WR H
LQ DQ\ VXLW LQ ZKLFK LW PD\ EH PDGH GHIHQGDQW RU WR WDN
KHUHE\ FUHDWHG RU LQ WKH HQIRUFHPHQW RI DQ\ ULJKWV DQ
LQGHPQLILHG E\ WKH 2ZQHUV WR WKH H[WHQW SHUPLWWHG E\ O
LWV VDWLVIDFWLRQ DJDLQVW DQ\ DQG DOO FRVWV DQG H[SHQ
UHDVRQDEOH GLVEXUVHPHQWV DQG DJDLQVW DOO OLDELOLW\ H
ILQDOO\ DGMXGLFDWHG E\ D FRXUW RI FRPSHWHQW MXULVGLF
7UXVWHH¶V RZQ QHJOLJHQFH RU ZLOOIXO PLVFRQGXFW SURYL
7UXVWHH UHTXHVW RU UHTXLUH LQGHPQLILFDWLRQ DV D FRQGL
WUDQVIHUV SURYLGHG VXFK SD\PHQW RU WUDQVIHU LV SULRU
KHUHXQGHU RU WR GHOLYHULQJ DQ\ QRWLFH ZKHQ UHTXLUHG K
EHJLQ VXLW RU DSSHDU LQ DQG GHIHQG VXLW RU GR DQ\WKLQJ
LW DV WKH 7UXVWHH ZLWKRXW LQGHPQLW\ DQG LQ VXFK FDVH
SXUVXDQW WR WKH SURYLVLRQV RI WKLV ,QGHQWXUH PDNH W
$FFRXQW RI WKH $GPLQLVWUDWLYH)XQG DQG WR WKH H[WHQ
$FFRXQW RI WKH $GPLQLVWUDWLYH)XQG DUH LQVXIILFLHQW IU
FRVWV DQG H[SHQVHV RXWOD\V DQG FRXQVHO IHHV DQG RWK
LQFXUUHG LQ FRQQHFWLRQ WKHUHZLWK DQG VKDOO WR WKH
SUHIHUHQFH WKHUHIRU RYHU DQ\ %RQGV 2XWVWDQGLQJ KHUHXQ

6HFWLRQ 5HVSRQVLELOLWLHV RI WKH 7UXVWHH

7KH 7UXVWHH DFFHSWV WKH WUXVWV LPSRVHG XSRQ LW E\
DQG SHUIRUP WKRVH WUXVWV EXW RQO\ XSRQ DQG VXEMHFW W
$UWLFOH WR DOO RI ZKLFK WKH SDUWLHV KHUHWR DQG WKH 2Z

D 3ULRU WR WKH RFFXUUHQFH RI DQ (YHQW RI 'HIDXO
QRWLILHG DQG DIWHU WKH FXUH RU ZDLYHU RI DOO GHIDXOWV

L WKH 7UXVWHH XQGHUWDNHV WR SHUIRUP RQO\ WK
DUH VHW IRUWK VSHFLILFDOO\ DQG H[SUHVVO\ LQ WKLV ,QG
EH LPSOLHG WR WKH 7UXVWHH WKHVH GXWLHV VKDOO EH G

,$,QGHQWXUH RI 7UXVW

WKH 7UXVWHH VKDOO QRW EH OLDEOH H[FHSW IRU WKH SHU
FRYHQDQWV VKDOO EH UHDG LQWR WKLV ,QGHQWXUH DJDLQ

LL WKH 7UXVWHH PD\ UHTXHVW DQG UHO\ FRQFOXVL
WUXWK RI WKH VWDWHPHQWV DQG WKH FRUUHFWQHVV RI
FHUWLILFDWHV RU RSLQLRQV IXUQLVKHG WR WKH 7UXVWHH
,QGHQWXUH DQG VKDOO LQ [illegible]
DFWLQJ LQ DFFRUGDQFH WKHUHZLWK EXW LQ WKH FDVH RI
E\ DQ\ SURYLVLRQ KHUHRI DUH UHTXLUHG VSHFLILFDOO\ WR
VKDOO EH XQGHU D GXW\ WR H[DPLQH WKH VDPH WR GHWHU
WKHLU IDFH WR WKH UHTXLUHPHQWV RI WKLV ,QGHQWXUH

E ,Q FDVH DQ (YHQW RI 'HIDXOW KDV RFFXUUHG DQG LV
WKH 7UXVWHH KDV EHHQ QRWLILHG LQ ZULWLQJ RU LV GHHPHG
WKRVH ULJKWV DQG SRZHUV YHVWHG LQ LW E\ WKLV ,QGHQWXU
VNLOO LQ WKHLU H[HUFLVH DV D SUXGHQW SHUVRQ ZRXOG H[HU
FRQGXFW RI KLV RZQ DIIDLUV

F 1R SURYLVLRQ RI WKLV ,QGHQWXUH VKDOO EH FRQV
OLDELOLW\ IRU LWV RZQ QHJOLJHQW DFWLRQ LWV RZQ QHJOLJ
H[FHSW WKDW

L WKLV VXESDUDJUDSK VKDOO QRW EH FRQVWUXHG
7UXVWHH¶V GXWLHV DQG REOLJDWLRQV SURYLGHG LQ VXES
7UXVWHH¶V ULJKW WR UHO\ RQ WKH WUXWK RI VWDWHPHQ
SURYLGHG LQ VXESDUDJUDSK D RI WKLV 6HFWLRQ

LL WKH 7UXVWHH VKDOO QRW EH OLDEOH IRU DQ\ D
PDGH LQ JRRG IDLWK E\ DQ\ RQH RI LWV RIILFHUV HPSOR\HH
HVWDEOLVKHG WKDW WKH 7UXVWHH ZDV QHJOLJHQW LQ DVF

LLL WKH 7UXVWHH VKDOO QRW EH OLDEOH ZLWK UH
WR EH WDNHQ E\ LW LQ DFFRUGDQFH ZLWK WKH GLUHFWLRQ
WLPH PHWKRG DQG SODFH RI FRQGXFWLQJ DQ\ SURFHHGLQ
7UXVWHH RU H[HUFLVLQJ DQ\ WUXVW RU SRZHU FRQIHUUHG
DQG

LY QR SURYLVLRQ RI WKLV ,QGHQWXUH VKDOO UHTX
RZQ IXQGV RU RWKHUZLVH LQFXU DQ\ ILQDQFLDO OLDELOLW
KHUHXQGHU RU LQ WKH H[HUFLVH RI DQ\ RI LWV ULJKWV R
EHOLHYLQJ WKDW UHSD\PHQW RI VXFK IXQGV RU DGHTXDWH
LV QRW DVVXUHG WR LW

G 7KH UHFLWDOV FRQWDLQHG LQ WKLV ,QGHQWXUH DQ
VWDWHPHQWV RI WKH &LW\ DQG WKH 7UXVWHH DVVXPHV QR UHV
7KH 7UXVWHH PDNHV QR UHSUHVHQWDWLRQV DV WR WKH YDOLG
WKLV ,QGHQWXUH RU WKH %RQGV RU ZLWK UHVSHFW WR WKH
7UXVWHH VKDOO LQFXU QR OLDELOLW\ ZLWK UHVSHFW WKHUHW
WKLV ,QGHQWXUH WKH 7UXVWHH VKDOO KDYH QR UHVSRQVLELO
%RQGV IRU YDOXH LL WKH DSSOLFDWLRQ RI WKH SURFHHGV
SURFHHGV DUH UHFHLYHG E\ LW LQ LWV FDSDFLW\ DV 7UXVWHH
,$,QGHQWXUH RI 7UXVW

WKH &LW\ RU RWKHUV LQ DFFRUGDQFH ZLWK WKLV ,QGHQWXUH
SDLG WR LW LQ LWV FDSDFLW\ DV 7UXVWHH RU LY DQ\ FDOFX
7KH 7UXVWHH KDV WKH ULJKW WR DFW WKURXJK DJHQWV DQG D
DFWV RU RPLVVLRQV RI DQ\ RI WKH DJHQWV DQG DWWRUQH\V DS

H 7KH GXWLHV DQG REOLJDWLRQV RI WKH 7UXVWHH VK
SURYLVLRQV RI WKLV ,QGHQWXUH DQG WKH 7UXVWHH VKDOO Q
VXFK GXWLHV DQG REOLJDWLRQV DV DUH VSHFLILFDOO\ VHW IRU

I 7KH 7UXVWHH VKDOO QRW EH OLDEOH IRU DQ\ DFWL
SHUIRUPDQFH RI LWV GXWLHV XQGHU WKLV ,QGHQWXUH H[FHSW
ZKLFK KDYH EHHQ IXOO\ DGMXGLFDWHG E\ D FRXUW RI FRPSHW
IURP WKH 7UXVWHH¶V RZQ QHJOLJHQFH RU ZLOOIXO PLVFRQGXF
IRU LQFLGHQWDO LQGLUHFW SXQLWLYH VSHFLDO RU FRQVHTX
LQFOXGLQJ EXW QRW OLPLWHG WR ORVV RI SURILWV
LUUHVSHFWLYH RI ZKHWKHU WKH 7UXVWHH KDV EHHQ DGYL
DQG UHJDUGOHVV RI WKH IRUP RI DFWLRQ 7KH 7UXVWHH ZLOO
WDNH RU RPLWWHG WR EH WDNH LQ JRRG IDLWK LQ DFFRUGD
RI QRW OHVV WKDQ D PDMRULW\ LQ SULQFLSDO DPRXQW RI WKH
PHWKRG DQG SODFH RI FRQGXFWLQJ DQ\ SURFHHGLQJ IRU DQ\
H[HUFLVLQJ DQ\ WUXVW RU SRZHU FRQIHUUHG XSRQ WKH 7UXVW

J 7KH 7UXVWHH PD\ H[HFXWH DQ\ RI WKH WUXVWV RU S
GXWLHV KHUHXQGHU HLWKHU GLUHFWO\ RU E\ RU WKURXJK DJHQ
UHVSRQVLEOH IRU DQ\ PLVFRQGXFW RU QHJOLJHQFH RQ WKH SD
GXH FDUH

K ([FHSW IRU LWV FHUWLILFDWH RI DXWKHQWLFDWLRQ R
UHVSRQVLEOH IRU

L WKH YDOLGLW\ SULRULW\ UHFRUGLQJ UH UHF
,QGHQWXUH RU DQ\ 6XSSOHPHQWDO ,QGHQWXUH

LL DQ\ LQVWUXPHQW RU GRFXPHQW RI IXUWKHU DVV

LLL WKH ILOLQJ H[HFXWLRQ GHOLYHU\ UHFRUGLQ
VWDWHPHQWV DPHQGPHQWV WKHUHWR RU FRQWLQXDWLRQ

LY LQVXUDQFH RI WKH ,PSURYHPHQW $UHD 3URMH
PRQH\

Y WKH YDOLGLW\ RI WKH H[HFXWLRQ E\ WKH &LW\ RI
,QGHQWXUH RU LQVWUXPHQWV RU GRFXPHQWV RI IXUWKHU D

YL WKH VXIILFLHQF\ RI WKH VHFXULW\ IRU WKH %RQ
WR EH VHFXUHG KHUHE\

L 7KH 7UXVWHH VKDOO QRW EH DFFRXQWDEOH IRU WK
SURFHHGV RI DQ\ %RQGV DXWKHQWLFDWHG RU GHOLYHUHG KHU
ZULWWHQ LQVWUXFWLRQV SURYLGHG E\ WKH &LW\ ZLWK UHVSHF

,$,QGHQWXUH RI 7UXVW

M 7KH 7UXVWHH DV DQ $QQXDO &ROOHFWLRQ &RVW PD
VKDOO EH SURWHFWHG LQ DFWLQJ XSRQ DQ\ UHVROXWLRQ VWD
UHTXHVW GLUHFWLRQ FRQVHQW FHUWLILFDWH RUGHU MXGJ
RU GRFXPHQW EHOLHYHG E\ LW WR EH JHQXLQH DQG FRUUHFW
SURSHU 3HUVRQ RU 3HUVRQV QRW RQO\ DV WR GXH H[HFXWLRQ
WR WKH WUXWK DQG DFFXUDF\ RI DQ\ LQIRUPDWLRQ FRQWDLQHG
SXUVXDQW WR WKLV ,QGHQWXUH XSRQ WKH GLUHFWLRQ UHTXH
WKH 2ZQHU RI DQ\ %RQGV DW WKH WLPH RI PDNLQJ WKH UHTX
VKDOO EH FRQFOXVLYH DQG ELQGLQJ XSRQ DOO IXWXUH 2ZQHU
LQ H[FKDQJH WKHUHIRU RU LQ SODFH WKHUHRI

N 7KH 7UXVWHH VKDOO QRW EH UHTXLUHG WR WDNH QR
QRWLFH RI DQ\ HYHQWV RU LQIRUPDWLRQ GHIDXOW RU (YHQ
GHVFULEHG LQ 6HFWLRQ D L XQOHVV WKH 7UXVWHH KDV
QRWLILHG VSHFLILFDOO\ RI WKH GHIDXOW RU (YHQW RI 'HIDX
GHOLYHUHG WR LW E\ WKH &LW\ RU E\ WKH 2ZQHUV RI PRUH WK
SULQFLSDO DPRXQW RI %RQGV ,Q WKH DEVHQFH RI GHOLYHU\ F
WKH 7UXVWHH PD\ DVVXPH FRQFOXVLYHO\ WKDW WKHUH LV QR (

O 7KH 7UXVWHH VKDOO QRW EH UHTXLUHG WR JLYH DQ
H[HFXWLRQ RI WKHVH WUXVWV DQG SRZHUV RU RWKHUZLVH LQ U

P $Q\ UHVROXWLRQ E\ WKH &LW\ DQG DQ\ RSLQLRQV F
DQG GRFXPHQWV IRU ZKLFK SURYLVLRQ LV PDGH LQ WKLV ,QGH
LQ WKH DEVHQFH RI EDG IDLWK RQ LWV SDUW DV FRQFOXVLYH H
WKHUHLQ DQG VKDOO EH IXOO ZDUUDQW SURWHFWLRQ DQG DXW
WDNHQ KHUHXQGHU

Q 7KH 7UXVWHH VKDOO EH HQWLWOHG WR ILOH SURRIV
RI QR OHVV WKDQ RI WKH 2ZQHUV 2UGLQDU\ WUXVWHH
H[SHQVHV DQG H[WUDRUGLQDU\ IHHV DQG H[SHQVHV RI WKH 7U
LQFXUUHG KHUHXQGHU DUH LQWHQGHG WR FRQVWLWXWH DGPLQ

R 7KH 7UXVWHH¶V LPPXQLWLHV DQG SURWHFWLRQV
LQGHPQLILFDWLRQ LQ FRQQHFWLRQ ZLWK WKH SHUIRUPDQFH RI
WR WKH 7UXVWHH¶V RIILFHUV GLUHFWRUV DJHQWV DWWRUQ
SURWHFWLRQV DQG ULJKWV WR LQGHPQLILFDWLRQ WRJHWKHU
WUXVWHH DQG SD\LQJ DJHQW UHJLVWUDU VHUYLFHV VXEMHFW
VXUYLYH WKH 7UXVWHH¶V UHVLJQDWLRQ RU UHPRYDO WKH GLV
RI WKH %RQGV

S ,Q QR HYHQW VKDOO WKH 7UXVWHH EH UHVSRQVLEOH
RU FRQVHTXHQWLDO ORVV RU GDPDJH RI DQ\ NLQG ZKDWVRHY
SURILW LUUHVSHFWLYH RI ZKHWKHU WKH 7UXVWHH KDV EHHQ
GDPDJH DQG UHJDUGOHVV RI WKH IRUP RI DFWLRQ

T 7KH 7UXVWHH VKDOO KDYH QR UHVSRQVLELOLW\ ZL
VWDWHPHQW RU UHFLWDO LQ DQ\ RIILFLDO VWDWHPHQW RIIH
PDWHULDO SUHSDUHG RU GLVWULEXWHG ZLWK UHVSHFW WR WK

,$,QGHQWXUH RI 7UXVW

E\ WKH 7UXVWHH DQG VKDOO KDYH QR UHVSRQVLELOLW\ IRU FR
ODZV LQ FRQQHFWLRQ ZLWK WKH %RQGV

U 7KH SHUPLVVLYH ULJKW RI WKH 7UXVWHH WR GR WKLQ
QRW EH FRQVWUXHG DV D GXW\ DQG ZLWK UHVSHFW WR VXFK S
DQVZHUDEOH IRU RWKHU WKDQ LWV QHJOLJHQFH RU ZLOOIXO PL

V 7KH 7UXVWHH VKDOO QRW EH UHVSRQVLEOH RU OLDE
DQ\ FRQWDPLQDWLRQ RI WKH ,PSURYHPHQWV SHUIRUPHG SURSHUW\ RU
UHODWHG WKHUHWR RU IRU DQ\ GLPLQXWLRQ LQ YDOXH RI WKH
KD]DUGRXV VXEVWDQFH KD]DUGRXV PDWHULDO SROOXWDQW R
OLDEOH IRU DQ\ FODLPV E\ RU RQ EHKDOI RI WKH 2ZQHUV RU D
FRQWDPLQDWLRQ E\ DQ\ KD]DUGRXV VXEVWDQFH KD]DUGRXV PD
VKDOO KDYH QR GXW\ RU REOLJDWLRQ WR DVVHVV WKH
3URMHFWV RU DQ\ UHDO SURSHUW\ RU LPSURYHPHQWV UHODV
WKHUHRI XQGHU VWDWH RU IHGHUDO ODZV SHUWDLQLQJ WR WK
KD]DUGRXV VXEVWDQFHV KD]DUGRXV PDWHULDOV SROOXWDQW
RU OLFHQVHV LVVXHG XQGHU VXFK ODZV

W 1HLWKHU WKH 7UXVWHH QRU DQ\ RI LWV GLUHFWRU
DIILOLDWHV VKDOO EH UHVSRQVLEOH IRU QRU KDYH DQ\ GXW\ W
WKH &LW\ RU DQ\ RI LWV GLUHFWRUV EHFDXVH RI RFFXSV
DQ\ OLDELOLW\ LQ FRQQHFWLRQ ZLWK WKH PDOIHDVDQFH RU QR
DVVXPH SHUIRUPDQFH E\ DOO 3HUVRQV RI WKHLU UHVSHFWLYH
HQIRUFHPHQW RU QRWLILFDWLRQ REOLJDWLRQV UHODWLQJ WR
DQ\ RWKHU 3HUVRQ

X ,Q WKH HYHQW WKDW DQ\ DVVHWV KHOG KHUHXQGHU V
XSRQ E\ DQ\ FRXUW RUGHU RU WKH GHOLYHU\ WKHUHRI VKDOO E
RU DQ\ RUGHU MXGJPHQW RU GHFUHH VKDOO EH PDGH RU HQW
DVVHWV WKH 7UXVWHH LV KHUHE\ H[SUHVVO\ DXWKRUL]HG LQ
DSSURSULDWH RU WR FRPSO\ ZLWK DOO ZULWV RUGHUV RU GH
DGYLVHG E\ OHJDO FRXQVHO RI LWV RZQ FKRRVLQJ LV ELQGL
MXULVGLFWLRQ ,Q WKH HYHQW WKDW WKH 7UXVWHH REH\V RU
LW VKDOO QRW EH OLDEOH WR DQ\ RI WKH SDUWLHV RU WR DQ\
UHDVRQ RI VXFK FRPSOLDQFH QRWZLWKVWDQGLQJ VXFK ZUL
UHYHUVHG PRGLILHG DQQXOOHG VHW DVLGH RU YDFDWHG

Y 7KH 7UXVWHH VKDOO QRW EH UHVSRQVLEOH RU OLD
SHUIRUPDQFH RI LWV REOLJDWLRQV XQGHU WKLV ,QGHQWXUH D
E\ FLUFXPVWDQFHV EH\RQG LWV FRQWURO LQFOXGLQJ ZLWKRX
SUHVHQW RU IXWXUH ODZ RU UHJXODWLRQ RU JRYHUQPHQWDO
IORRGV ZDUV WHUURULVP FLYLO RU PLOLWDU\ GLVWXUEDQFH
ORVV RU PDOIXQFWLRQV RI GDWD HOHFWURQLF VRIWZDUH RU FRPPXQLFD
DFFLGHQWV ODERU GLVSXWHV DFWV RI FLYLO RU PLOLWDU\
XQDYDLODELOLW\ RI WKH)HGHUDO 5HVHUYH %DQN ZLUH RU WHC

,$,QGHQWXUH RI 7UXVW

6HFWLRQ 3URSHUW\ +HOG LQ 7UXVW

$OO PRQH\V DQG VHFXULWLHV KHOG E\ WKH 7UXVWHH DW D
,QGHQWXUH VKDOO EH KHOG E\ WKH 7UXVWHH LQ WUXVW IRU WKH
RI WKLV ,QGHQWXUH

6HFWLRQ 7UXVWHH 3URWHFWHG LQ 5HO\LQJ RQ &HUW

7KH 7UXVWHH PD\ DV DQ $QQXDO &RROHFWLRQ &RVW UHTX
SURWHFWHG LQ DFWLQJ RU UHIUDLQLQJ IURP DFWLQJ XSRQ DQ
GLUHFWLRQ RUGHU QRWLFH MXGJPHQW UHTXHVW FRQVHQW
UHTXLVLWLRQ ERQG GHEHQWXUH QRWH RU RWKHU GRFXPHQW
WKH WHUPV RI WKLV ,QGHQWXUH WKDW LW VKDOO LQ JRRG IDL
DGRSWHG RU VLJQHG E\ WKH SURPRU ERDUG RU 3HUVRQ RU WR K
WR DQ\ RI WKH SURYLVLRQV RI WKLV ,QGHQWXUH RU IRU DQ\ DF
DGYLFH RU ZULWWHQ RSLQLRQ RI DQ\ FRXQVHO DUFKLWHFW HQ
FRQVXOWDQW DFFRXQWDQW RU RWKHU SURIHVVLRQDO UHWDLQH
VKDOO EH XQGHU QR GXW\ WR PDNH DQ\ LQYHVWLJDWLRQ RU L
PDWWHUV UHIHUUHG WR LQ DQ\ VXFK LQVWUXPHQW 6XEMHFW
PD\ FRQVXOW ZLWK FRXQVHO VHOHFWHG E\ WKH 7UXVWHH ZLWK
&RXQVHO DQG WKH RSLQLRQ RI VXFK FRXQVHO VKDOO EH IXOO
LQ UHVSHFW RI DQG WKH 7UXVWHH VKDOO QRW EH OLDEOH IRU
WDNHQ E\ LW LQ JRRG IDLWK DQG LQ DFFRUGDQFH WKHUHZLWK

:KHQHYHU WKH 7UXVWHH VKDOO GHHP LW QHFHVVDU\ RU GL
HVWDEOLVKHG SULRU WR WDNLQJ RU VXIIHULQJ DQ\ DFWLRQ XQ
D &LW\ &HUWLILFDWH DQG VXFK PDWWHU PD\ EH GHHPHG WR EH
VXFK &LW\ &HUWLILFDWH XQOHVV RWKHU HYLGHQFH LQ UHVSHF
6XFK &LW\ &HUWLILFDWH VKDOO EH IXOO ZDUUDQW IRU DQ\ DFW
SURYLVLRQV KHUHRI EXW LQ LWV VROH GLVFUHWLRQ WKH 7UXV
RI VXFK IDFW RU PDWWHU RU PD\ UHTXLUH VXFK IXUWKHU RU
UHDVRQDEOH ([FHSW DV RWKHUZLVH H[SUHVVO\ SURYLGHG KHU
GLUHFWLRQ UHTXLUHG RU SHUPLWWHG WR EH IXQLVKHG SXUVX
7UXVWHH VKDOO EH VXIILFLHQWO\ H[HFXWHG LI H[HFXWHG LQ
5HSUHVHQWDWLYH

7KH 7UXVWHH VKDOO QRW EH XQGHU DQ\ REOLJDWLRQ WR
,QGHQWXUH RU RWKHUZLVH WR WKH JLYLQJ WR DQ\ 3HUVRQ RI
H[SUHVVO\ UHTXLUHG LQ 6HFWLRQ KHUHLQ

6HFWLRQ &RPSHQVDWLRQ

7KH &LW\ KHUHE\ DJUHHV WR SURPSWO\ SD\ RU UHLPEXUVH
IRU $QQXDO &RROHFWLRQ &RVW DQG LQ WKH PDQQHU VHW IRUW
DV 7UXVWHH DQG DV 3D\LQJ $JHQW 5HJLVWUDU 7KH 7UXVWH
$GPLQLVWUDWLRQ $FFRXQW RI WKH $GPLQLVWUDWLYH)XQG IUP
IRU DOO VHUYLFHV UHQGHUHG E\ LW KHUHXQGHU LQFOXGLQJ
WRJHWKHU ZLWK DOO LWV UHDVRQDEOH H[SHQVHV FKDUJHV D
FRXQVHO DJHQWV DQG HPSOR\HHV LQFXUUHG LQ DQG DERXW
WUXVWV KHUHE\ FUHDWHG DQG WKH H[HFXWLRQ RI LWV SRZHUV DQ

,$,QGHQWXUH RI 7UXVW

VXEMHFW WR DQ\ OLPLW RQ WKH DPRXQW RI VXFK FRPSHQVDWLR
DV VKDOO EH SUHVFULEHG E\ VSHFLILF DJUHHPHQW DQG WKH 7
DQG DOO IXQGV DW DQ\ WLPH KHOG E\ LW LQ WKH $GPLQLVWUDW
LQ WKLV ,QGHQWXUH VKDOO UHTXLUH WKH 7UXVWHH WR H[SHQ
ILQDQFLDO OLDELOLW\ LQ WKH SHUIRUPDQFH RI DQ\ RI LWV GXV
SRZHUV LI LQ WKH MXGJPHQW RI WKH 7UXVWHH WKHUH DUH UI
UHSD\PHQW RI VXFK IXQGV RU 0LWDEL,OLWLHV WKH &RXUW WKDVOXUHGO WR
UHTXLUHG E\ WKLV 6HFWLRQ WKH 7UXVWHH PD\ PDNH VXFK SD\P
LQ WKH $GPLQLVWUDWLYH)XQG VXEMHFW WR WKH OLPLWDWLRQ

,Q WKH HYHQW WKDW WKH 7UXVWHH UHQGHUV DQ\ VHUYLFH
DQ\ PDWHULDO FRQWULYHUV\ DULVHV KHUHXQGHU RU WKH 7U
SHUWDLQLQJ WR WKLV ,QGHQWXUH RU WKH VXEMHFW PDWWHU K
IURP DQ\ DQG DOO IXQGV DW DQ\ WLPH KHOG E\ LW IRU VXFK H[
ZRUN SHUIRUPHG E\ 7UXVWHH LQ FRQQHFWLRQ ZLWK DQ\ GHOD
UHLPEXUVHG IRU DOO FRVWV DQG H[SHQVHV LQFXUUHG UHDV
RFFDVLRQHG E\ DQ\ VXFK GHOD\ FRQWURYHUV\ OLWLJDWLRQ RU

6HFWLRQ 3HUPLWWHG $FWV

7KH 7UXVWHH DQG LWV GLUHFWRUV RIILFHUV HPSOR\HHV
PD\ LQ JRRG IDLWK EX\ VHOO RZQ KROG DQG GHDO LQ %RQGV D
RI %RQGV PD\ EH HQWLWOHG WR WDNH DV IXOO\ DQG ZLWK WKH
7KH 7UXVWHH PD\ DFW DV GHSRVLWRU\ DQG SHUPLW DQ\ RI LWV
RI RU LQ DQ\ RWKHU FDSDFLW\ ZLWK UHVSHFW WR WKH &LW\ RU
RI 2ZQHUV RU WR HIIHFW RU DLG LQ DQ\ UHRUJDQL]DWLRQ JURZ
RU WKLV ,QGHQWXUH ZKHWKHU RU QRW VXFK FRPPLWWHH VKD
DJJUHJDWH RXWVWDQGLQJ SULQFLSDO DPRXQW RI WKH %RQGV

6HFWLRQ 5HVLJQDWLRQ RI 7UXVWHH

7KH 7UXVWHH PD\ DW DQ\ WLPH UHVLJQ DQG EH GLVFKDUJ
KHUHXQGHU E\ JLYLQJ QRW IHZHU WKDQ GD\V¶ ZULWWHQ QR
UHVLJQDWLRQ VKDOO WDNH HIIHFW WR WKH &LW\ DQG HDFK
UHVLJQDWLRQ VKDOO WDNH HIIHFW XSRQ WKH DSSRLQWPHQW RI
WKH DFFHSWDQFH RI VXFK DSSRLQWPHQW E\ VXFK VXFFHVVRU

6HFWLRQ 5HPRYDO RI 7UXVWHH

7KH 7UXVWHH PD\ EH UHPRYHG DW DQ\ WLPH RQ GD\V DGYD
E\ L WKH 2ZQHUV RI DW OHDVW D PDMRULW\ RI WKH DJJUHJDWH
LQVWUXPHQW RU FRQFXUUHQW LQVWUXPHQWV LQ ZULWLQJ VLJQ
WKHLU DWWRUQH\V LQ IDFW GXO\ DXWKRUL]HG DQG GHOLYHUHG
LV QRW LQ GHIDXOW XQGHU WKLV ,QGHQWXUH &RSLHV RI HDFK
&LW\ WR WKH 7UXVWHH DQG DQ\ VXFFHVVRU WKHUHRI 7KH 7UXV
DQ\ EUHDFK RI WUXVW RU IRU DFWLQJ RU SURFHHGLQJ LQ YLRO
DFFRUGDQFH ZLWK DQ\ SURYLVLRQ RI WKLV ,QGHQWXUH ZLWK U
7UXVWHH E\ DQ\ FRXUW RI FRPSHWHQW MXULVGLFWLRQ XSRQ WH
QRW OHVV WKDQ RI WKH DJJUHJDWH 2XWVWDQGLQJ SULQFLSD

,$,QGHQWXUH RI 7UXVW

6HFWLRQ 6XFFHVVRU 7UXVWHH

D ,I WKH 7UXVWHH VKDOO UHVLJQ EH UHPRYHG EH GL
DFWLQJ RU VKDOO EH DGMXGJHG DV EDQNUXSW RU LQVROYHQ
RI WKH 7UXVWHH RU RI LWV SURSHUW\ VKDOO EH DSSRLQWHG
FRQWURO RI WKH 7UXVWHH RU RI LWV SURSHUW\ RU DIIDLUV
WKHUHXSRQ EHFRPH YDFDQW

E ,I WKH SRVLWLRQ RI 7UXVWHH VKDOO EHFRPH YDFDQ
IRU DQ\ RWKHU UHDVRQ D VXFFHVVRU 7UXVWHH PD\ EH DSSRL
YDFDQF\ VKDOO KDYH RFFXUUHG E\ WKH 2ZQHUV RI DW OHDV
SULQFLSDO RI WKH %RQGV E\ DQ LQVWUXPHQW RU FRQFXUU
DFNQRZOHGJHG E\ VXFK 2ZQHUV RU WKHLU DWWRUQH\V LQ IDFW
VXFFHVVRU 7UXVWHH ZLWK QRWLILFDWLRQ WKHUHRI EHLQJ JLY

F 8QOHVV DQG XQWLO VXFK VXFFHVVRU 7UXVWHH VKD
2ZQHUV RI WKH %RQGV WKH &LW\ VKDOO IRUWKZLWK DQG LQ
YDFDQF\ RFFXUV DSSRLQW D 7UXVWHH WR ILOO VXFK YDFDQF\
SURYLGLQJ IRU DQ\ VXFK DSSRLQWPHQW VKDOO EH GHOLYHUHG
7KH &LW\ VKDOO PDLO QRWLFH RI DQ\ VXFK DSSRLQWPHQW WR
ZLWKLQ GD\V DIWHU VXFK DSSRLQWPHQW $Q\ DSSRLQWPHQ
&LW\ LPPHGLDWHO\ DQG ZLWKRXW IXUWKHU DFW VKDOO EH VXS
VXEVHTXHQWO\ PDGH E\ WKH 2ZQHUV RI %RQGV LQ DFFRUGDQ
SDUDJUDSK

G ,I LQ D SURSHU FDVH QR DSSRLQWPHQW RI D VXFFHV
GD\V DIWHU WKH JLYLQJ E\ DQ\ 7UXVWHH RI DQ\ QRWLFH RI U
KHUHLQ RU DIWHU WKH RFFXUUHQFH RI DQ\ RWKHU HYHQW U
WKH 7UXVWHH RU DQ\ 2ZQHU RI %RQGV PD\ DSSO\ WR DQ\ FRX
DSSRLQWPHQW RI VXFK D VXFFHVVRU DQG WKH FRXUW PD\ WKH
FRXUW PD\ GHHP SURSHU DSSRLQW VXFK VXFFHVVRU DQG WKH
RI VXFK DSSRLQWPHQW SURFHVV

H $Q\ VXFFHVVRU 7UXVWHH DSSRLQWHG XQGHU WKH SU
FRPPHUFLDO EDQN RU WUXVW FRPSDQ\ RU QDWLRQDO EDQNLQ
VXUSOXV DQG XQGLYLGHG SURILWV DJJUHJDWLQJ DW OHDVW
EDQN RU WUXVW FRPSDQ\ RU QDWLRQDO EDQNLQJ DVVRFLDWLRQ
RQ UHDVRQDEOH DQG FXVWRPDU\ WHUPV DQG LL DXWKRUL]HG
7UXVWHH UHTXLUHG E\ WKLV ,QGHQWXUH DQG $SSOLFDEOH /DZ

I (DFK VXFFHVVRU 7UXVWHH VKDOO PDLO LQ DFFRUGI
%RQGV QRWLFH RI LWV DSSRLQWPHQW WR WKH 7UXVWHH DQ\
DSSRLQWPHQW LV SURYLGLQJ D UDWLQJ RQ WKH %RQGV DQG H

J 7UXVWHH VKDOO QRW EH UHVSRQVLEOH IRU RU OLDE
VXFFHVVRU WUXVWHH QRU VKDOO LW EH UHVSRQVLEOH RU OLD
RI VXFK VXFFHVVRU WUXVWHH

,$,QGHQWXUH RI 7UXVW

6HFWLRQ 7UDQVIHU RI 5LJKWV DQG 3URSHUW\ WR 6X

$Q\ VXFFHVVRU 7UXVWHH DSSRLQWHG XQGHU WKH SURYLVL
DFNQRZOHGJH DQG GHOLYHU WR LWV SUHGHFHVVRU DQG WKH &
DSSRLQWPHQW DQG WKHUHXSRQ VXFK VXFFHVVRU ZLWKRXW DQ
EHFRPH IXOO\ YHVWHG ZLWK SRZHUV GXWLHV LPPXQLWLHV
REOLJDWLRQV DQG WUXVWV RI LWV SUHGHFHVVRU KHUHXQGHU
7UXVWHH +RZHYHU WKH 7UXVWHH WKHQ FHDVLQJ WR DFW VKD
RI VXFK VXFFHVVRU H[HFXWH DFNQRZOHGJH DQG GHOLYHU V
IXUWKHU DVVXUDQFH DQG GR VXFK RWKHU WKLQJV DV PD\ UHD
FHUWDLQO\ YHVWLQJ DQG FRQILUPLQJ LQ VXFK VXFFHVVRU DOO
RI VXFK 7UXVWHH DQG DOO WKH ULJKW WLWOH DQG LQWHUHVW
VKDOO SD\ RYHU DVVLJQ DQG GHOLYHU WR VXFK VXFFHVVRU D
WKH WUXVWV DQG FRQGLWLRQV KHUHLQ VHW IRUWK 6KRXOG DQ
LQFOXGLQJ DQ\ VXSSOHPHQW RU DPHQGPHQW WR WKLV ,QGHQW
VXFFHVVRU IRU PRUH IXOO\ DQG FHUWDLQ\ YHVWLQJ LQ DQG F
SURSHUWLHV ULJKWV SRZHUV GXWLHV RU REOLJDWLRQV DQ
LQVWUXPHQWV LQ ZULWLQJ RQ UHTXHVW DQG VR IDU DV PD\ E
DFNQRZOHGJHG DQG GHOLYHUHG E\ WKH &LW\

6HFWLRQ 0HUJHU &RQYHUVLRQ RU &RQVROLGDWLRQ

$Q\ FRUSRUDWLRQ RU DVVRFLDWLRQ LQWR ZKLFK WKH 7UXV
ZLWK ZKLFK LW PD\ EH FRQVROLGDWHG RU DQ\ FRUSRUDWLRQ R
FRQYHUVLRQ RU FRQVROLGDWLRQ WR ZKLFK LW VKDOO EH D SDU
WKH 7UXVWHH PD\ VHOO RU WUDQVIHU DOO RU VXEVWDQWLDOO\
VXFFHVVRU WR VXFK 7UXVWHH KHUHXQGHU DQG ZLOO KDYH DQ
LPPXQLWLHV DQG SULYLOHJHV DV SUHGHFHVVRU ZLWKRXW DQ\
WKDW VXFK FRUSRUDWLRQ RU DVVRFLDWLRQ VKDOO EH D FRPP
EDQNLQJ DVVRFLDWLRQ TXDOLILHG WR EH D VXFFHVVRU WR VXF
RU D WUXVW FRPSDQ\ WKDW LV D ZKROO\ RZQHG VXEVLGLDU

6HFWLRQ 7UXVWHH WR)LOH &RQWLQXDWLRQ 6WDWH

,I QHFHVVDU\ WKH 7UXVWHH PD\ ILOH RU FDXVH WR EH ILO
DUH GHOLYHUHG WR WKH 7UXVWHH E\ WKH &LW\ RU RQ EHKDOI
WKH 7H[DV 8QLIRUP &RPPHUFLDO &RGH DV IURP WLPH WR WLP
FRQWLQXH SHUIHFWLRQ RI WKH VHFXULW\ LQWHUHVW RI WKH 7U
SHUVRQDO SURSHUW\ DQG DQ\ IL[WXUHV DV PD\ KDYH EHHQ JU
,QGHQWXUH LQ WKH WLPH SODFH DQG PDQQHU UHTXLUHG &
7UXVWHH KDYH DQ REOLJDWLRQ RU GXW\ VSHFLILFDOO\ WR PHQW
VWDWHPHQWV H[FHSW DV SURYLGHG LQ WKLV 6HFWLRQ

6HFWLRQ &RQVWUXFWLRQ RI ,QGHQWXUH

7KH 7UXVWHH PD\ FRQVWUXH DQ\ RI WKH SURYLVLRQV RI WK
DSSHDU WR EH DPELJXRXV RU LQFRQVLVWHQW ZLWK DQ\ RWKHU
DQ\ VXFK SURYLVLRQV KHUHRI E\ WKH 7UXVWHH LQ JRRG IDLWK
%RQGV 3HUPLVVLYH ULJKWV RI WKH 7UXVWHH DUH QRW WR EH

,$,QGHQWXUH RI 7UXVW

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02',),&$7,21 25 $0(1'0(17 2) 7+,6 ,1'(1785(

6HFWLRQ $PHQGPHQWV 3HUPLWWHG

D 7KLV ,QGHQWXUH DQG WKH ULJKWV DQG REOLJDWLRQ
%RQGV PD\ EH PRGLILHG RU DPHQGHG DW DQ\ WLPH E\ D 6XSSOH
WKH &LW\ DQG WKH 7UXVWHH H[FHSW DV SURYLGHG EHORZ SXU
RI 2ZQHUV RI WKH %RQGV RU ZLWK WKH ZULWWHQ FRQVHQW ZL
RI WKH DJJUHJDWH SULQFLSDO DPRXQW RI WKH %RQGV WKHQ
DPHQGPHQW VKDOO L H[WHQG WKH PDWXULW\ RI DQ\ %RQG R
RWKHUZLVH DOWHU RU LPSDLU WKH REOLJDWLRQ RI WKH &LW\ W
SUHPLXP RQ DQ\ %RQG ZLWKRXW WKH H[SUHVV FRQVHQW RI WK
FUHDWLRQ E\ WKH &LW\ RI DQ\ SOHGJH RU OLHQ XSRQ WKH 7UXV
SOHGJH DQG OLHQ FUHDWHG IRU WKH EHQHILW RI WKH %RQGV H
/DZV DQG WKLV ,QGHQWXUH RU UHGXFH WKH SHUFHQWDJH R
DPHQGPHQW KHUHRI $Q\ VXFK EHQHILFLDO RZQHUV LPP
REOLJDWLRQV RI WKH 7UXVWHH ZLWKRXW LWV ZULWWHQ FRQVH

E 7KLV ,QGHQWXUH DQG WKH ULJKWV DQG REOLJDWLRQ
DOVR EH PRGLILHG RU DPHQGHG DW DQ\ WLPH E\ D 6XSSOHPHQ
DQ\ 2ZQHUV RQO\ WR WKH H[WHQW SHUPLWWHG E\ ODZ DQG RQ
SXUSRVHV

L WR DGG WR WKH FRYHQDQWV DQG DJUHHPHQWV
FRQWDLQHG RWKHU FRYHQDQWV DQG DJUHHPHQWV WKHUH
VXUUHQGHU DQ\ ULJKW RU SRZHU KHUHLQ UHVHUYHG WR RU

LL WR PDNH PRGLILFDWLRQV QRW DGYHUVHO\ DIIHF
DQ\ PDWHULDO UHVSHFW

LLL WR PDNH VXFK SURYLVLRQV IRU WKH SXUSRVH
FXULQJ FRUUHFWLQJ RU VXSSOHPHQWLQJ DQ\ GHIHFWLYH S
LQ UHJDUG WR TXHVWLRQV DULVLQJ XQGHU WKLV ,QGHQWXU
QHFHVVDU\ RU GHVLUDEOH DQG QRW LQFRQVLVWHQW ZLW
DGYHUVHO\ DIIHFW WKH ULJKWV RI WKH 2ZQHUV RI WKH %RQ

LY WR SURYLGH IRU WKH LVVXDQFH RI 5HIXQGLQJ %
KHUHRI

Y WR DSSRLQW RU DFFHSW D VXFFHVVRU WUXVWHH
RI 6HFWLRQ KHUHRI SURYLGHG KRZHYHU LQ QR HYHQW
DELOLW\ WR DSSRLQW D VXFFHVVRU WUXVWHH SXUVXDQW W

YL WR PDNH VXFK DGGLWLRQV GHOHWLRQV RU PRGL
GHVLUDEOH WR DVVXUH H[HPSWLRQ IURP IHGHUDO LQFRPH V

F $Q\ PRGLILFDWLRQ RU DPHQGPHQW PDGH SXUVXDQW
VXEMHFW WR WKH QRWLFH SURFHGXUHV VSHFLILHG LQ 6HFWLRQ

,$,QGHQWXUH RI 7UXVW

G 1RWZLWKVWDQGLQJ WKH DERYH QR 6XSSOHPHQWDO
EH HIIHFWLYH XQOHVV WKH &LW\ ILUVW GHOLYHUV WR WKH 7UX
WKDW VXFK DPHQGPHQW RU VXSSOHPHQW L LV SHUPLWWHG X
RI WKLV ,QGHQWXUH LQ HIIHFW DIWHU WDNLQJ LQWR DFFRXQW
ZLOO QRW DGYHUVHO\ DIIHFW WKH LQWHUHVWV RI WKH 2ZQHUV
WKDW DQ DSSRLQWPHQW RI D VXFFHVVRU WUXVWHH LQ DFFRU
LVVXDQFH RI 5HIXQGLQJ %RQGV LQ DFFRUGDQFH ZLWK WKH SUR
GHHPHG WR QRW EH D PDWHULDO DGYHUVH FKDQJH LQ WKH SURYLVLRQV SXUS
DGYHUVHO\ DIIHFW WKH H[FOXVLRQ RI LQWHUHVW RQ DQ\ SXUS
LQFRPH WD[DWLRQ

6HFWLRQ 2ZQHUV¶ 0HHWLQJV

7KH &LW\ PD\ DW DQ\ WLPH FDOO D PHHWLQJ RI WKH 2ZQHU
&LW\ LV DXWKRUL]HG WR IL[WKH WLPH DQG SODFH RI VDLG PHH
WKHUHRI DQG WR IL[DQG DGRSW UHDVRQDEOH UXOHV DQG UHJ

6HFWLRQ 3URFHGXUH IRU $PHQGPHQW ZLWK :ULWWH

7KH &LW\ DQG WKH 7UXVWHH PD\ DW DQ\ WLPH DGRSW D 6XS
SURYLVLRQV RI WKH %RQGV RU RI WKLV ,QGHQWXUH WR WKH H
6HFWLRQ KHUHLQ WR WDNH HIIHFW ZKHQ DQG DV SURYLG
6XSSOHPHQWDO ,QGHQWXUH WRJHWKHU ZLWK D UHTXHVW WR 2
PDLOHG E\ ILUVW FODVV PDLO E\ WKH 7UXVWHH WR HDFK 2ZQHU
XQGHU WKLV ,QGHQWXUH EXW IDLOXUH WR PDLO FRSLHV RI VXF
QRW DIIHFW WKH YDOLGLW\ RI WKH 6XSSOHPHQWDO ,QGHQWXUH

([FHSW DV VHW IRUWK LQ 6HFWLRQ VXFK 6XSSOHPHQ
HIIHFWLYH XQOHVV WKHUH VKDOO EH ILOHG ZLWK WKH 7UXVWHH
E\ WKLV ,QGHQWXUH DQG D QRWLFH VKDOO KDYH EHHQ PDLOHG
WKH &LW\ RU %RQG &RXQVHO DFWLQJ RQ WKH &LW\¶V EHKDOI
%RQG &RXQVHO WR WKH HIIHFW WKDW VXFK DPHQGPHQW LV SH
H[FOXVLRQ RI LQWHUHVW RQ DQ\ %RQG IURP JURVV LQFRPH IR
(DFK VXFK FRQVHQW VKDOO EH HIIHFWLYH RQO\ LI DFFRPSDQLH
ZKLFK VXFK FRQVHQW LV JLYHQ ZKLFK SURRI VKDOO EH VXFK D
$Q\ VXFK FRQVHQW VKDOO EH ELQGLQJ XSRQ WKH 2ZQHU RI WKH
VXEVHTXHQW 2ZQHU ZKHWKHU RU QRW VXFK VXEVHTXHQW 2ZQ
FRQVHQW LV UHYRNHG LQ ZULWLQJ E\ WKH 2ZQHU JLYLQJ VXFK
VXFK UHYRFDWLRQ ZLWK WKH 7UXVWHH SULRU WR WKH GDWH Z
SURYLGHG IRU KDV EHHQ PDLOHG

$IWHU WKH 2ZQHUV RI WKH UHTXLUHG SHUFHQWDJH RI %RQ
WKH 6XSSOHPHQWDO ,QGHQWXUH WKH &LW\ VKDOO PDLO D QRWL
SURYLGHG LQ WKLV 6HFWLRQ IRU WKH PDLOLQJ RI WKH 6XSSOHP
WKH 6XSSOHPHQWDO ,QGHQWXUH KDV EHHQ FRQVHQWHG WR E\ W
%RQGV DQG ZLOO EH HIIHFWLYH DV SURYLGHG LQ WKLV 6HFWLR
VKDOO QRW DIIHFW WKH YDOLGLW\ RI WKH 6XSSOHPHQWDO ,QG
PDLOLQJ RI VXFK QRWLFH VKDOO EH ILOHG ZLWK WKH 7UXVWHH
E\ WKLV 6HFWLRQ WR EH ILOHG ZLWK WKH 7UXVWHH VKDOO
WKH FRQWUDU\ LV SURYHG 7KH 6XSSOHPHQWDO ,QGHQWXUH VI

,$,QGHQWXUH RI 7UXVW

WKH 7UXVWHH RI WKH SURRI RI PDLOLQJ RI VXFK QRWLFH DQ
GHHPHG FRQFOXVLYHO\ ELQGLQJ H[FHSW DV RWKHUZLVH KHU
$UWLFOH XSRQ WKH &LW\ DQG WKH 2ZQHUV RI DOO %RQGV DW
H[FHSW LQ WKH HYHQW RI D ILQDO GHFUHH RI D FRXUW RI FRPSH
LQ D OHJDO DFWLRQ RU HTXLWDEOH SURFHHGLQJ IRU VXFK SXUS
SURYLGHG WKDW WKH 7UXVWHH VKDOO KDYH QR REOLJDWLRQ W
DQG WKH 7UXVWHH VKDOO KDYH QR OLDELOLW\ ZLWK UHVSHFW W

6HFWLRQ (IIHFW RI 6XSSOHPHQWDO ,QGHQWXUH

)URP DQG DIWHU WKH WLPH DQ\ 6XSSOHPHQWDO ,QGHQWXU
$UWLFOH ; WKLV ,QGHQWXUH VKDOO EH GHHPHG WR EH PRGLILH
WKH UHVSHFWLYH ULJKWV GXWLHV DQG REOLJDWLRQV XQGHU
2ZQHUV RI 2XWVWDQGLQJ %RQGV VKDOO WKHUHDIWHU EH GHWHU
VXEMHFW LQ DOO UHVSHFWV WR DOO VXFK 6XSSOHPHQWDO ,QGHQWXUH DQG DOO WKH W
RI DQ\ VXFK 6XSSOHPHQWDO ,QGHQWXUH VKDOO EH GHHPHG WR
WKLV ,QGHQWXUH IRU DQ\ DQG DOO SXUSRVHV

6HFWLRQ (QGRUVHPHQW RU 5HSODFHPHQW RI %RQGV

7KH &LW\ PD\ GHWHUPLQH WKDW %RQGV LVVXHG DQG GHOL
DFWLRQ WDNHQ DV SURYLGHG LQ WKLV $UWLFOH ; VKDOO EHDU
IRUP DSSURYHG E\ WKH &LW\ DV WR VXFK DFWLRQ ,Q WKDW F
%RQG 2XWVWDQGLQJ DW VXFK HIIHFWLYH GDWH DQG SUHVHQWD
GHVLJQDWHG RIILFH RI WKH 7UXVWHH RU DW VXFK RWKHU RIILF
WKDW SXUSRVH D VXLWDEOH QRWDWLRQ VKDOO EH PDGH RQ VX
%RQGV VR PRGLILHG DV LQ WKH RSLQLRQ RI WKH &LW\ LV QHFH
VKDOO EH SUHSDUHG H[HFXWHG DQG GHOLYHUHG ,Q WKDW F
%RQGV WKHQ 2XWVWDQGLQJ VXFK QHZ %RQGV VKDOO EH H[FK
7UXVWHH ZLWKRXW FRVW WR DQ\ 2ZQHU IRU %RQGV WKHQ 2XWV

6HFWLRQ $PHQGDWRU\ (QGRUVHPHQW RI %RQGV

7KH SURYLVLRQV RI WKLV $UWLFOH ; VKDOO QRW SUHYH
DPHQGPHQW DV WR WKH SDUWLFXODU %RQGV KHOG E\ VXFK 2ZQ
PDGH RQ VXFK %RQGV

6HFWLRQ :DLYHU RI 'HIDXOW

6XEMHFW WR WKH VHFRQG DQG WKLUG VHQWHQFHV RI 6HFWL
RI DW OHDVW RI WKH 2ZQHUV LQ DJJUHJDWH SULQFLSDO DPR
2ZQHUV PD\ ZDLYH QRQ FRPSOLDQFH E\ WKH &LW\ ZLWK FHUWDLQ
WKHLU FRQVHTXHQFHV $QG KRZHYHU QR GHIDXOW LQ GD\PHQW RI
XSRQ DOO IXWXUH 2ZQHUV)RU WKH DYRLGDQFH RI GRXEW DQ
VKDOO EH VXEMHFW WR 6HFWLRQ KHUHRI

6HFWLRQ ([HFXWLRQ RI 6XSSOHPHQWDO ,QGHQWXUH

,Q H[HFXWLQJ RU DFFHSWLQJ WKH DGGLWLRQDO WUXVWV F
SHUPLWWHG E\ WKLV $UWLFOH RU WKH PRGLILFDWLRQ WKHUHE\
7UXVWHH VKDOO UHFHLYH DQG VKDOO EH IXOO\ SURWHFWHG LQ
,$,QGHQWXUH RI 7UXVW

DQG GHOLYHUHG WR WKH 7UXVWHH DQG WKH &LW\ VWDWLQJ W
,QGHQWXUH LV SHUPLWWHG E\ DQG LQ FRPSOLDQFH ZLWK WKLV
EH REOLJDWHG WR HQWHU LQWR DQ\ VXFK 6XSSOHPHQWDO ,QG
ULJKWV GXWLHV DQG LPPXQLWLHV XQGHU WKLV ,QGHQWXUH RU

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6HFWLRQ (YHQWV RI 'HIDXOW

D (DFK RI WKH IROORZLQJ RFFXUUHQFHV RU HYHQWV VK
DQ ³(YHQW RI 'HIDXOW ´ WR ZLW

L 7KH IDLOXUH RI WKH &LW\ WR GHSRVLW WKH 3O
3OHGJHG 5HYHQXH $FFRXQW RI WKH 3OHGJHG 5HYHQXH)XQ

LL 7KH IDLOXUH RI WKH &LW\ WR HQIRUFH WKH F
LQFOXGLQJ WKH SURVHFXWLRQ RI IRUHFORVXUH SURFHHGLQ

LLL 7KH IDLOXUH WR PDNH SD\PHQW RI WKH SULQFI
%RQGV ZKHQ WKH VDPH EHFRPHV GXH DQG SD\DEOH DQG VX
GD\V SURYLGHG KRZHYHU WKDW WKH SD\PHQWV DUH
5HYHQXHV RU RWKHU IXQGV FXUUHQWO\ DYDLODEOH LQ WKH
WR PDNH WKH SD\PHQWV DQG

LY 'HIDXOW LQ WKH SHUIRUPDQFH RU REVHUYDQFH
REOLJDWLRQ RI WKH &LW\ XQGHU WKLV ,QGHQWXUH DQG WK
GD\V DIWHU ZULWWHQ QRWLFH WR WKH &LW\ E\ WKH 7UXVW
WKH DJJUHJDWH 2XWVWDQGLQJ SULQFLSDO RI WKH %RQGV
VXFK GHIDXOW DQG UHTXHVWLQJ WKDW WKH IDLOXUH EH UH

E 1RWKLQJ LQ 6HFWLRQ D ZLOO EH DQ (YHQW RI 'H
DSSOLFDEOH VWDWH ODZ RU FRXUW RUGHU

6HFWLRQ ,PPHGLDWH 5HPHGLHV IRU 'HIDXOW

D 6XEMHFW WR $UWLFOH 9,,, XSRQ WKH KDSSHQLQJ DQ
RI 'HIDXOW GHVFULEHG LQ 6HFWLRQ WKH 7UXVWHH PD\ DQ
RI DW OHDVW RI WKH %RQGV WKHQ 2XWVWDQGLQJ DQG LWV U
SURFHHG DJDLQVW WKH &LW\ IRU WKH SXUSRVH RI SURWHFWLQ
XQGHU WKLV ,QGHQWXUH E\ DFWLRQ VHHNLQJ PDQGDPXV RU E\
LQ HTXLW\ RU DW ODZ LQ DQ\ FRXUW RI FRPSHWHQW MXULVGLF
WKLV ,QGHQWXUH RU E\ $SSOLFDEOH /DZ WKH FRXUVH RI
DQ\ FRYHQDQW RU DJUHHPHQW FRQWDLQHG KHUHLQ RU LQMXQF
PRQH\ GDPDJHV DJDLQVW WKH &LW\ PD\ EH VRXJKW RU VKDOO E
ULJKW WR REWDLQ WKH DGYLFH RI FRXQVHO LQ LWV H[HUFLVH

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$&&(/(5$7,21 81'(5 $1< &,5&8067$1&(6

,$,QGHQWXUH RI 7UXVW

F ,I WKH DVVHWV RI WKH 7UXVW (VWDWH DUH VXIILFLHQ
WR DOO 2XWVWDQGLQJ %RQGV LQ WKH VHOHFWLRQ RI 7UXVW
%RQGV GXH XQGHU WKLV $UWLFOH LQ WKH DEVHQFH RI VXFK GHVLJQDWLRQ
WKH 7UXVWHH E\ &LW\ &HUWLILFDWH ZKLFK 7UXVW (VWDWH DVV
VKDOO QRW EH OLDEOH WR DQ\ 2ZQHU RU RWKHU 3HUVRQ E\ UH
WKH HYHQW WKDW WKH &LW\ VKDOO IDLO WR GHOLYHU WR WKH
VHOHFW DQG OLTXLGDWH RU VHOO 7UXVW (VWDWH DVVHWV DV S
QRW EH OLDEOH WR DQ\ 2ZQHU RU RWKHU 3HUVRQ RU WKH &LV
RU VDOH

G :KHQHYHU PRQH\V DUH WR EH DSSOLHG SXUVXDQW WR
ZKHWKHU RWKHU UHPHGLHV DXWKRUL]HG XQGHU WKLV ,QGHQWX
SDUW WKH 7UXVWHH PD\ FDXVH DQ\ RU DOO RI WKH DVVHWV R
6HFXULWLHV WR EH VROG 7KH 7UXVWHH PD\ VR VHOO WKH DV
LQWHUHVW FODLP DQG GHPDQG WKHUHWR DQG WKH ULJKW RI U
DQ\ VXFK SODFH RU SODFHV DQG DW VXFK WLPH RU WLPHV DQ
7UXVWHH PD\ GHHP DSSURSULDWH DQG DV PD\ EH UHTXLUHG E\
LQ DFFRUGDQFH ZLWK WKH SURYLVLRQV RI WKLV 6HFWLRQ 8SL
GHOLYHU WR WKH SXUFKDVHU RU SXUFKDVHUV D JRRG DQG VXI
VDPH ZKLFK VDOH VKDOO EH D SHUSHWXDO EDU ERWK DW ODZ D
3HUVRQV FODLPLQJ VXFK SURSHUWLHV 1R SXUFKDVHU DW DQ
DSSOLFDWLRQ RI WKH SXUFKDVH PRQH\ SURFHHGV WKHUHRI R
QHFHVVLW\ H[SHGLHQF\ RU UHJXODULW\ RI DQ\ VXFK VDOH
7UXVWHH WKH &LW\ VKDOO UDWLI\ DQG FRQILUP DQ\ VDOH RU
7UXVWHH RU WR VXFK SXUFKDVHU RU SXUFKDVHUV DOO VXFK LQ
UHDVRQDEOH MXGJPHQW RI WKH 7UXVWHH SURSHU IRU WKH SX
UHTXHVW

6HFWLRQ 5HVWULFWLRQ RQ 2ZQHU¶V $FWLRQ

D 1R 2ZQHU VKDOO KDYH DQ\ ULJKW WR LQVWLWXWH DQ
LQ HTXLW\ IRU WKH HQIRUFHPHQW RI WKLV ,QGHQWXUH RU IRU
RWKHU UHPHG\ KHUHXQGHU XQOHVV L D GHIDXOW KDV RFFXU
KDV EHHQ QRWLILHG LQ ZULWLQJ LL VXFK GHIDXOW KDV EHFR
QRW OHVV WKDQ RI WKH DJJUHJDWH SULQFLSDO DPRXQW RI
ZULWWHQ UHTXHVW WR WKH 7UXVWHH DQG RIIHUHG LW UHDVRQD
WKH SRZHUV KHUHLQEHIRUH JUDQWHG RU WR LQVWLWXWH VXFK
LLL WKH 2ZQHUV KDYH IXUQLVKHG WR WKH 7UXVWHH LQGHPQL
WKH 7UXVWHH KDV IRU GD\V DIWHU VXFK QRWLFH IDLOHG
KHUHLQEHIRUH JUDQWHG RU WR LQVWLWXWH VXFK DFWLRQ VXL
GLUHFWLRQ LQFRQVLVWHQW ZLWK VXFK ZULWWHQ UHTXHVW KD
GD\ SHULRG E\ WKH 2ZQHUV RI DW OHDVW D PDMRULW\ RI WKH
WKHQ 2XWVWDQGLQJ DQG YL QRWLFH RI VXFK DFWLRQ VXLW
KRZHYHU QR RQH RU PRUH 2ZQHUV RI WKH %RQGV VKDOO KDYH
WR DIIHFW GLVWXE RU SUHMXGLFH WKLV ,QGHQWXUH E\ LWV
KHUHXQGHU H[FHSW LQ WKH PDQQHU SURYLGHG KHUHLQ DQG W
EH LQVWLWXWHG DQG PDLQWDLQHG LQ WKH PDQQHU SURYLGH
2ZQHUV RI DOO %RQGV WKHQ 2XWVWDQGLQJ 7KH QRWLILFDWLR
IRUWK DERYH VKDOO DW WKH RSWLRQ RI WKH 7UXVWHH DV DG

,$,QGHQWXUH RI 7UXVW

WR WKH H[HFXWLRQ RI WKH SRZHUV DQG WUXVWV RI WKLV ,QGH
IRU WKH HQIRUFHPHQW RI WKLV ,QGHQWXUH RU IRU DQ\ RWKHU

E 6XEMHFW WR $UWLFOH 9,,, QRWKLQJ LQ WKLV ,QGHQ
DQ\ 2ZQHU WR HQIRUFH E\ DFWLRQ DW ODZ SD\PHQW RI DQ\ %
RU RQ WKH GDWH IL[HG IRU UHGHPSWLRQ RU WKH REOLJDWLR
KHUHXQGHU WR WKH UHVSHFWLYH 2ZQHUV WKHUHRI DW WKH WI
PDQQHU H[SUHVVHG KHUHLQ DQG LQ WKH %RQGV

F ,Q FDVH WKH 7UXVWHH RU DQ\ 2ZQHUV VKDOO KDYH
XQGHU WKLV ,QGHQWXUH DQG VXFK SURFHHGLQJV VKDOO KDYH
UHDVRQ RU VKDOO KDYH EHHQ GHWHUPLQHG DGYHUVHO\ WR WKH
VXFK FDVH WKH &LW\ WKH 7UXVWHH DQG WKH 2ZQHUV VKDOO E
ULJKWV KHUHXQGHU DQG DOO ULJKWV UHPHGLHV DQG SRZHUV
SURFHHGLQJV KDG EHHQ WDNHQ

6HFWLRQ $SSOLFDWLRQ RI 5HYHQXHV DQG 2WKHU 0R

D $OO PRQH\V VHFXULWLHV IXQGV DQG 3OHGJHG 5HYHQ
(VWDWH DQG WKH LQFRPH WKHUHIURP UHFHLYHG E\ WKH 7UXVW
WDNHQ XQGHU WKH SURYLVLRQV RI WKLV $UWLFOH VKDOO DIW
SURFHHGLQJV UHVXOWLQJ LQ WKH FROOHFWLRQ RI VXFK DPRXQ
OLDELOLWLHV DQG DGYDQFHV LQFXUUHG RU PDGH E\ WKH 7UXV
RXW WKLV ,QGHQWXUH GXULQJ WKH FRQWLQXDQFH RI DQ (YHQ
KHUHRI VKDOO EH DSSOLHG E\ WKH 7UXVWHH RQ EHKDOI RI W
SULQFLSDO RU 5HGHPSWLRQ 3ULFH WKHQ GXH RQ %RQGV DV IR

),567 7R WKH SD\PHQW WR WKH 2ZQHUV HQWLWOHG WK
WKHQ GXH LQ WKH GLUHFW RUGHU RI PDWXULW\ RI VXF
DYDLODEOH VKDOO QRW EH VXIILFLHQW WR SD\ LQ IXOO
WKHUHRI UDWDEO\ DFFRUGLQJ WR WKH DPRXQWV GXH I
HQWLWOHG WKHUHWR ZLWKRXW DQ\ GLVFULPLQDWLRQ

6(&21' 7R WKH SD\PHQW WR WKH 2ZQHUV HQWLWOHG WK
2XWVWDQGLQJ %RQGV RU 5HGHPSWLRQ 3ULFH RI DQ\ %
GXH ZKHWKHU DW PDWXULW\ RU E\ FDOO IRU UHGHPSW
GDWHV DQG LI WKH DPRXQWV DYDLODEOH VKDOO QRW E
GXH RQ DQ\ GDWH WKHQ WR WKH SD\PHQW WKHUHRI UD
SULQFLSDO GXH DQG WR WKH 2ZQHUV HQWLWOHG WKH
SUHIHUHQFH

:LWKLQ GD\V RI UHFHLSW RI VXFK JRRG DQG DYDLODEOH
DQG SD\PHQW GDWH IRU DQ\ SD\PHQW WR EH PDGH WR 2ZQHUV S

E ,Q WKH HYHQW IXQGV DUH QRW DGHTXDWH WR FXUH DQ
LQ 6HFWLRQ WKH DYDLODEOH IXQGV VKDOO EH DOORFDWH
SURSRUWLRQ WR WKH TXDQWLW\ RI %RQGV WKDW DUH FXUUHQW
,QGHQWXUH

,$,QGHQWXUH RI 7UXVW

F 7KH UHVWRUDWLRQ RI WKH &LW\ WR LWV SULRU SRVLW
FXUHG DV SURYLGHG LQ 6HFWLRQ VKDOO QRW H[WHQG WR
WKLV ,QGHQWXUH RU LPSDLU DQ\ ULJKW FRQVHTXHQW WKHUHRQ

6HFWLRQ (IIHFW RI :DLYHU

1R GHOD\ RU RPLVVLRQ RI WKH 7UXVWHH RU DQ\ 2ZQHU
DFFUXLQJ XSRQ DQ\ GHIDXOW VKDOO LPSDLU DQ\ VXFK ULJKW
ZDLYHU RI DQ\ VXFK GHIDXOW RU DQ DFTXLHVFHQFH WKHUHLQ
WKLV ,QGHQWXUH WR WKH 7UXVWHH RU WKH 2ZQHUV UHVSHFW
DQG DV RIWHQ DV PD\ EH GHHPHG H[SHGLHQW

6HFWLRQ (YLGHQFH RI 2ZQHUVKLS RI %RQGV

D $Q\ UHTXHVW FRQVHQW UHYRFDWLRQ RI FRQVHQW
,QGHQWXUH PD\ UHTXLUH RU SHUPLW WR EH VLJQHG DQG H[HFX
RQH RU PRUH LQVWUXPHQWV RI VLPLODU WHQRU DQG VKDOO E
SHUVRQ RU E\ WKHLU DWWRUQH\V GXO\ DSSRLQWHG LQ ZULWL
LQVWUXPHQW RU RI DQ\ LQVWUXPHQW DSSRLQWLQJ DQ\ VXFK D
WKH %RQGV VKDOO EH VXIILFLHQW IRU DQ\ SXUSRVH RI WKLV
H[SUHVVO\ SURYLGHG LI PDGH LQ WKH IROORZLQJ PDQQHU

L 7KH IDFW DQG GDWH RI WKH H[HFXWLRQ RI VXFK
%RQGV RU WKH GXO\ DSSRLQWHG DWWRUQH\ DXWKRUL]HG W
SURYLGHG E\ D JXDUDQWHH RI WKH VLJQDWXUH WKHUHRQ E
FHUWLILFDWH RI DQ\ QRWDU\ SXEOLF RU RWKHU RIILFHU D
GHHGV WKDW WKH 3HUVRQ VLJQLQJ VXFK UHTXHVW RU RWK
H[HFXWLRQ WKHUHRI RU E\ DQ DIILGDYLW RI D ZLWQHVV RI
VXFK QRWDU\ SXEOLF RU RWKHU RIILFHU :KHUH VXFK H[HF
RU DVVRFLDWLRQ RU D PHPEHU RI D ILUP RU SDUWQHUVKLS
SDUWQHUVKLS VXFK VLJQDWXUH JXDUDQWHH FHUWLILFD
VXIILFLHQW SURRI RI KLV DXWKRULW\

LL 7KH RZQHUVKLS RI %RQGV DQG WKH DPRXQW QX
DQG GDWH RI KROGLQJ WKH VDPH VKDOO EH SURYHG E\ WKH

E ([FHSW DV RWKHUZLVH SURYLGHG LQ WKLV ,QGHQWX
FRQVHQW DQ\ UHTXHVW RU FRQVHQW E\ DQ 2ZQHU RI %RQGV VK
%RQGV LQ UHVSHFW RI DQ\WKLQJ GRQH RU VXIIHUHG WR EH GRQ
WKHUHZLWK

6HFWLRQ 1R $FFHOHUDWLRQ

,Q WKH HYHQW RI WKH RFFXUUHQFH RI DQ (YHQW RI 'HIDXOW
RI DFFHOHUDWLRQ RI DQ\ 6WDWHG 0DWXULW\ LV QRW JUDQWHG
DFFHOHUDWLRQ XQGHU WKLV ,QGHQWXUH LV H[SUHVVO\ GHQLHG

6HFWLRQ 0DLOLQJ RI 1RWLFH

$Q\ SURYLVLRQ LQ WKLV $UWLFOH IRU WKH PDLOLQJ RI D QR
EH IXOO\ FRPSOLHG ZLWK LI LW LV PDLOHG ILUVW FODVV SRVWD
DSSHDULQJ XSRQ WKH 5HJLVWHU

6HFWLRQ ([FOXVLRQ RI %RQGV

%RQGV RZQHG RU KHOG E\ RU IRU WKH DFFRXQW RI WKH &LV
WKH SXUSRVH RI FRQVHQW RU RWKHU DFWLRQ RU DQ\ FDOFXOD
WKLV ,QGHQWXUH DQG WKH &LW\ VKDOO QRW EH HQWLWOHG ZL
RU WDNH DQ\ RWKHU DFWLRQ SURYLGHG IRU LQ WKLV ,QGHQWXU

6HFWLRQ 5HPHGLHV 1RW ([FOXVLYH

1R UHPHG\ KHUHLQ FRQIHUUHG XSRQ RU UHVHUYHG WR WKH
WR EH H[FOXVLYH RI DQ\ RWKHU UHPHG\ DQG HDFK DQG HYHU\ V
VKDOO EH LQ DGGLWLRQ WR DQ\ RWKHU UHPHG\ JLYHQ KHUHXQG
HTXLW\ E\ VWDWXWH RU E\ FRQWUDFW

6HFWLRQ 'LUHFWLRQ E\ 2ZQHUV

$Q\WKLQJ KHUHLQ WR WKH FRQWUDU\ QRWZLWKVWDQGLQJ
DJJUHJDWH RXWVWDQGLQJ SULQFLSDO RI WKH %RQGV VKDOO K
H[HFXWHG DQG GHOLYHUHG WR WKH 7UXVWHH WR GLUHFW WKH
SODFH RI FRQGXFWLQJ D SURFHHGLQJ IRU DQ\ UHPHG\ DYDLODEO
6XSSOHPHQWDO ,QGHQWXUH RU RWKHUZLVH RU H[HUFLVLQJ D
7UXVWHH LQFOXGLQJ WKH SRZHU WR GLUHFW RU ZLWKKROG GLU
WR WKH 7UXVWHH RU WKH 2ZQHUV SURYLGHG L VXFK GLUH
DFFRUGDQFH ZLWK $SSOLFDEOH /DZV DQG WKH SURYLVLRQV KH
RWKHU DFWLRQ GHHPHG SURSHU E\ WKH 7UXVWHH ZKLFK LV QRW
WKDW WKH 7UXVWHH VKDOO KDYH WKH ULJKW WR GHFOLQH WR
RI WKH 7UXVWHH ZRXOG EH XQMXVWO\ SUHMXGLFLDO WR 2ZQHU

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6HFWLRQ 5HSUHVHQWDWLRQV DV WR 7UXVW (VWDWH

D 7KH &LW\ UHSUHVHQWV DQG ZDUUDQWV WKDW LW LV
DXWKRUL]H DQG LVVXH WKH %RQGV WR H[HFXWH DQG GHOLYH
(VWDWH LQ WKH PDQQHU DQG WR WKH H[WHQW SURYLGHG LQ WK
DQG WKH 7UXVW (VWDWH DUH DQG ZLOO EH DQG UHPDLQ IUHH
HQFXPEUDQFH WKHUHRQ RU ZLWK UHVSHFW WKHUHWR SULRU WK
FUHDWHG LQ RU DXWKRUL]HG E\ WKLV ,QGHQWXUH H[FHSW DV H

E 7KH &LW\ VKDOO DW DOO WLPHV WR WKH H[WHQW SH
SUHVHUYH DQG SURWHFW WKH SOHGJH RI WKH 7UXVW (VWDWH
7UXVWHH XQGHU WKLV ,QGHQWXUH DJDLQVW DOO FODLPV DQG

,$,QGHQWXUH RI 7UXVW

F 7KH &LW\ ZLOO WDNH DOO VWHSV UHDVRQDEO\ QHFHV
WKH 7UXVWHH WR WDNH DOO VWHSV UHDVRQDEO\ QHFHVVDU\ D
LQ WKH FROOHFWLRQ RI WKH SURSHUW\ DQG GHOLYHU WKH SD\P
WR WKH IXOOHVW H[WHQW SHUPLWWHG E\ WKH 3,' $FW DQG RWK

G 7R WKH H[WHQW SHUPLWWHG E\ ODZ QRWLFH RI WKH
RU RQ EHKDOI RI WKH &LW\ WR WKH DIIHFWHG SURSHUW\ RZQH
PHFKDQLVP WKDW LV XVHG E\ WKH &LW\ VR WKDW VXFK $
VLPXOWDQHRXVO\ ZLWK DG YDORUHP WD[HV DQG VKDOO EH VXE
DQG IRUHFORVXUH VDOH LQ FDVH RI GHOLQTXHQFLHV DV DUH SU

6HFWLRQ $FFRXQWV 3HULRGLF 5HSRUWV DQG &HUW

7KH 7UXVWHH VKDOO NHHS RU FDXVH WR EH NHSW SURSHU E
IURP DOO RWKHU UHFRUGV DQG DFFRXQWV LQ ZKLFK FRPSOHWH
WUDQVDFWLRQV UHODWLQJ WR WKH)XQGV DQG $FFRXQWV HVWD
DOO WLPHV EH VXEMHFW WR LQVSHFWLRQ E\ WKH &LW\ DQG WK
SULQFLSDO DPRXQW RI DQ\ %RQGV WKHQ 2XWVWDQGLQJ RU WKHL

6HFWLRQ *HQHUDO

7KH &LW\ VKDOO GR DQG SHUIRUP RU FDXVH WR EH GRQH
UHTXLUHG WR EH GRQH RU SHUIRUPHG E\ RU RQ EHKDOI RI WKH &

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6HFWLRQ)XUWKHU $VVXUDQFHV 'XH 3HUIRUPDQFH

D $W DQ\ DQG DOO WLPHV WKH &LW\ ZLOO GXO\ H[HFXW
FDXVH WR EH GRQH H[HFXWHG DQG GHOLYHUHG DOO DQG H
WUDQVIHUV DQG DVVXUDQFHV LQ D PDQQHU DV WKH 7UXVWH
FRQYH\LQJ WUDQVIHUULQJ SOHGJLQJ DQG FRQILUPLQJ XQW
UHYHQXHV)XQGV $FFRXQWV DQG SURSHUWLHV FRQVWLWXWLQ
(VWDWH KHUHE\ WUDQVIHUUHG DQG SOHGJHG RU LQWHQGHG VR

E 7KH &LW\ ZLOO GXO\ DQG SXQFWXDOO\ NHHS REVHUYH
FRYHQDQW DQG FRQGLWLRQ RQ LWV SDUW WR EH NHSW REV
,QGHQWXUH

6HFWLRQ $GGLWLRQDO 2EOLJDWLRQV RU 2WKHU /LHQ

D 7KH &LW\ UHVHUYHV WKH ULJKW VXEMHFW WR WKH
WR LVVXH $GGLWLRQDO 2EOLJDWLRQV XQGHU WKH ,QGHQWXUH
DJUHHPHQWV RU RWKHU REOLJDWLRQV ZKLFK GR QRW FRQVWLW
DUH QRW SD\DEOH IURP WKH 3OHGJHG 5HYHQXHV $GGLWLRQDO
ERQGV RU RWKHU REOLJDWLRQV VHFXUHG E\ DQG SD\DEOH IUR
OHYLHG DJDLQVW WKH $VVHVVHG 3URSHUW\ VR ORQJ DV VXFK
3OHGJHG 5HYHQXHV VHFXULQJ SD\PHQW RI WKH %RQGV

,$,QGHQWXUH RI 7UXVW

E 2WKHU WKDQ 5HIXQGLQJ %RQGV LVVXHG WR UHIXQG D
LQ DFFRUGDQFH ZLWK WKLV 6HFWLRQ WKH &LW\ ZLOO QRW FUI
GHEW OLHQ RU FKDUJH RQ WKH 7UXVW (VWDWH DQG ZLOO QRW
GRQH DQ\ PDWWHU RU WKLQJ ZKDWVRHYHU ZKHUHE\ WKH OLH
PLJKW RU FRXOG EH ORVW RU LPSDLUHG

F $GGLWLRQDOO\ WKH &LW\ KDV UHVHUYHG WKH ULJKW
VHFXUHG E\ DQG SD\DEOH IURP WKH 7UXVW (VWDWH VR ORQJ
SOHGJH RI WKH 7UXVW (VWDWH VHFXULQJ SD\PHQW RI WKH %RQ

G 1RWZLWKVWDQGLQJ DQ\WKLQJ WR WKH FRQWUDU\ KHU
2EOLJDWLRQV RU VXERUGLQDWH REOLJDWLRQV PD\ EH LVVXH
LQFOXGLQJ VLQNLQJ IXQG LQVWDOOPHQWV RI VXFK 5HIXQGI
VXERUGLQDWH REOLJDWLRQV DUH VFKHGXOHG WR PDWXUH RQ 6
LV VFKHGXOHG WR PDWXUH DQG WKH LQWHUHVW RQ VXFK 5H
VXERUGLQDWH REOLJDWLRQV PXVW EH VFKHGXOHG WR EH SDLG
\HDUV LQ ZKLFK LQWHUHVW LV VFKHGXOHG WR EH SDLG

6HFWLRQ %RRNV RI 5HFRUG

D 7KH &LW\ VKDOO FDXVH WR EH NHSW IXOO DQG SURSH
ZKLFK IXOO WUXH DQG SURSHU HQWULHV ZLOO EH PDGH RI DO
ZKLFK UHODWH WR WKH 3OHGJHG 5HYHQXHV WKH 3OHGJHG)XQ

E 7KH 7UXVWHH VKDOO KDYH QR UHVSRQVLELOLW\ ZLW
LQIRUPDWLRQ UHFHLYHG E\ LW SXUVXDQW WR WKLV 6HFWLRQ
VXEMHFW WR WKH 7UXVWHH¶V GRFXPHQW UHWHQWLRQ SROLFLH
ZLWK WKH SURYLVLRQV RI WKLV ,QGHQWXUH 6SHFLILFDOO\ E
QR GXW\ WR UHYLHZ VXFK LQIRUPDWLRQ LV QRW FRQVLGHUHG
LQIRUPDWLRQ RU D GHIDXOW EDVHG RQ VXFK FRQWHQWV DQG I
LQIRUPDWLRQ

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6HFWLRQ 7UXVW ,UUHYRFDEOH

7KH WUXVW FUHDWHG E\ WKH WHUPV DQG SURYLVLRQV RI
%RQGV VHFXUHG KHUHE\ DUH LUUHYRFDEOH DQG WKH SURYLVLRQV RI W DV S
$UWLFOH

6HFWLRQ 6DWLVIDFWLRQ RI ,QGHQWXUH

,I WKH &LW\ VKDOO SD\ RU FDXVH WR EH SDLG RU WKHUH V
SULQFLSDO RI DQG LQWHUHVW RQ DOO RI WKH %RQGV DW WKH
,QGHQWXUH DQG DOO DPRXQWV GXH DQG RZLQJ ZLWK UHVSHFW
IRU WKH SOHGJH RI WKH 7UXVW (VWDWH DQG DOO FRYHQ
WKH &LW\ WR WKH 2ZQHUV RI VXFK %RQGV VKDOO WKHUHXSRQ
EH GLVFKDUJHG DQG VDWLVILHG ,Q VXFK HYHQW WKH 7UXVW
,$,QGHQWXUH RI 7UXVW

FRSLHV RI DOO VXFK GRFXPHQWV DV LW PD\ KDYH HYLGHQFLQJ V
%RQGV KDV EHHQ SDLG VR WKDW WKH &LW\ PD\ GHWHUPLQH LI W
VKDOO SD\ RYHU RU GHOLYHU DOO PRQH\V KHOG E\ LW LQ WKH L
3HUVRQ HQWLWOHG WR UHFHLYH VXFK DPRXQWV RU LI QR 3HUV
WR WKH &LW\

6HFWLRQ %RQGV 'HHPHG 3DLG

$OO 2XWVWDQGLQJ %RQGV VKDOO SULRU WR WKH 6WDWHG
GHHPHG WR KDYH EHHQ SDLG DQG WR QR ORQJHU EH GHHPHG 2X
DUH WR EH UHGHHPHG RQ DQ\ GDWH SULRU WR WKHLU 6WDWHG
RI UHGHPSWLRQ RQ VDLG GDWH DV SURYLGHG KHUHLQ LL WK
7UXVWHH HLWKHU PRQH\V LQ DQ DPRXQW ZKLFK VKDOO EH VXI
SULQFLSDO RI DQG WKH LQWHUHVW RQ ZKLFK ZKHQ GXH ZLOO
PRQH\V GHSRVLWHG ZLWK WKH 7UXVWHH IRU VXFK SXUSRVH VK
SULQFLSDO RI DQG LQWHUHVW RQ WKH %RQGV WR EHFRPH GX
UHGHPSWLRQ GDWH RU PDWXULW\ GDWH WKHUHRI DV WKH FDVH
D UHSRUW E\ DQ LQGHSHQGHQW FHUWLILHG SXEOLF DFFRXQWDQ
WKH &LW\ YHULI\LQJ WKH VXIILFLHQF\ RI WKH PRQH\V DQG RU 'H
7UXVWHH WR SD\ ZKHQ GXH WKH SULQFLSDO RI DQG LQWHUHVW R
RQ DQG SULRU WR WKH UHGHPSWLRQ GDWH RU PDWXULW\ GDWH
%RQGV DUH WKHQ UDWHG WKH 7UXVWHH VKDOO KDYH UHFHLY
DJHQF\ WKHQ SXEOLVKLQJ D UDWLQJ RQ WKH %RQGV WKDW VXFK
ZLWKGUDZDO RI WKH UDWLQJ RQ WKH %RQGV 1HLWKHU 'HIDVD
WKH 7UXVWHH SXUVXDQW WR WKLV 6HFWLRQ QRU SULQFLSDO RU
6HFXULWLHV VKDOO EH ZLWKGUDZQ RU XVHG IRU DQ\ SXUSRVH
WKH SD\PHQW RI WKH SULQFLSDO RI DQG LQWHUHVW RQ WKH %R
RI DQG LQWHUHVW RQ VXFK 'HIDVDQFH 6HFXULWLHV GHSRVLWH
VXFK SXUSRVH VKDOO EH UHLQYHVWHG LQ 'HIDVDQFH 6HFXU
PDWXULQJ DW WLPHV DQG LQ DPRXQWV VXIILFLHQW WR SD\ ZKH
%RQGV RQ DQG SULRU WR VXFK UHGHPSWLRQ GDWH RU PDWXUL
SD\PHQW IRU 'HIDVDQFH 6HFXULWLHV SXUFKDVHG IRU WKH SXU
VKDOO EH PDGH RQO\ DJDLQVW GHOLYHU\ RI VXFK 'HIDVDQFH 6

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6HFWLRQ %HQHILWV RI ,QGHQWXUH /LPLWHG WR 3DU

1RWKLQJ LQ WKLV ,QGHQWXUH H[SUHVVHG RU LPSOLHG LV
WKDQ WKH &LW\ WKH 7UXVWHH DQG WKH 2ZQHUV DQ\ ULJKW U
,QGHQWXUH $Q\ FRYHQDQWV SURPLVHV ,QGHQWXUHV LQ
EHKDOI RI WKH &LW\ VKDOO EH IRU WKH VROH DQG H[FOXVLYH E
,QGHQWXUH DQG WKH H[KLELW V KHUHWR VHW IRUWK WKH HQWL
UHODWHG WR WKLV WUDQVDFWLRQ DQG HVWDEOLVKHV DQG GHFO
ZULWWHQ

,$,QGHQWXUH RI 7UXVW

6HFWLRQ 6XFFHVVRU LV 'HHPHG ,QFOXGHG LQ $OO 5

:KHQHYHU LQ WKLV ,QGHQWXUH RU DQ\ 6XSSOHPHQWDO ,QG
LV QDPHG RU UHIHUUHG WR VXFK UHIHUHQFH VKDOO EH GHHPH
WKHUHRI DQG DOO WKH FRYHQDQWV DQG DJUHHPHQWV LQ WKLV
&LW\ RU WKH 7UXVWHH VKDOO ELQG DQG LQXUH WR WKH EHQHIL
WKHUHRI ZKHWKHU VR H[SUHVVHG RU QRW

6HFWLRQ ([HFXWLRQ RI 'RFXPHQWV DQG 3URRI RI 2Z

$Q\ UHTXHVW GHFODUDWLRQ RU RWKHU LQVWUXPHQW ZKLI
WR EH H[HFXWHG E\ 2ZQHUV PD\ EH LQ RQH RU PRUH LQVWUXP
H[HFXWHG E\ 2ZQHUV LQ SHUVRQ RU E\ WKHLU DWWRUQH\V GXO\

([FHSW DV RWKHUZLVH KHUHLQ H[SUHVVO\ SURYLGHG WKH I
2ZQHU RU KLV DWWRUQH\ RI VXFK UHTXHVW GHFODUDWLRQ P
DSSRLQWLQJ VXFK DWWRUQH\ PD\ EH SURYHG E\ WKH FHUWLILP
DXWKRUL]HG WR WDNH DFNQRZOHGJPHQWV RI GHHGV WR EH UHF
DFW WKDW WKH 3HUVRQ VLJQLQJ VXFK UHTXHVW GHFODUD
DFNQRZOHGJHG WR KLP WKH H[HFXWLRQ WKHUHRI RU E\ DQ DIIL
VZRUQ WR EHIRUH VXFK QRWDU\ SXEOLF RU RWKHU RIILFHU

([FHSW DV RWKHUZLVH KHUHLQ H[SUHVVO\ SURYLGHG WKH
WKH DPRXQW PDWXULW\ QXPEHU DQG GDWH RI KROGLQJ WKH \

$Q\ UHTXHVW GHFODUDWLRQ RU RWKHU LQVWUXPHQW RU ZU
DOO IXWXUH 2ZQHUV RI VXFK %RQG LQ UHVSHFW RI DQ\WKLQJ G
WKH 7UXVWHH LQ JRRG IDLWK DQG LQ DFFRUGDQFH WKHUHZLWK

6HFWLRQ :DLYHU RI 3HUVRQDO /LDELOLW\

1R PHPEHU RIILFHU DJHQW &LW\ VKDOO EH LQGLYLGXDOO\ RU
IRU WKH SD\PHQW RI WKH SULQFLSDO RI RU LQWHUHVW RU DQ\
FRQWDLQHG VKDOO UHOLHYH DQ\ VXFK PHPEHU RIILFHU DJHQW RU
DQ\ RIILFLDO GXW\ SURYLGHG E\ ODZ

6HFWLRQ 1RWLFHV WR DQG 'HPDQGV RQ &LW\ DQG 7U

D ([FHSW DV RWKHUZLVH H[SUHVVO\ SURYLGHG LQ WKL
LQVWUXPHQWV UHTXLUHG RU SHUPLWWHG XQGHU WKLV ,QGHQW
ZULWLQJ DQG VKDOO EH WHOH[HG FDEOHG GHOLYHUHG E\ KD
SUHSDLG RU WUDQVPLWWHG E\ IDFVLPLOH RU H PDLO DQG DGG

,I WR WKH &LW\ &LW\ RI 'HFDWXU 7H[DV
(:DOQXW 6W
'HFDWXU 7H[DV
$WWQ &LW\ 0DQDJHU

,I WR WKH 7UXVWHH :LOPLQJWRQ 7UXVW 1DWLRQDO $VVRFLD
RU WKH 3D\LQJ $JHQW 5HTXLUHG 3DUWLHV
,$,QGHQWXUH RI 7UXVW

1 'DOODV 3DUNZD\ 6XLWH
'DOODV 7H[DV

$Q\ VXFK QRWLFH GHPDQG RU UHTXHVW PD\ DOVR EH WUDQ
WHOHSKRQH DQG VKDOO EH GHHPHG WR EH SURSHUO\ JLYHQ RU
DQG RQO\ LI VXFK WUDQVPLVVLRQ RU ZULWLQJ LV FRQILUPHG E\ D
$Q\ RI VXFK DGGUHVVHV PD\ EH FKDQJHG DW DQ\ WLPH XSR
JLYHQ WR WKH RWKHU SDUW\ E\ WKH SDUW\ HIIHFWLQJ WKH FKD
DFFRUGDQFH ZLWK WKLV 6HFWLRQ VKDOO EH GHHPHG WR KDYH
GDWH RI GLVSDWFK QRWLFHV DQG FRQVHQWV JLYHQ E\ DQ\ RWK
JLYHQ ZKHQ UHFHLYHG

E 7KH 7UXVWHH VKDOO PDLO WR HDFK 2ZQHU RI D %RQ
WKH 7UXVWHH RU LI WKH UHGHPSWLRQ RU GHIHDVDQFH RI DO

F 7KH 7UXVWHH VKDOO KDYH WKH ULJKW WR DFFHSW D
IXQGV WUDQVIHU LQVWUXFWLRQV ³,QVWUXFWLRQV´ JLYHQ SXU
(OHFWURQLF 0HDQV ³(OHFWURQLF 0HDQV´ PHDQV WKH IROORZ
IDFVLPLOH WUDQVPLVVLRQ LWHUQHW ZHEVLWH RU RWKHU VLPLODU SXEOLF D
SDVVZRUGV DQG RU DXWKHQWLFDWLRQ NH\V LVVXHG E\ WKH 7
VSHFLILHG E\ WKH 7UXVWHH DV DYDLODEOH IRU XVH LQ FRQQHF
KRZHYHU WKDW WKH &LW\ VKDOO SURYLGH WR WKH 7UXVWHH D
WKH DXWKRULW\ WR SURYLGH VXFK ,QVWUXFWLRQV ³$XWKRU
VLJQDWXUHV RI VXFK $XWKRUL]HG 2IILFHUV ZKLFK LQFXPEHQF
&LW\ ZKHQHYHU D SHUVRQ LV WRWEKH DGGLWLRU GHWKH&LWURP
7UXVWHH ,QVWUXFWLRQV XVLQJ (OHFWURQLF 0HDQV DQG WKH 7
WKH 7UXVWHH¶V XQGHUVWDQGLQJ RI VXFK ,QVWUXFWLRQV VK
XQGHUVWDQGV DQG DJUHHV WKDW WKH 7UXVWHH FDQQRW GHW
VXFK ,QVWUXFWLRQV DQG WKDW WKH 7UXVWHH VKDOO FRQFOXV
KDYH EHHQ VHQW E\ DQ $XWKRUL]HG 2IILFHU OLVWHG RQ WKH
7UXVWHH KDYH EHHQ VHQW E\ VXFK $XWKRUL]HG 2IILFHU 7KH
WKDW RQO\ $XWKRUL]HG 2IILFHUV WUDQVPLW VXFK ,QVWUXFW
$XWKRUL]HG 2IILFHUV DUH VROHO\ UHVSRQVLEOH WR VDIHJXDU
XVHU DQG DXWKRUL]DWLRQ FRGHV SDVVZRUGV DQG RU DXWKH
7KH 7UXVWHH VKDOO QRW EH OLDEOH IRU DQ\ ORVVHV FRVWV R
WKH 7UXVWHH¶V UHOLDQFH XSRQ DQG FRPSOLDQFH ZLWK VX
GLUHFWLRQV FRQIOLFW RU DUH LQFRQVLVWHQW ZLWK D VXEVHT
WR DVVXPH DOO ULVNV DUL VRLQLJFRXHD RV WKHVXEHLW (QWFWUX
LQFOXGLQJ ZLWKRXW OLPLWDWLRQ FRQJRQNRDXWKH7U]HG ,Q
ULVN RI LQWHUFHSWLRQ DQG PLVXVH E\ WKLUG SDUWLHV LL V
ULVNV DVVRFLDWHG ZLWK WKH YDULRXV PHWKRGV RI WUDQVPL
WKHUH PD\ EH PRUH VHFXUH PHWKRGV RI WUDQVPLWWLQJ ,QVW
WKH &LW\ LLL WKDW WKH VHFXULW\ SURFHGXUHV LI DQ\ WR E
RI ,QVWUXFWLRQV SURYLGH WR LW D FRPPHUFLDOO\ UHDVRQDEO
QHHGV DQG FLUFXPVWDQFHV DQG LY WR QRWLI\ WKH 7UXVW
FRPSURPLVH RU XQDXWKRUL]HG XVH RI WKH VHFXULW\ SURFHGX

,$,QGHQWXUH RI 7UXVW

6HFWLRQ 3DUWLDO ,QYDOLGLW\

,I DQ\ 6HFWLRQ SDUDJUDSK VHQWHQFH FODXVH RU SKUI
UHDVRQ EH KHOG LOOHJDO RU XQHQIRUFHDEOH VXFK KROGLQJ V
SRUWLRQV RI WKLV ,QGHQWXUH 7KH &LW\ KHUHE\ GHFODUHV WK
HDFK DQG HYHU\ RWKHU 6HFWLRQ SDUDJUDSK VHQWHQFH FOD
LVVXH RI WKH %RQGV SXUVXDQW WKHUHWR LUUHVSHFWLYH RI
SDUDJUDSKV VHQWHQFHV FODXVHV RU SKUDVHV RI WKLV ,QG
XQHQIRUFHDEOH

6HFWLRQ $SSOLFDEOH /DZV

7KLV ,QGHQWXUH VKDOO EH JRYHUQHG E\ DQG HQIRUFHG LQ
RI 7H[DV DSSOLFDEOH WR FRQWUDFWV PDGH DQG SHUIRUPHG LQ
,QGHQWXUH DQG DQ\ FRQIOLFWV DULVLQJ WKHUHIURP WKH SD
H[FOXVLYH MXULVGLFWLRQ RI DQ\ IHGHUDO GLVWULFW RU VWDW
7H[DV LL ZDLYH DQ\ REMHFWLRQ WR OD\LQJ RI YHQXH LQ DQ\ V
DQG LLL ZDLYH DQ\ REMHFWLRQ WKDW VXFK FRXUWV DUH DQ LQ
RYHU DQ\ SDUW\ (DFK RI WKH SDUWLHV KHUHWR KHUHE\ ZDLYHV
DQ\ OLWLJDWLRQ GLUHFWO\ RU LQGLUHFWO\ DULVLQJ RXW RI X

6HFWLRQ 3D\PHQW RQ %XVLQHVV 'D\

,Q DQ\ FDVH ZKHUH WKH GDWH RI WKH PDWXULW\ RI LQWHUH
RI WKH %RQGV RU WKH GDWH IL[HG IRU UHGHPSWLRQ RI DQ\ %R
SXUVXDQW WR WKLV ,QGHQWXUH LV RWKHU WKDQ D %XVLQHVV '
SUHPLXP LI DQ\ RU WKH DFWLRQ QHHG QRW EH PDGH RQ VXFK
VXFFHHGLQJ GD\ WKDW LV D %XVLQHVV 'D\ ZLWK WKH VDPH IRU
UHTXLUHG DQG QR LQWHUHVW VKDOO DFFUXH IRU WKH SHULRG I

6HFWLRQ &RXQWHUSDUWV

7KLV ,QGHQWXUH PD\ EH H[HFXWHG LQ FRXQWHUSDUWV H
RULJLQDO 7KH &LW\ DQG WKH 7UXVWHH DJUHH WKDW HOHFWU
UHJDUGHG DV RULJLQDO VLJQDWXUHV

6HFWLRQ 6WDWXWRU\ 9HULILFDWLRQV

7KH 7UXVWHH PDNHV WKH IROORZLQJ UHSUHVHQWDWLRQ DQ
FRPSO\ ZLWK &KDSWHUV DQG 7H[DV *RYHUQP
DPHQGHG WKH ³*RYHUQPHQW &RGH´ LQ HIIHFW RQ WKH GDWH
³DIILOLDWH´ PHDQV DQ HQWLW\ WKDW FRQWUROV LV FRQWURO
7UXVWHH ZLWKLQ WKH PHDQLQJ RI 6(& 5XOH &)5 †
/LDELOLW\ IRU EUHDFK RI DQ\ VXFK YHULILFDWLRQ GXULQJ WKH
EDUUHG E\ WKH DSSOLFDEOH VWDWXWH RI OLPLWDWLRQV DQG
DQ\ SURYLVLRQ RI WKLV ,QGHQWXUH QRWZLWKVWDQGLQJ DQ\WK

D 1RW D 6DQFWLRQHG &RPSDQ\ 7KH 7UXVWHH UHSUHVH
SDUHQW FRPSDQ\ ZKROO\ RZQHG VXEVLGLDU\ RU DIILOLDWH
LGHQWLILHG RQ D OLVW SUHSDUHG DQG PDLQWDLQHG E\ WKH 7
6HFWLRQ RU 6HFWLRQ *RYHUQPHQW &RGH 7KH
,$,QGHQWXUH RI 7UXVW

H[FOXGHV WKH 7UXVWHH DQG HDFK RI LWV SDUHQW FRPSDQ\ Z
DQG RWKHU DIILOLDWHV LI DQ\ WKDW WKH 8QLWHG 6WDWHV J
H[FOXGHG IURP LWV IHGHUDO VDQFWLRQV UHJLPH UHODWLQJ W
UHJLPH UHODWLQJ WR D IRUHLJQ WHUURULVW RUJDQL]DWLRQ

E 1R %R\FRWW RI ,VUDHO 7KH 7UXVWHH KHUHE\ YHULI
ZKROO\ RU PDMRULW\ RZQHG VXEVLGLDULHV DQG RWKHU DIILC
QRW ER\FRWW ,VUDHO GXULQJ WKH WHUP RI WKLV ,QGHQWXUH
,VUDHO´ KDV WKH PHDQLQJ SURYLGHG LQ 6HFWLRQ *RYH

F 1R 'LVFULPLQDWLRQ $JDLQVW)LUHDUP (QWLWLHV 7
DQG LWV SDUHQW FRPSDQ\ ZKROO\ RU PDMRULW\ RZQHG VXEV
QRW KDYH D SUDFWLFH SROLFY WKDW GLVFULPLQDWHV DJDLQVW
ILUHDUP WUDGH DVVRFLDWLRQ DQG ZLOO QRW GLVFULPLQDWH
DVVRFLDWLRQ GXULQJ WKH WHUP RI WKLV ,QGHQWXUH $V XVHC
DJDLQVW D ILUHDUP HQWLW\ RU ILUHDUP WUDGH DVVRFLDWLR
*RYHUQPHQW &RGH

G 1R %R\FRWW RI (QHUJ\ &RPSDQLHV 7KH 7UXVWHH K
SDUHQW FRPSDQ\ ZKROO\ RU PDMRULW\ RZQHG VXEVLGLDULH
ER\FRWW HQHUJ\ FRPSDQLHVHDQG JZLOO QRW FRPSO\ RU FRQWLQXH WKH
,QGHQWXUH $V XVHG LQ WKH IRUHJRLQJ YHULILFDWLRQ ³ER\F
SURYLGHG LQ 6HFWLRQ *RYHUQPHQW &RGH

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,1 :,71(66 :+(5(2) WKH &LW\ DQG WKH 7UXVWHH KDYH FDXVH
EH H[HFXWHG DOO DV RI WKH GDWH KHUHRI

&,7< 2) '(&$785 7(;$6

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EXHIBIT A

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BBBBBB 6HSWHPEHU BBBBBBBBBBBBBBBBBBBBBBBBB
7KH &LW\ RI 'HFDWXU 7H[DV WKH ³&LW\´ IRU YDOXH UHFHL
IURP WKH 7UXVW (VWDWH WR

BBBBBBBBBBBBBBBBBBBBBBBBBBBBBBBBBBBBB

RU UHJLVWHUHG DVVLJQV RQ WKH 0DWXULW\ 'DWH DV VSHFLILH

BBBBBBBBBBBBBBBBBBBBBBBBBBBBBBB '2//$56

XQOHVV WKLV %RQG VKDOO KDYH EHHQ VRRQHU FDOOHG IRU UH
KHUHRI VKDOO KDYH EHHQ SDLG RU SURYLVLRQ IRU VXFK SD\PH
LQWHUHVW RQ WKH XQSDLG SULQFLSDO DPRXQW KHUHRI IURP W
DERYH RU WKH PRVW UHFHQW ,QWHUHVW 3D\PHQW 'DWH WR ZKL
XQWLO VXFK SULQFLSDO DPRXQW VKDOO KDYH EHHQ SDLG RU SU
VSHFLILHG DERYH FRPSXWHG RQ WKH EDVLV RI D GD\ \HDU RI
WR EH SDLG VHPLDQQXDOO\ RQ 0DUFK DQG 6HSWHPEHU RI H
XQWLO PDWXULW\ RU SULRU UHGHPSWLRQ

&DSLWDOL]HG WHUPV DSSHDULQJ KHUHLQ WKDW DUH GHILQH
KDYH WKH PHDQLQJV DVVLJQHG WR WKHP LQ WKH ,QGHQWXUH
VXFK GHILQLWLRQV DQG IRU DOO RWKHU SXUSRVHV

7KH SULQFLSDO RI WKLV %RQG VKDOO EH SD\DEOH ZLWKRXW
PRQH\ RI WKH 8QLWHG 6WDWHV RI $PHULFD XSRQ SUHVHQWDWL
FRUSRUDWH WUXVW RIILFH LQ :LOPLQJWRQ 'HODZDUH WKH ³'H
:LOPLQJWRQ 7UXVW 1DWLRQDO $VVRFLDWLRQ DV WUXVWHH D
ZKLFK WHUP LQFOXGHV DQ\ VXFFHVVRU WUXVWHH XQGHU WKH ,
WUXVWHH DQG SD\LQJ DJHQW UHJLVWUDU DW WKH 'HVLJQDWHG

,QWHUHVW RQ WKLV %RQG LV SD\DEOH E\ FKHFN GDWHG DV RI W
7UXVWHH WR WKH UHJLVWHUHG RZQHU DW WKH DGGUHVV VKRZ
7UXVWHH RU E\ VXFK RWKHU FXVWRPDU\ EDQNLQJ DUUDQJHPHQW
E\ DQG DW WKH ULVN DQG H[SHQVH RI WKH 3HUVRQ WR ZKRP LQ
WKH SD\PHQW RI LQWHUHVW WKHQ GXH KHUHRQ WKH %RQG VKDOO EH MX
WKLV %RQG LV UHJLVWHUHG DW WKH FORVH RI EXVLQHVV RQ W
FDOHQGDU GD\ RI WKH PRQWK QH[W SUHFHGLQJ VXFK ,QWHUHVW
LQ WKH HYHQW RI QRQSD\PHQW RI LQWHUHVW RQ D VFKHGXOHG
WKHUHDIWHU D QHZ UHFRUG GDWH IRU VXFK LQWHUHVW SD\P
HVWDEOLVKHG E\ WKH 7UXVWHH LI DQG ZKHQ IXQGV IRU WKH SD
IURP WKH &LW\ 1RWLFH RI WKH 6SHFLDO 5HFRUG 'DWH DQG RI
GXH LQWHUHVW WKH ³6SHFLDO 3D\PHQW 'DWH ´ ZKLFK VKDOO EH
VKDOO EH VHQW DW OHDVW ILYH %XVLQHVV 'D\V SULRU WR WKH
ILUVW FODVV SRVWDJH SUHSDLG WR WKH DGGUHVV RI HDFK 2Z
WKH 7UXVWHH DW WKH FORVH RI EXVLQHVV RQ WKH ODVW %XVLQ
QRWLFH

,I D GDWH IRU WKH SD\PHQW RI WKH SULQFLSDO RI RU LQWH
OHJDO KROLGD\ RU D GD\ RQ ZKLFK EDQNLQJ LQVWLWXWLRQ
3D\PHQW 7UDQVIHU 2IILFH LV ORFDWHG DUH DXWKRUL]HG E\ OD
GDWH IRU VXFK SD\PHQW VKDOO EH WKH QH[W VXFFHHGLQJ %XV
VKDOO KDYH WKH VDPH IRUFH DQG HIIHFW DV LI PDGH RQ WKH R

7KLV %RQG LV RQH RI D GXO\ DXWKRUL]HG LVVXH RI DVVHV
KDYLQJ WKH GHVLJQDWLRQ VSHFLILHG LQ LWV WLWOH KHUHLQ
DQG LVVXHG LQ WKH DJJUHJDWH SULQFLSDO DPRXQW RI E
OLPLWDWLRQV GHVFULEHG KHUHLQ SXUVXDQW WR DQ ,QGHQWX
³,QGHQWXUH´ E\ DQG EHWZHHQ WKH &LW\ DQG WKH 7UXVWHH
PDGH IRU D GHVFULSWLRQ RI WKH DPRXQWV WKHUHE\ SOHGJHG
WKH OLHQ DQG VHFXULW\ WKH UHVSHFWLYH ULJKWV WKHUHXQG
DQG WKH &LW\ DQG WKH WHUPV XSRQ ZKLFK WKH %RQGV DUH D
DQG E\ WKLV UHIHUHQFH WR WKH WHUPV RI ZKLFK HDFK KROGHU
LVVXHG XQGHU WKH ,QGHQWXUH DUH HTXDOO\ DQG UDWDEO\ VHF
DVVLJQHG 7KH %RQGV DUH EHLQJ LVVXHG IRU WKH SXUSRVH RI
RI WKH ,PSURYHPHQW $UHD 3URMHFWV LL SD\LQJ WKH 'LVW
,PSURYHPHQW $UHD DQG LLL SD\LQJ WKH %RQG ,VVXDQFH &
DQG SD\LQJ D SRUWLRQ RI WKH LQWHUHVW RQ WKH %RQGV GXUL
RI WKH ,PSURYHPHQW $UHD 3URMHFWV DQG RWKHU FRVWV UH

7KH %RQGV DUH OLPLWHG REOLJDWLRQV RI WKH &LW\ SD\D
GHILQHG LQ WKH ,QGHQWXUH 5HIHUHQFH LV KHUHE\ PDGH WR W
ZLWK DQG DYDLODEOH XSRQ UHTXHVW IURP WKH 7UXVWHH IRU W
WR WKH QDWXUH DQG H[WHQW RI WKH GXWLHV DQG REOLJDWLR
7KH 2ZQHU RI WKLV %RQG E\ WKH DFFHSWDQFH KHUHRI LV GHH
WKH WHUPV FRQGLWLRQV DQG SURYLVLRQV RI WKH ,QGHQWXUH

1RWZLWKVWDQGLQJ DQ\ SURYLVLRQ KHUHRI WKH ,QGHQWXU
RI WKH &LW\ WR PDNH PRQH\ DYDLODEOH WR SD\ WKLV %RQG PD
DQG RU FHUWDLQ GLUHFW RU LQGLUHFW 'HIHDVDQFH 6HFXULWLH
WKH ,QGHQWXUH

7KH %RQGV DUH LVVXDEOH HRDQVGVXRQOYUHQLWWKRGL]HG 'HQ
VXEMHFW WR WKH SURYLVLRQV RI WKH ,QGHQWXUH DXWKRUL]LQ
DQG DQ\ PXOWLSOH RI LQ H[FHVV WKHUHRI

7KH %RQGV DUH VXEMHFW WR VLQNLQJ IXQG UHGHPSWLRQ S
ZLOO EH UHGHHPHG E\ WKH &DWWOHWRZQ WR WKH WUXVWHH SULQFLSDO DPRXQW WI
DQG XQSDLG LQWHUHVW WKHUHRQ WR WKH GDWH VHW IRU UHGHP
LQ WKH 3ULQFLSDO DQG ,QWHUHVW $FFRXQW RI WKH %RQG)XQG
WKH GDWHV DQG LQ WKH 6LQNLQJ)XQG ,QVWDOOPHQW DPRXQWV

Term Bonds Maturing September 15, 20__

5HGHPSWLRQ 'DWH	6LQNLQJ)XQG ,QVWDOOPHQW
6HSWHPEHU	$
6HSWHPEHU	$
6HSWHPEHU	$

$W OHDVW GD\V SULRU WR HDFK PDQGDWRU\ VLQNLQJ IXQ
SULRU UHGXFWLRQ DXWKRUL]HG E\ WKH ,QGHQWXUH WKH 7UXV
WKH SURYLVLRQV RI WKH ,QGHQWXUH D SULQFLSDO DPRXQW RI
)XQG ,QVWDOOPHQWV RI VXFK %RQGV WR EH UHGHHPHG VKDOO
VFKHGXOHG PDQGDWRU\ VLQNLQJ IXQG UHGHPSWLRQ GDWH DQG
SURYLGHG LQ WKH ,QGHQWXUH

7KH SULQFLSDO DPRXQW RI %RQGV UHTXLUHG WR EH UHGHH
UHGHPSWLRQ GDWH VKDOO EH UHGXFHG DW WKH RSWLRQ RI WK
RI VXFK PDWXULW\ ZKLFK DW OHDVW GD\V SULRU WR WKH PDQ
KDYH EHHQ DFTXLUHG E\ WKH &LW\ DW D SULFH QRW H[FHHGLQJ
DFFUXHG DQG XQSDLG LQWHUHVW WR WKH GDWH RI SXUFKDVH
FDQFHOODWLRQ

7KH SULQFLSDO DPRXQW RI %RQGV UHTXLUHG WR EH UHGHH
UHGHPSWLRQ GDWH VKDOO EH UHGXFHG RQ D SUR UDWD EDVLV
SULQFLSDO DPRXQW RI DQ\ %RQGV ZKLFK DW OHDVW GD\V
UHGHPSWLRQ GDWH VKDOO KDYH EHHQ UHGHHPHG SXUVXDQW WR
RSWLRQDO UHGHPSWLRQ SURYLVLRQV RI WKH ,QGHQWXUH DQG Q
IXQG UHGHPSWLRQ

7KH &LW\ UHVHUYHV WKH ULJKW DQG RSWLRQ WR UHGHHP
6HSWHPEHU BB EHIRUH WKHLU VFKHGXOHG PDWXULW\ GDWH
DIWHU 6HSWHPEHU BB VXFK UHGHPSWLRQ GDWH RU GDWHV
SULFH RI SDU SOXV DFFUXHG LQWHUHVW WR WKH GDWH RI UHGH

%RQGV DUH VXEMHFW WR H[WUDRUGLQDU\ RSWLRQDO UHGHP
DQG LQ DQ DPRXQW DQG RQ DQ\ GDWH VSHFLILHG LQ D &LW\ &H
WKH SULQFLSDO DPRXQW RI WKH %RQGV FDOOHG IRU UHGHPSWL
GDWH IL[HG IRU UHGHPSWLRQ SXUVXDQW WR WKH SURYLVLRQV
LQ WKH 5HGHPSWLRQ)XQG DV D UHVXOW RI 3UHSD\PHQWV RWI
SXUVXDQW WR WKH ,QGHQWXUH RU DV D UHVXOW RI XQH[SHQG
)XQG DV SURYLGHG LQ WKH ,QGHQWXUH

7KH 7UXVWHH VKDOO JLYH QRWLFH RI DQ\ UHGHPSWLRQ RI
6WDWHV PDLO ILUVW FODVV SRVWDJH SUHSDLG QRW OHVV W
UHGHPSWLRQ WR WKH 2ZQHU RI HDFK %RQG RU SDUW WKHUHR
RQ WKH 5HJLVWHU 7KH QRWLFH VKDOO VWDWH WKH UHGHPSWL
ZKLFK WKH %RQGV DUH WR EH VXUUHQGHUHG IRU SD\PHQW DQG
DUH WR EH UHGHHPHG DQ LGHQWLILFDWLRQ RI WKH %RQGV RU S
VR JLYHQ VKDOO EH FRQFOXVLYHO\ SUHVXPHG WR KDYH EHHQ
UHFHLYHV VXFK QRWLFH

:LWK UHVSHFW WR DQ\ RSWLRQDO UHGHPSWLRQ RI WKH %R
IXQGV VXIILFLHQW WR SD\ WKH UHGHPSWLRQ SULFH RI WKH %RQ
RI UHGHPSWLRQ WKH QRWLFH PD\ VWDWH WKH &LW\ PD\ FRQGL
IXQGV E\ WKH 7UXVWHH RQ RU EHIRUH WKH GDWH IL[HG IRU WKH
RWKHU SUHUHTXLVLWHV VHW IRUWK LQ WKH QRWLFH RI UHGHPS
JLYHQ DQG VXFK SUHUHTXLVLWHV WR WKH UHGHPSWLRQ DUH Q
UHFHLYHG WKH QRWLFH VKDOO EH RI QR IRUFH DQG HIIHFW WK
7UXVWHH VKDOO JLYH QRWLFH LQ WKH PDQQHU LQ ZKLFK WKH
%RQGV KDYH QRW EHHQ UHGHHPHG

7KH ,QGHQWXUH SHUPLWV ZLWK FHUWDLQ H[FHSWLRQV DV
WKHUHRI DQG WKH PRGLILFDWLRQ RI WKH ULJKWV DQG REOLJDW
RI WKH %RQGV XQGHU WKH ,QGHQWXUH DW DQ\ WLPH 2XWVWDQ
,QGHQWXUH DOVR FRQWDLQV SURYLVLRQV SHUPLWWLQJ WKH KR
SULQFLSDO DPRXQW RI WKH %RQGV DW WKH WLPH 2XWVWDQGLQ
WR ZDLYH FRPSOLDQFH E\ WKH &LW\ ZLWK FHUWDLQ SDVW GHI
,QGHQWXUH DQG WKHLU FRQVHTXHQFHV $Q\ VXFK FRQVHQW RU
SUHGHFHVVRU %RQG HYLGHQFLQJ WKH VDPH GHEW VKDOO EH FR
DQG XSRQ DOO IXWXUH KROGHUV WKHUHRI DQG RI DQ\ %RQG
H[FKDQJH WKHUHIRU RU LQ OLHX WKHUHRI ZKHWKHU RU QRW Q
XSRQ WKLV %RQG

$V SURYLGHG LQ WKH ,QGHQWXUH WKLV %RQG LV WUDQVIH
WUDQVIHU DW WKH 'HVLJQDWHG 3D\PHQW 7UDQVIHU 2IILFH ZLWK
WUDQVIHU DV LV DFFHSWDEOH WR WKH 7UXVWHH DQG XSRQ GH
DQG RU RSLQLRQ RI FRXQVHO DV PD\ EH UHTXLUHG XQGHU WKH
8SRQ VDWLVIDFWLRQ RI VXFK UHTXLUHPHQWV RQH RU PRUH QH
6WDWHG 0DWXULW\ RI $XWKRUL]HG 'HQRPLQDWLRQV EHDULQJ W
DJJUHJDWH SULQFLSDO DPRXQW ZLOO EH LVVXHG WR WKH GHVLJ

1HLWKHU WKH &LW\ QRU WKH 7UXVWHH VKDOO EH UHTXLUHG
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WKH WUDQVIHU RU H[FKDQJH GDWH SURYLGHG KRZHYHU VXFK
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APPENDIX C

FORM OF SERVICE AND ASSESSMENT PLAN

Paloma Trails Public Improvement District

PRELIMINARY SERVICE AND ASSESSMENT PLAN

JANUARY 13, 2025

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 May 13, 2024, the City Council passed and approved Resolution No. R2024-05-08 authorizing the establishment of the District in accordance with the PID Act, which authorization was effective upon the date the resolution was adopted in accordance with the provisions of the PID Act. The purpose of the District is to finance the Actual Costs of Authorized Improvements that confer a special benefit on approximately 165.51 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 as 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.**

EXHIBIT A-2 – MAP OF IMPROVEMENT AREA #1

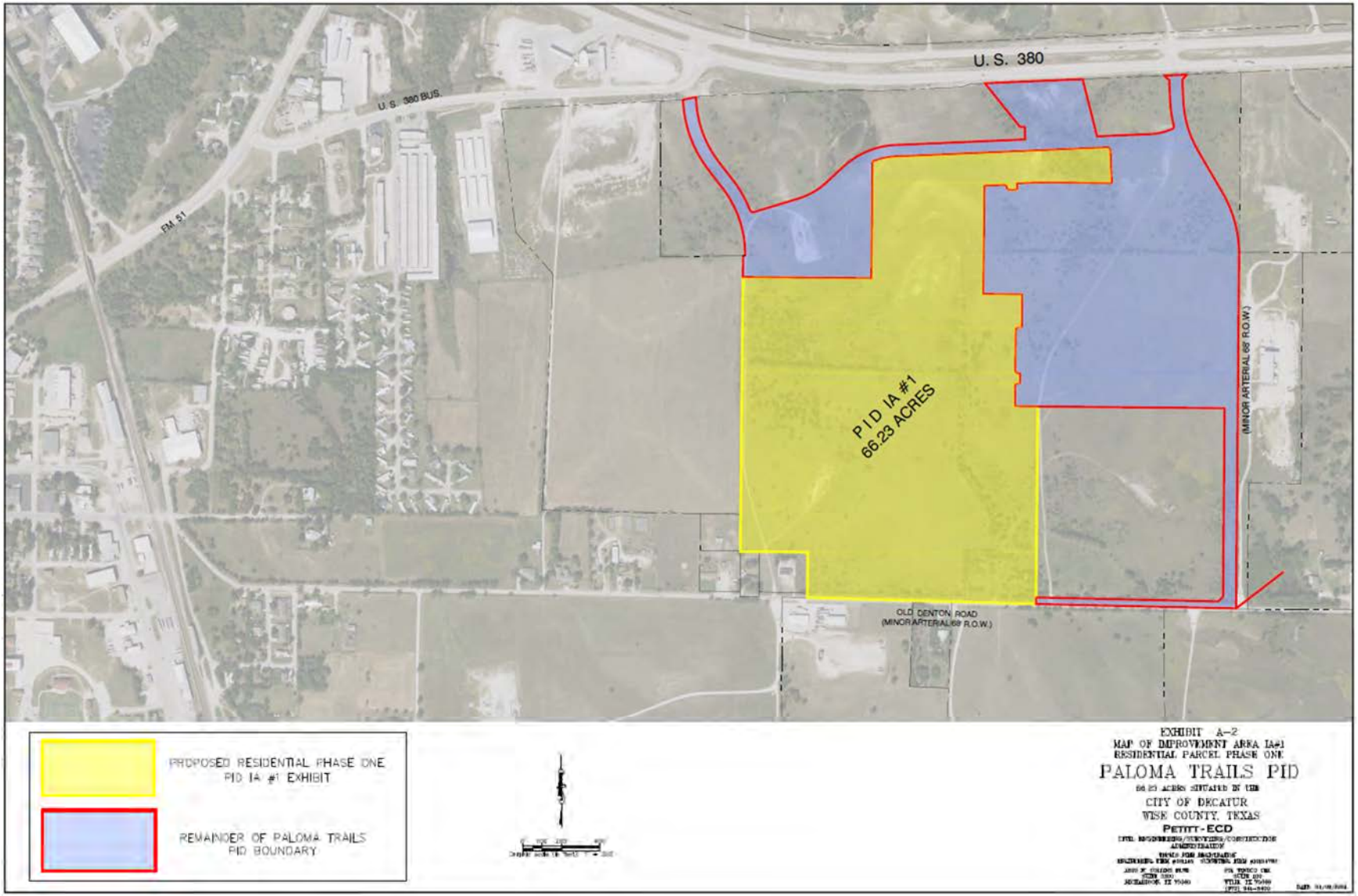


EXHIBIT A-3 – MAP OF MAJOR IMPROVEMENT AREA

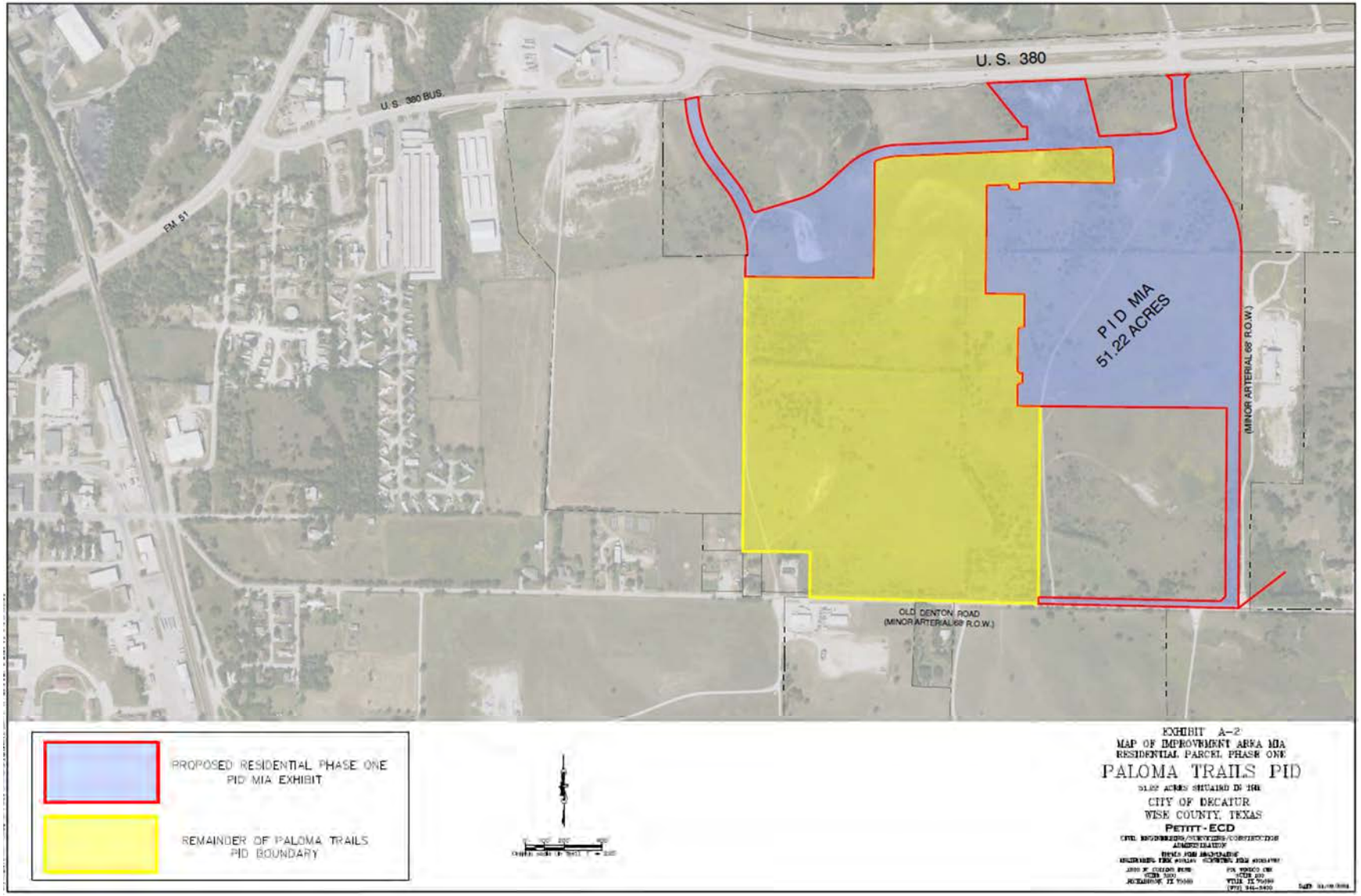
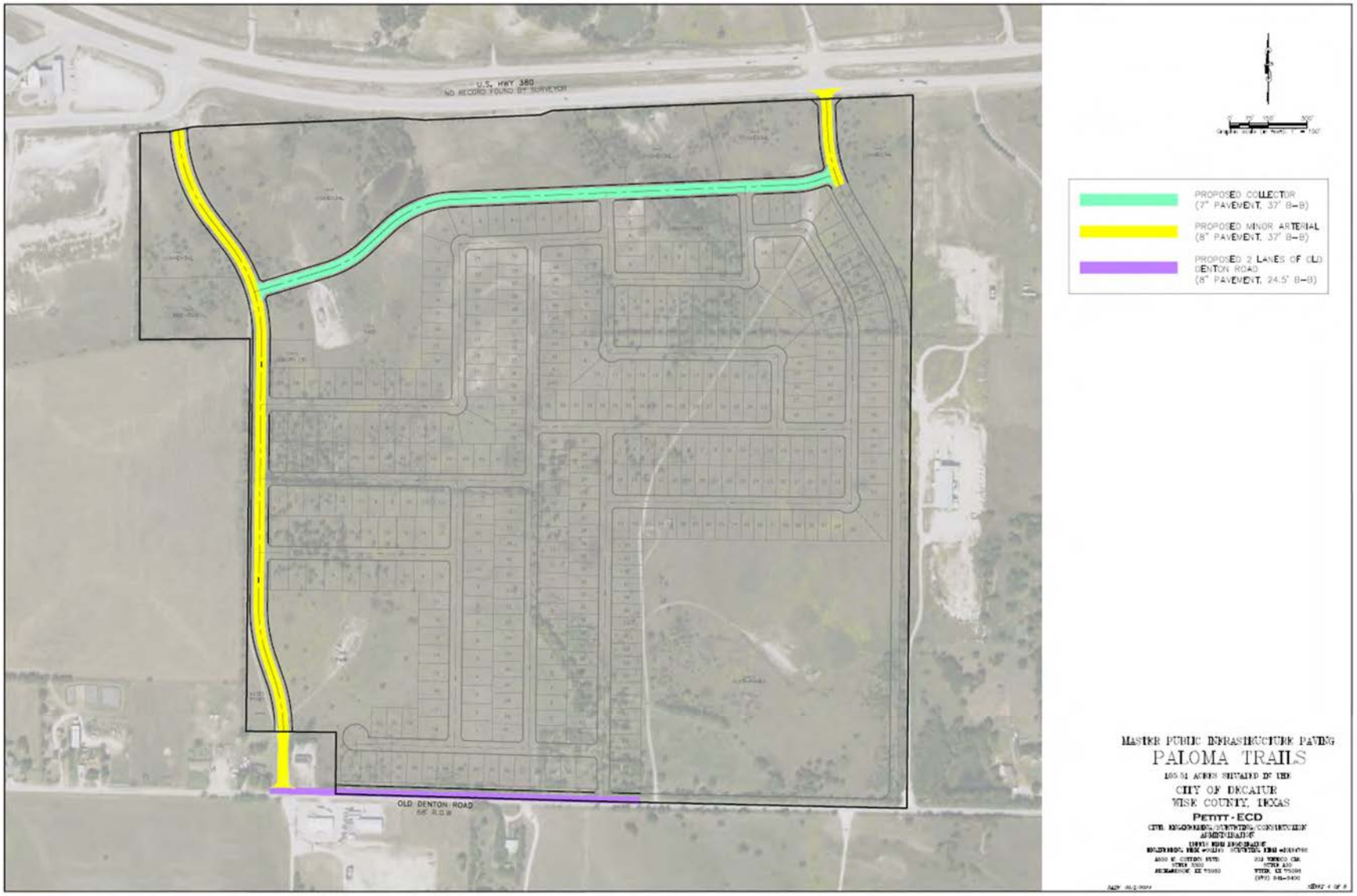
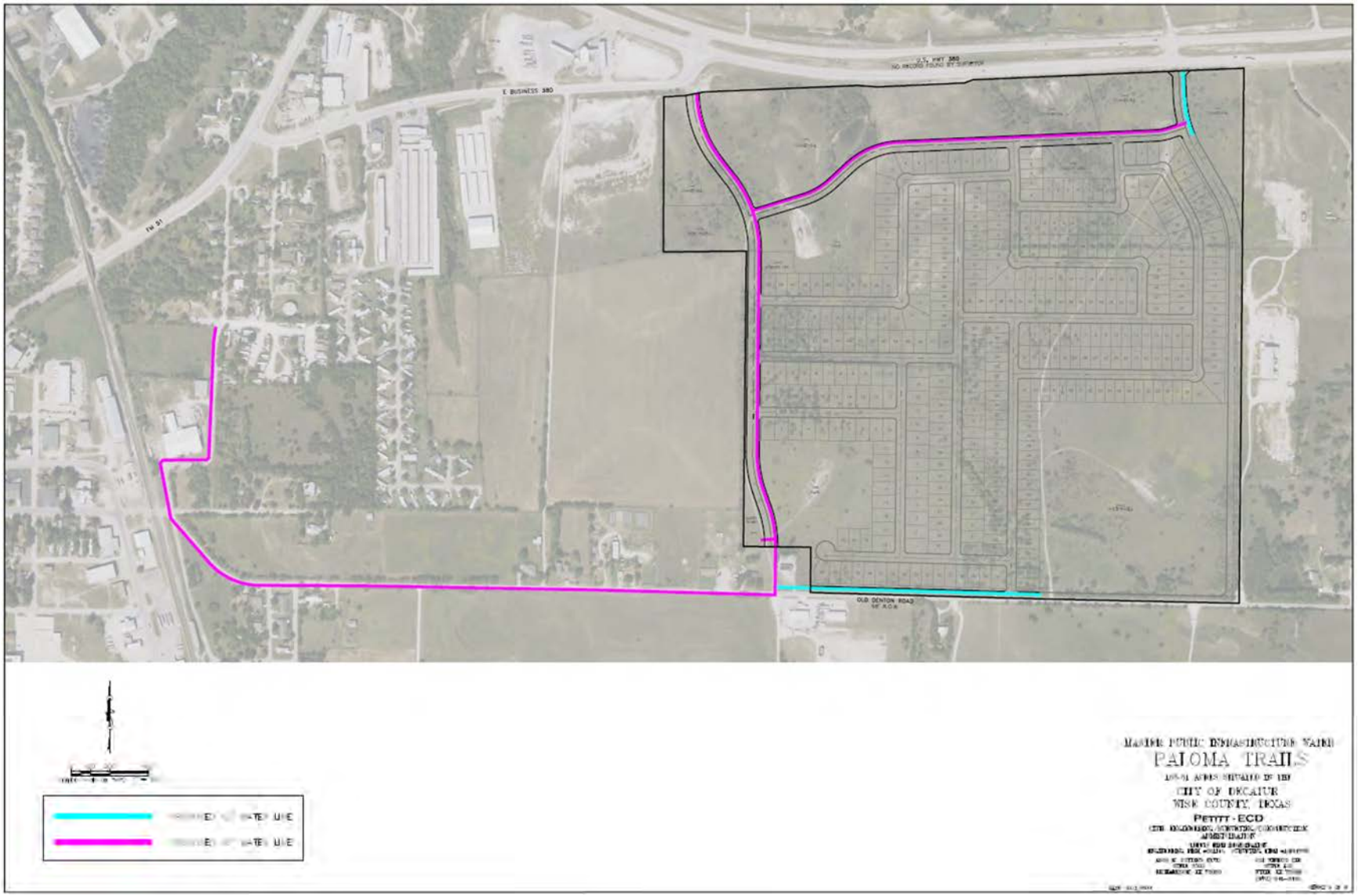


EXHIBIT A-4 – LOT TYPE CLASSIFICATION MAP

EXHIBIT H-1 – MAPS OF MAJOR IMPROVEMENTS




E BUSINESS 380
OLD DENTON ROAD
PAIOMA TRAILS
CITY OF DECATUR
WISE COUNTY, TEXAS
PETITT - ECD

E BUSINESS 380
FM 51

EXHIBIT I – FORM OF NOTICE OF ASSESSMENT TERMINATION

P3Works, LLC
9284 Huntington Square, Suite 100
North Richland Hills, TX 76182

[Date]
Wise County Clerk's Office
Honorable [County Clerk]
200 N Trinity Street
Decatur, TX 76234

Re: City of Decatur Lien Release documents for filing

Dear Ms./Mr. [County Clerk]

Enclosed is a lien release that the City of Decatur 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 Decatur
Attn: City Secretary
201 E. Walnut Street
Decatur, TX 76234

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

AFTER RECORDING RETURN TO:

[City Secretary Name]
201 E. Walnut Street
Decatur, TX 76234

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	**§**	
	§	**KNOWN ALL MEN BY THESE PRESENTS:**
COUNTY OF WISE	**§**	

THIS FULL RELEASE OF PUBLIC IMPROVEMENT DISTRICT LIEN (this "Full Release") is executed and delivered as of the Effective Date by the City of Decatur, Texas, a Texas home rule municipality (the “City”).

RECITALS

WHEREAS, the governing body (hereinafter referred to as the "City Council") of Decatur, 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 May 13, 2024, the City Council of the City approved Resolution No. R2024-05-08 creating the Paloma Trails Public Improvement District (the “District”); and

WHEREAS, the District consists of approximately 165.51 contiguous acres within the corporate limits or the City; and

WHEREAS, on _____, 20__, 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 Wise 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:

> [legal description], an addition to the City of Decatur, Wise County, Texas, according to the map or plat thereof recorded as Instrument No. _____ in the Map Records of Wise County, Texas (the "Property"); and

WHEREAS, the Lien Amount has been paid in full.

RELEASE

NOW THEREFORE, for and in consideration of the full payment of the Lien Amount, the City hereby releases and discharges, and by these presents does hereby release and discharge, the Lien to the extent that is affects and encumbers the Property.

EXECUTED to be **EFFECTIVE** this the _____ day of _____, 20__.

CITY OF DECATUR, TEXAS,
A Texas home rule municipality,

By: _____
[Administrator Name], City Manager

ATTEST:

_____
[Secretary Name], City Secretary

STATE OF TEXAS **§**
§
COUNTY OF WISE **§**

This instrument was acknowledged before me on the ____ day of _____, 20__, by _____, City Manager for the City of Decatur, Texas, a Texas home rule municipality, on behalf of said municipality.

_____
Notary Public, State of Texas

EXHIBIT J-1 – DEBT SERVICE SCHEDULES FOR IMPROVEMENT AREA #1 BONDS

[To Be Provided At Bond Pricing]

EXHIBIT J-2 – DEBT SERVICE SCHEDULE FOR MAJOR IMPROVEMENT AREA BONDS

[To Be Provided At Bond Pricing]

EXHIBIT K-1 – DISTRICT LEGAL DESCRIPTION

BEING 165.51 ACRES OF LAND SITUATED IN THE H.D. DONALD SURVEY, ABSTRACT NO. 1158 AND THE JOHN C. LOGAN SURVEY, ABSTRACT NO. 494, WISE COUNTY, TEXAS, BEING ALL OF THE DARCY LEE KNAPP FRICKS, SHELLY LYNN KNAPP AND JAMES CHRISTOPHER KNAPP CALLED 150.672 ACRE TRACT AS DESCRIBED IN VOLUME 720, PAGE 487, DEED RECORDS WISE COUNTY, TEXAS (D.R.W.C.T.) AND ALL OF THE MILDRED KNAPP CALLED 15.00 ACRE TRACT AS DESCRIBED IN VOLUME 355, PAGE 49 (D.R.W.C.T.)

BEGINNING AT A MAG NAIL SET AT THE MOST SOUTHERLY SOUTHWEST CORNER OF SAID 150.672 ACRE TRACT, IN THE CENTER OF OLD DENTON HIGHWAY (NO RECORD FOUND BY SURVEYOR) AND THE COMMON NORTH LINE OF THE SCOTT SHERB CALLED 20.375 ACRE TRACT AS DESCRIBED IN INSTRUMENT NUMBER 2009-36103 (D.R.W.C.T.), FROM WHICH A MAG NAIL FOUND AT THE NORTHWEST CORNER OF SAID 20.375 ACRE TRACT BEARS NORTH 88 DEGREES 22 MINUTES 54 SECONDS WEST, A DISTANCE OF 131.51 FEET;

THENCE NORTH 00 DEGREES 37 MINUTES 27 SECONDS EAST AT A DISTANCE OF 23.80 FEET PASS A BRASS DISC IN CONCRETE FOUND AT THE SOUTHEAST CORNER OF THE AMERICAN TOWER MANAGEMENT, INC. CALLED 1.205 ACRE TRACT AS DESCRIBED IN VOLUME 946, PAGE 311 (D.R.W.C.T.) AND BEING IN THE NORTH RIGHT OF WAY LINE OF SAID OLD DENTON HIGHWAY, AND CONTINUING A TOTAL DISTANCE OF 235.61 FEET TO A 1/2" IRON ROD CAP SET STAMPED "ONEAL 6570" (HEREINAFTER CALLED IRON ROD SET) AT AN INTERIOR CORNER OF SAID 150.672 ACRE TRACT AND AT THE COMMON NORTHEAST CORNER OF SAID 1.205 ACRE TRACT;

THENCE NORTH 89 DEGREES 22 MINUTES 33 SECONDS WEST, AT A DISTANCE OF 226.7 FEET PASS THE NORTHERLY SOUTHWEST CORNER OF SAID 150.672 ACRE TRACT, SAME BEING THE SOUTHEAST CORNER OF SAID 15.00 ACRE TRACT, AND CONTINUING FOR A TOTAL DISTANCE OF 350.82 FEET TO AN IRON ROD SET AT THE SOUTHWEST CORNER OF SAID 15.00 ACRE TRACT;

THENCE NORTH 00 DEGREES 34 MINUTES 31 SECONDS EAST, A DISTANCE OF 1535.60 FEET TO A FENCE CORNER FOUND AT AN INTERIOR CORNER OF SAID 15.00 ACRE TRACT;

THENCE SOUTH 89 DEGREES 28 MINUTES 46 SECONDS WEST, A DISTANCE OF 430.37 FEET TO A FENCE CORNER FOUND AT THE EXTERIOR CORNER OF SAID 15.00 ACRE TRACT;

THENCE NORTH 00 DEGREES 09 MINUTES 49 SECONDS EAST, A DISTANCE OF 806.98 FEET TO A 1/2" IRON FOUND IN THE SOUTH RIGHT-OF-WAY LINE OF U.S. HIGHWAY 380 (NO RECORD FOUND BY SURVEYOR) AT THE NORTHWEST CORNER OF SAID 15.00 ACRE TRACT;

THENCE ALONG THE NORTH LINE OF SAID 15.00 ACRE TRACT, THE NORTH LINE OF THE 150.672 ACRE TRACT AND THE COMMON SOUTH LINE OF U.S. HIGHWAY 380 THE FOLLOWING SEVEN (7) COURSES AND DISTANCES:

1. NORTH 86 DEGREES 59 MINUTES 04 SECONDS EAST A DISTANCE OF 109.52 FEET TO AN IRON ROD SET;
2. NORTH 79 DEGREES 00 MINUTES 00 SECONDS EASTA DISTANCE OF 101.51 FEET TO A CONCRETE MONUMENT FOUND;
3. NORTH 87 DEGREES 35 MINUTES 00 SECONDS EAST A DISTANCE OF 797.52 FEET TO AN IRON ROD SET;
4. SOUTH 85 DEGREES 51 MINUTES 07 SECONDS EAST A DISTANCE OF 102.38 FEET TO A

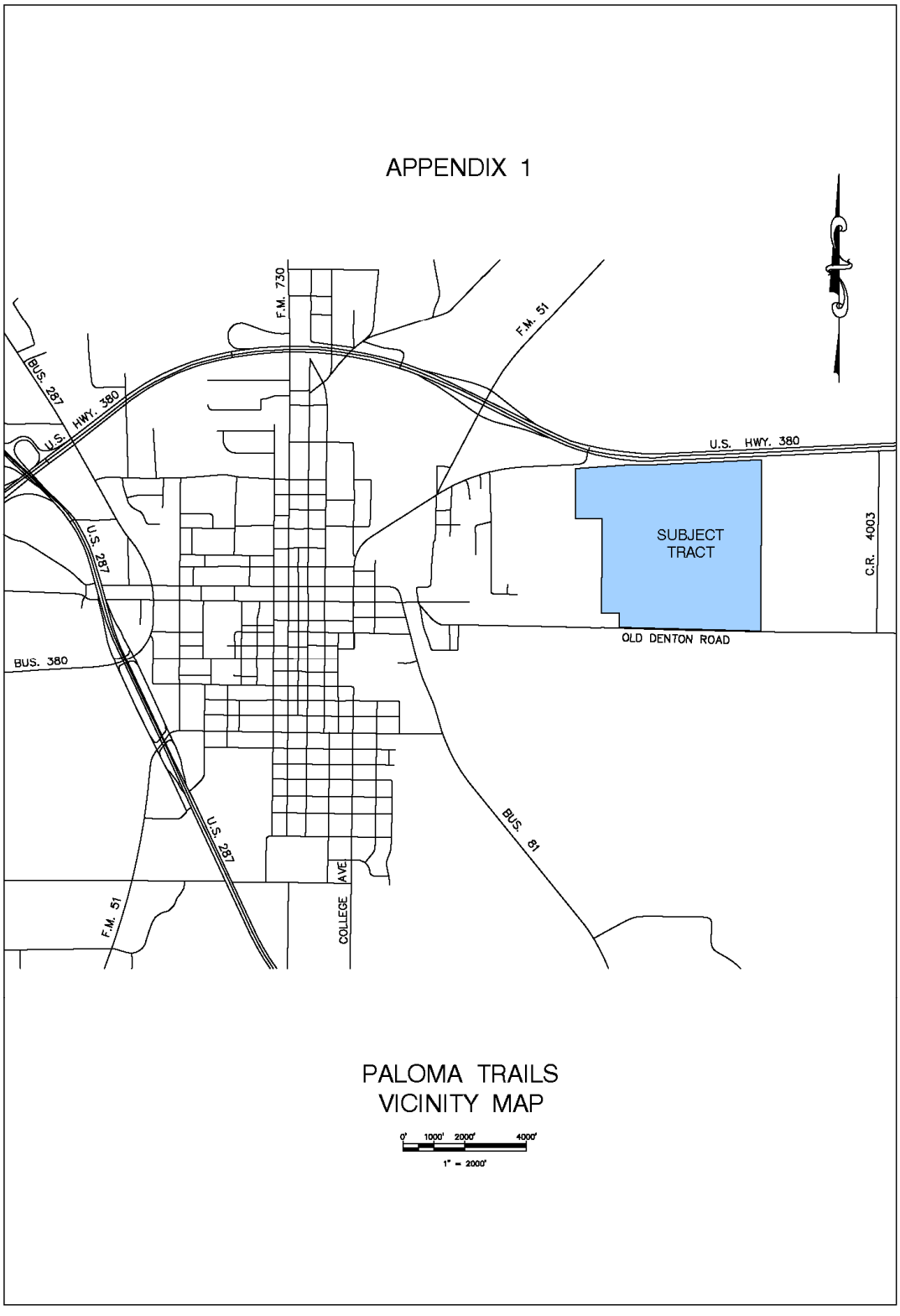
Construction Schedule

Earthwork started in May 2025 with completion scheduled for July 2025. Housing construction is scheduled for start in August of 2025 with completion in 2026.

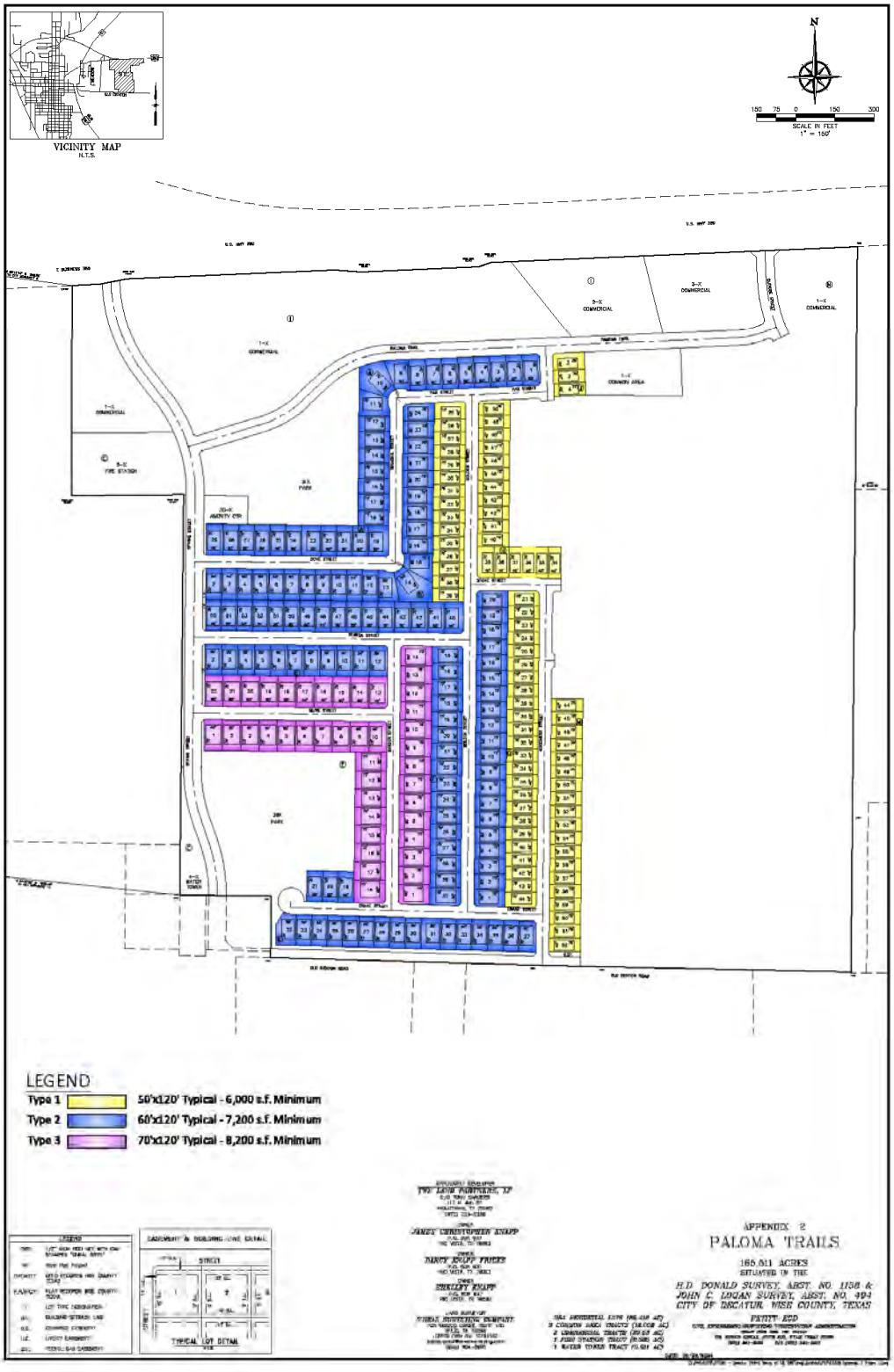
Appendix List

Appendix 1 Site Location Map
Appendix 2 Overall Development Plan
Appendix 3 Summary of Engineer's Preliminary Opinion of Probable Construction Costs
Appendix 4 Improvement Area 1 Map: Paving
Appendix 5 Improvement Area 1 Map: Water Distribution System
Appendix 6 Improvement Area 1 Map: Sanitary Sewer Collection System
Appendix 7 Master Public Infrastructure Map: Paving
Appendix 8 Master Public Infrastructure Map: Water Distribution System
Appendix 9 Master Public Infrastructure Improvements Map: Sanitary Sewer Collection System
Appendix 10 Legal Description

APPENDIX 1



PALOMA TRAILS
VICINITY MAP


VICINITY MAP
N.T.S.
N
SCALE IN FEET
1" = 150'
LEGEND
Type 1 50'x120' Typical - 6,000 s.f. Minimum
Type 2 60'x120' Typical - 7,200 s.f. Minimum
Type 3 70'x120' Typical - 8,200 s.f. Minimum
TYPICAL LOT DETAIL
APPENDIX 2
PALOMA TRAILS
165.611 ACRES
SITUATED IN THE
H.D. DONALD SURVEY, ABST. NO. 1158 &
JOHN C. LOGAN SURVEY, ABST. NO. 494
CITY OF DECATUR, WISE COUNTY, TEXAS

ALLUVIUM DEVELOPMENT, INC

PETITT-ECD
CIVIL ENGINEERING | SURVEYING
CONSTRUCTION ADMINISTRATION

APPENDIX 3

PID Cost Summary

Preliminary Opinion of Probable Construction Costs
Paloma Trails - Phase 1 - Public Improvement District
Exhibit 'B'
Monday, December 16, 2024

Division	Public Improvements		Public Total	Private Improvements	Public + Private Total
	Master	Direct			
Hard Rock Excavation - Grading	$282,357	$237,003	$519,359	$1,327,199	$1,846,558
Meade Erosion Control - Erosion Control	$81,908	$51,169	$133,077	$0	$133,077
Venus Construction - Onsite Wet Utilities	$3,440,118	$2,380,013	$5,820,131	$909,059	$6,729,191
Venus Construction - Offsite Wet Utilities	$1,918,155	$0	$1,918,155	$168,313	$2,086,468
Hard Rock Land Design - Retaining Walls	$0	$0	$0	$1,000,031	$1,000,031
Chris Harp Construction - Paving	$2,500,489	$2,103,224	$4,603,713	$0	$4,603,713
Winstream Fiber Relocation (per 4/18/24 Proposal)	$0	$0	$0	$259,349	$259,349
Gas Line Relocations (per 9/28/22 Proposal)	$0	$0	$0	$688,540	$688,540
Landscaping (Per Alluvium 2024-07-23)	$0	$0	$0	$650,000	$650,000
ROW		$1,200,000	$1,200,000		$1,200,000
Sub Total	**$8,223,026**	**$5,971,409**	**$14,194,435**	**$5,002,492**	**$19,196,927**
Soft Costs (including Bonds)	$1,546,293	$1,049,496	$2,595,789	$301,299	$2,897,088
District Formation	$0	$1,200,000	$1,200,000	$0	$1,200,000
Contingency @ 10%	$1,233,454	$715,711	$1,949,165	$510,690	$2,459,856
Grand Totals	**$11,002,773**	**$8,936,615**	**$19,939,389**	**$5,814,481**	**$25,753,870**

Phase Total Summary	
Cost Type	**Total**
Master Public Improvements	$11,002,773
Direct Public Improvements	$8,936,615
Private Improvements	$5,814,481
Total	**$25,753,870**

Note: Petitt-ECD cannot guarantee that quantities, proposals , bids, or actual costs will not vary from this opinion of probable costs. Petitt-ECD will NOT be resposible for any cost overruns and/or funding shortages.

Z:\PROJECTS\07338 - Decatur 166AC South of US 380\Estimates\PID\P1 Bid\
2024-06-26 Paloma Trails P1 PID CE w-Contractor Prices (07338).xlsx on PID Cost Summary

Page 1 of 20

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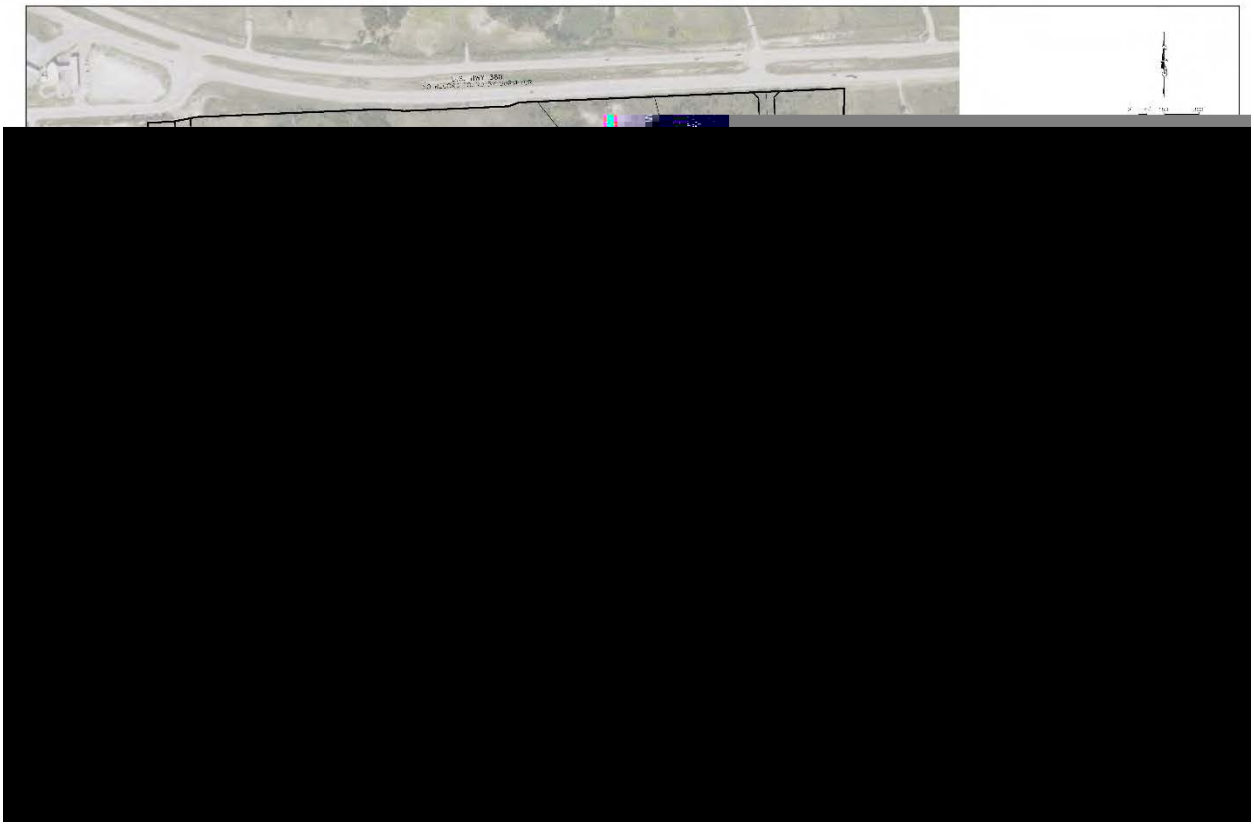
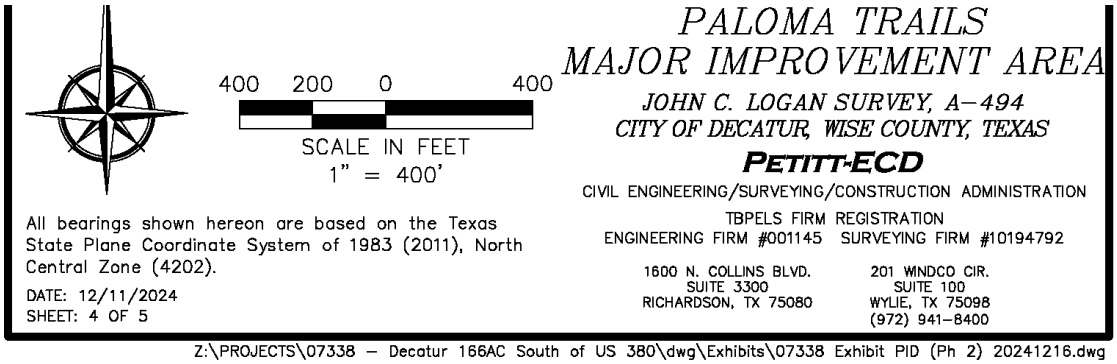


South 89 degrees 25 minutes 29 seconds East, a distance of 50.00 feet to the beginning of a non-tangent curve to the left having a radius of 350.00 feet whose chord bears North 00 degrees 56 minutes 28 seconds West, a distance of 18.53 feet;
Northwesterly, along said curve to the left, through a central angle of 03 degrees 01 minutes 59 seconds, an arc distance of 18.53 feet;
North 02 degrees 27 minutes 28 seconds West, a distance of 14.92 feet;
North 87 degrees 32 minutes 32 seconds East, a distance of 121.45 feet;
South 89 degrees 25 minutes 29 seconds East, a distance of 370.95 feet;
North 02 degrees 27 minutes 28 seconds West, a distance of 174.70 feet;
North 47 degrees 27 minutes 28 seconds West, a distance of 14.14 feet;
South 87 degrees 32 minutes 32 seconds West, a distance of 1,101.20 feet to the beginning of a tangent curve to the left having a radius of 370.00 feet, whose chord bears South 77 degrees 50 minutes 57 seconds West, a distance of 124.60 feet;
Southwesterly, along said curve to the left, through a central angle of 19 degrees 23 minutes 11 seconds, an arc distance of 125.19 feet;
South 00 degrees 34 minutes 31 seconds West, a distance of 606.41 feet;
North 89 degrees 25 minutes 29 seconds West, a distance of 668.00 feet;
North 00 degrees 34 minutes 31 seconds East, a distance of 111.34 feet;
South 89 degrees 25 minutes 29 seconds East, a distance of 10.00 feet to the beginning of a non-tangent curve to the left having a radius of 566.00 feet, whose chord bears North 18 degrees 33 minutes 08 seconds West, a distance of 370.92 feet;
Northwesterly, along said curve to the left, through a central angle of 38 degrees 15 minutes 18 seconds, an arc distance of 377.91 feet;
North 37 degrees 40 minutes 47 seconds West, a distance of 119.19 feet to the beginning of a tangent curve to the right having a radius of 613.16 feet, whose chord bears North 19 degrees 53 minutes 54 seconds West, a distance of 387.23 feet;
Northwesterly, along said curve to the right, through a central angle of 36 degrees 48 minutes 51 seconds, an arc distance of 393.97 feet;
North 79 degrees 00 minutes 00 seconds East, a distance of 68.93 feet with the south right-of-way line of U.S. Highway 380 to the beginning of a non-tangent curve to the left having a radius of 566.00 feet, whose chord bears South 19 degrees 21 minutes 34 seconds East, a distance of 355.82 feet;
Southeasterly, along said curve to the left, through a central angle of 36 degrees 38 minutes 26 seconds, an arc distance of 361.95 feet;
South 37 degrees 40 minutes 47 seconds East, a distance of 119.19 feet to the beginning of a tangent curve to the right having a radius of 634.00 feet, whose chord bears South 29 degrees 14 minutes 56 seconds East, a distance of 185.91 feet;
Southeasterly, along said curve to the right, through a central angle of 16 degrees 51 minutes 43 seconds, an arc distance of 186.58 feet;
South 63 degrees 38 minutes 53 seconds East, a distance of 14.56 feet;
North 73 degrees 04 minutes 13 seconds East, a distance of 248.19 feet to the beginning of a tangent curve to the left having a radius of 370.00 feet, whose chord bears North 60 degrees 08 minutes 00 seconds East, a distance of 165.67 feet;
Northeasterly, along said curve to the left, through a central angle of 25 degrees 52 minutes 25 seconds, an arc distance of 167.08 feet;
North 47 degrees 11 minutes 48 seconds East, a distance of 119.45 feet to the beginning of a tangent curve to the right having a radius of 430.00 feet, whose chord bears North 67 degrees 22 minutes 10 seconds East, a distance of 296.57 feet;

Northeasterly, along said curve to the right, through a central angle of 40 degrees 20 minutes 45 seconds, an arc distance of 302.79 feet;
North 87 degrees 32 minutes 32 seconds East, a distance of 672.85 feet;
North 02 degrees 27 minutes 28 seconds West, a distance of 66.00 feet;
South 87 degrees 32 minutes 32 seconds West, a distance of 24.25 feet;
North 38 degrees 46 minutes 23 seconds West, a distance of 290.40 feet;
North 87 degrees 32 minutes 32 seconds East, a distance of 507.28 with the south right-of-way line of said U.S. Highway 380;
South 14 degrees 12 minutes 44 seconds East, a distance of 306.43 feet;
North 87 degrees 32 minutes 32 seconds East, a distance of 281.66 feet to the beginning of a tangent curve to the left having a radius of 270.00 feet, whose chord bears North 79 degrees 37 minutes 53 seconds East, a distance of 74.32 feet;
Northeasterly, along said curve to the left, through a central angle of 15 degrees 49 minutes 18 seconds, an arc distance of 74.56 feet;
North 71 degrees 43 minutes 14 seconds East, a distance of 40.08 feet;
North 28 degrees 18 minutes 09 seconds East, a distance of 14.53 feet to the beginning of a non-tangent curve to the right having a radius of 634.00 feet, whose chord bears North 08 degrees 33 minutes 38 seconds West, a distance of 134.81 feet;
Northwesterly, along said curve to the right, through a central angle of 12 degrees 12 minutes 21 seconds, an arc distance of 135.06 feet;
North 02 degrees 27 minutes 28 seconds West, a distance of 107.32 feet;
North 47 degrees 27 minutes 28 seconds West, a distance of 35.36 feet;
North 87 degrees 32 minutes 32 seconds East, a distance of 118.00 with the south right-of-way line of said U.S. Highway 380;
South 42 degrees 32 minutes 32 seconds West, a distance of 35.36 feet;
South 02 degrees 27 minutes 28 seconds East, a distance of 107.32 feet to the beginning of a tangent curve to the left having a radius of 566.00 feet, whose chord bears South 16 degrees 19 minutes 18 seconds East, a distance of 271.25 feet;
Southeasterly, along said curve to the left, through a central angle of 27 degrees 43 minutes 41 seconds, an arc distance of 273.91 feet;
South 30 degrees 11 minutes 09 seconds East, a distance of 254.32 feet to the beginning of a tangent curve to the right having a radius of 634.00 feet, whose chord bears South 14 degrees 50 minutes 45 seconds East, a distance of 355.44 feet;
Southeasterly, along said curve to the right, through a central angle of 30 degrees 40 minutes 47 seconds, an arc distance of 339.48 feet;
South 00 degrees 29 minutes 38 seconds West, a distance of 1,231.60 feet to a 3 inch pipe found in the east line of said 165.51-acre tract;

South 00 degrees 31 minutes 49 seconds West, a distance of 601.04 feet to the **POINT OF BEGINNING** and containing 51.22 acres of land more or less.


400 200 0 400
SCALE IN FEET
1" = 400'
PALOMA TRAILS
MAJOR IMPROVEMENT AREA
JOHN C. LOGAN SURVEY, A-494
CITY OF DECATUR, WISE COUNTY, TEXAS
PETITT-ECD
CIVIL ENGINEERING/SURVEYING/CONSTRUCTION ADMINISTRATION
TBPELS FIRM REGISTRATION
ENGINEERING FIRM #001145 SURVEYING FIRM #10194792
1600 N. COLLINS BLVD.
SUITE 3300
RICHARDSON, TX 75080
201 WINDCO CIR.
SUITE 100
WYLIE, TX 75098
(972) 941-8400
All bearings shown hereon are based on the Texas State Plane Coordinate System of 1983 (2011), North Central Zone (4202).
DATE: 12/11/2024
SHEET: 4 OF 5
Z:\PROJECTS\07338 - Decatur 166AC South of US 380\dwg\Exhibits\07338 Exhibit PID (Ph 2) 20241216.dwg

LINE TABLE		
NO.	DIRECTION	DISTANCE
L1	N 88°37'27" W	74.23'
L2	N 00°34'31" E	34.00'
L3	S 88°37'27" E	74.67'
L4	N 45°53'21" E	35.13'
L5	N 89°25'29" W	120.00'
L6	N 00°34'31" E	110.00'
L7	N 45°34'31" E	14.14'
L8	S 89°25'29" E	15.00'
L9	N 00°34'31" E	50.00'
L10	N 89°25'29" W	15.00'
L11	N 44°25'29" W	14.14'
L12	N 00°34'31" E	220.00'
L13	N 45°34'31" E	14.14'
L14	S 89°25'29" E	21.59'
L15	N 00°34'31" E	170.00'

LINE TABLE		
NO.	DIRECTION	DISTANCE
L16	N 89°25'29" W	201.59'
L17	N 87°32'32" E	109.22'
L18	S 47°27'28" E	14.14'
L19	S 89°25'29" E	50.00'
L20	N 02°27'28" W	14.92'
L21	N 87°32'32" E	121.45'
L22	S 89°25'29" E	370.95'
L23	N 02°27'28" W	174.70'
L24	N 47°27'28" W	14.14'
L25	N 00°34'31" E	111.34'
L26	S 89°25'29" E	10.00'
L27	N 37°40'47" W	119.19'
L28	N 79°00'00" E	68.93'
L29	S 37°40'47" E	119.19'
L30	S 63°38'53" E	14.56'

LINE TABLE		
NO.	DIRECTION	DISTANCE
L31	N 73°04'13" E	248.19'
L32	N 47°11'48" E	119.45'
L33	N 02°27'28" W	66.00'
L34	S 87°32'32" W	24.25'
L35	N 38°46'23" W	290.40'
L36	S 14°12'44" E	306.43'
L37	N 87°32'32" E	281.66'
L38	N 71°43'14" E	40.08'
L39	N 28°18'09" E	14.53'
L40	N 02°27'28" W	107.32'
L41	N 47°27'28" W	35.36'
L42	N 87°32'32" E	118.00'
L43	S 42°32'32" W	35.36'
L44	S 02°27'28" E	107.32'
L45	S 30°11'09" E	254.32'

CURVE TABLE						
CURVE	DELTA	RADIUS	TANGENT	LENGTH	CHORD BEARING	CHORD
C1	3°01'59"	300.00'	7.94'	15.88'	S 00°56'28" E	15.88'
C2	3°01'59"	350.00'	9.27'	18.53'	N 00°56'28" W	18.53'
C3	19°23'11"	370.00'	63.20'	125.19'	S 77°50'57" W	124.60'
C4	38°15'18"	566.00'	196.30'	377.91'	N 18°33'08" W	370.92'
C5	36°48'51"	613.16'	204.06'	393.97'	N 19°53'54" W	387.23'
C6	36°38'26"	566.00'	187.41'	361.95'	S 19°21'34" E	355.82'
C7	16°51'43"	634.00'	93.97'	186.58'	S 29°14'56" E	185.91'
C8	25°52'25"	370.00'	84.99'	167.08'	N 60°08'00" E	165.67'
C9	40°20'45"	430.00'	157.98'	302.79'	N 67°22'10" E	296.57'
C10	15°49'18"	270.00'	37.52'	74.56'	N 79°37'53" E	74.32'
C11	12°12'21"	634.00'	67.79'	135.06'	N 08°33'38" W	134.81'
C12	27°43'41"	566.00'	139.69'	273.91'	S 16°19'18" E	271.25'
C13	30°40'47"	634.00'	173.92'	339.48'	S 14°50'45" E	335.44'

EXHIBIT "B"

PALOMA TRAILS
MAJOR IMPROVEMENT AREA

JOHN C. LOGAN SURVEY, A-494
CITY OF DECATUR, WISE COUNTY, TEXAS

PETITT-ECD

CIVIL ENGINEERING/SURVEYING/CONSTRUCTION ADMINISTRATION

TBPELS FIRM REGISTRATION
ENGINEERING FIRM #001145 SURVEYING FIRM #10194792

1600 N. COLLINS BLVD.
SUITE 3300
RICHARDSON, TX 75080

201 WINDCO CIR.
SUITE 100
WYLIE, TX 75098
(972) 941-8400

All bearings shown hereon are based on the Texas State Plane Coordinate System of 1983 (2011), North Central Zone (4202).

DATE: 12/11/2024
SHEET: 5 OF 5

Z:\PROJECTS\07338 - Decatur 166AC South of US 380\dwg\Exhibits\07338 Exhibit PID (Ph 2) 20241216.dwg

APPENDIX B – BUYER DISCLOSURE

Forms of the buyer disclosures for the following Lot Types are found in this appendix:

Improvement Area #1

- Improvement Area #1 Initial Parcel
- Lot Type 1
- Lot Type 2
- Lot Type 3

Major Improvement Area

- Major Improvement Area Initial Parcel

PALOMA TRAILS PUBLIC IMPROVEMENT DISTRICT – IMPROVEMENT AREA #1
INITIAL PARCEL – BUYER DISCLOSURE

NOTICE OF OBLIGATIONS RELATED TO PUBLIC IMPROVEMENT DISTRICT

A person who proposes to sell or otherwise convey real property that is located in a public improvement district established under Subchapter A, Chapter 372, Local Government Code (except for public improvement districts described under Section 372.005), or Chapter 382, Local Government Code, shall first give to the purchaser of the property this written notice, signed by the seller.

For the purposes of this notice, a contract for the purchase and sale of real property having a performance period of less than six months is considered a sale requiring the notice set forth below.

This notice requirement does not apply to a transfer:

1) under a court order or foreclosure sale;
2) by a trustee in bankruptcy;
3) to a mortgagee by a mortgagor or successor in interest or to a beneficiary of a deed of trust by a trustor or successor in interest;
4) by a mortgagee or a beneficiary under a deed of trust who has acquired the land at a sale conducted under a power of sale under a deed of trust or a sale under a court-ordered foreclosure or has acquired the land by a deed in lieu of foreclosure;
5) by a fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust;
6) from one co-owner to another co-owner of an undivided interest in the real property;
7) to a spouse or a person in the lineal line of consanguinity of the seller;
8) to or from a governmental entity; or
9) of only a mineral interest, leasehold interest, or security interest

The following notice shall be given to a prospective purchaser before the execution of a binding contract of purchase and sale, either separately or as an addendum or paragraph of a purchase contract. In the event a contract of purchase and sale is entered into without the seller having provided the required notice, the purchaser, subject to certain exceptions, is entitled to terminate the contract.

A separate copy of this notice shall be executed by the seller and the purchaser and must be filed in the real property records of the county in which the property is located at the closing of the purchase and sale of the property.

AFTER RECORDING[1] RETURN TO:

_____
_____
_____
_____
_____

NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO THE CITY OF DECATUR, TEXAS CONCERNING THE FOLLOWING PROPERTY

_____

STREET ADDRESS

IMPROVEMENT AREA #1 INITIAL PARCEL PRINCIPAL ASSESSMENT: $15,622,000.00

As the purchaser of the real property described above, you are obligated to pay assessments to the City of Decatur, Texas, for the costs of a portion of a public improvement or services project (the "Authorized Improvements") undertaken for the benefit of the property within the Paloma Trails Public Improvement District(the "District") created under Subchapter A, Chapter 372, Local Government Code.

AN ASSESSMENT HAS BEEN LEVIED AGAINST YOUR PROPERTY FOR THE AUTHORIZED IMPROVEMENTS, WHICH MAY BE PAID IN FULL AT ANY TIME. IF THE ASSESSMENT IS NOT PAID IN FULL, IT WILL BE DUE AND PAYABLE IN ANNUAL INSTALLMENTS THAT WILL VARY FROM YEAR TO YEAR DEPENDING ON THE AMOUNT OF INTEREST PAID, COLLECTION COSTS, ADMINISTRATIVE COSTS, AND DELINQUENCY COSTS.

The exact amount of the assessment may be obtained from the City of Decatur. The exact amount of each annual installment will be approved each year by the City of Decatur City Council in the annual service plan update for the District. More information about the assessments, including the amounts and due dates, may be obtained from the City of Decatur.

Your failure to pay any assessment or any annual installment may result in penalties and interest being added to what you owe or in a lien on and the foreclosure of your property.

[1] To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Wise County when updating for the Current Information of Obligation to Pay Improvement District Assessment.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE: DATE:

SIGNATURE OF PURCHASER SIGNATURE OF PURCHASER

The undersigned seller acknowledges providing this notice to the potential purchaser before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE: DATE:

SIGNATURE OF SELLER SIGNATURE OF SELLER][2]

[2] To be included in copy of the notice required by Section 5.014, Tex. Prop. Code, to be executed by seller in accordance with Section 5.014(a-1), Tex. Prop. Code.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above. The undersigned purchaser acknowledged the receipt of this notice including the current information required by Section 5.0143, Texas Property Code, as amended.

DATE: DATE:

_____ _____

SIGNATURE OF PURCHASER SIGNATURE OF PURCHASER

STATE OF TEXAS §
§
COUNTY OF _____ §

The foregoing instrument was acknowledged before me by_____ and _____, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this _____, 20__.

Notary Public, State of Texas][3]

[3] To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Wise County.

[The undersigned seller acknowledges providing a separate copy of the notice required by Section 5.014 of the Texas Property Code including the current information required by Section 5.0143, Texas Property Code, as amended, at the closing of the purchase of the real property at the address above.

DATE: DATE:

_____ _____

SIGNATURE OF SELLER SIGNATURE OF SELLER

STATE OF TEXAS §
§
COUNTY OF _____ §

The foregoing instrument was acknowledged before me by_____ and _____, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this _____ , 20__.

Notary Public, State of Texas][4]

[4] To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Wise County.

ANNUAL INSTALLMENTS – IMPROVEMENT AREA #1 INITIAL PARCEL

Annual Installment Due 1/31	Improvement Area #1 Bonds					Annual Collection Costs	Annual Installment[c]
	Principal	Interest[a]	Additional Interest	Capitalized Interest	Reserve Fund[b]		
2025	$ -	$ 426,025.00	$ -	$ (426,025.00)	$ -	$ -	$ -
2026	$ 178,000.00	$ 995,903.00	$ 78,110.00	$ -	$ -	$ 40,000.00	$ 1,292,013.00
2027	$ 190,000.00	$ 984,555.00	$ 77,220.00	$ -	$ -	$ 40,800.00	$ 1,292,575.00
2028	$ 202,000.00	$ 972,443.00	$ 76,270.00	$ -	$ -	$ 41,616.00	$ 1,292,329.00
2029	$ 215,000.00	$ 959,565.00	$ 75,260.00	$ -	$ -	$ 42,448.32	$ 1,292,273.32
2030	$ 229,000.00	$ 945,859.00	$ 74,185.00	$ -	$ -	$ 43,297.29	$ 1,292,341.29
2031	$ 244,000.00	$ 931,260.00	$ 73,040.00	$ -	$ -	$ 44,163.24	$ 1,292,463.24
2032	$ 260,000.00	$ 915,705.00	$ 71,820.00	$ -	$ -	$ 45,046.50	$ 1,292,571.50
2033	$ 277,000.00	$ 899,130.00	$ 70,520.00	$ -	$ -	$ 45,947.43	$ 1,292,597.43
2034	$ 295,000.00	$ 881,471.00	$ 69,135.00	$ -	$ -	$ 46,866.38	$ 1,292,472.38
2035	$ 314,000.00	$ 862,665.00	$ 67,660.00	$ -	$ -	$ 47,803.71	$ 1,292,128.71
2036	$ 335,000.00	$ 842,648.00	$ 66,090.00	$ -	$ -	$ 48,759.78	$ 1,292,497.78
2037	$ 357,000.00	$ 821,291.00	$ 64,415.00	$ -	$ -	$ 49,734.98	$ 1,292,440.98
2038	$ 380,000.00	$ 798,533.00	$ 62,630.00	$ -	$ -	$ 50,729.68	$ 1,291,892.68
2039	$ 406,000.00	$ 774,308.00	$ 60,730.00	$ -	$ -	$ 51,744.27	$ 1,292,782.27
2040	$ 432,000.00	$ 748,425.00	$ 58,700.00	$ -	$ -	$ 52,779.16	$ 1,291,904.16
2041	$ 461,000.00	$ 720,885.00	$ 56,540.00	$ -	$ -	$ 53,834.74	$ 1,292,259.74
2042	$ 492,000.00	$ 691,496.00	$ 54,235.00	$ -	$ -	$ 54,911.43	$ 1,292,642.43
2043	$ 524,000.00	$ 660,131.00	$ 51,775.00	$ -	$ -	$ 56,009.66	$ 1,291,915.66
2044	$ 559,000.00	$ 626,726.00	$ 49,155.00	$ -	$ -	$ 57,129.85	$ 1,292,010.85
2045	$ 597,000.00	$ 591,090.00	$ 46,360.00	$ -	$ -	$ 58,272.45	$ 1,292,722.45
2046	$ 637,000.00	$ 553,031.00	$ 43,375.00	$ -	$ -	$ 59,437.90	$ 1,292,843.90
2047	$ 679,000.00	$ 512,423.00	$ 40,190.00	$ -	$ -	$ 60,626.66	$ 1,292,239.66
2048	$ 725,000.00	$ 469,136.00	$ 36,795.00	$ -	$ -	$ 61,839.19	$ 1,292,770.19
2049	$ 773,000.00	$ 422,918.00	$ 33,170.00	$ -	$ -	$ 63,075.97	$ 1,292,163.97
2050	$ 825,000.00	$ 373,639.00	$ 29,305.00	$ -	$ -	$ 64,337.49	$ 1,292,281.49
2051	$ 880,000.00	$ 321,045.00	$ 25,180.00	$ -	$ -	$ 65,624.24	$ 1,291,849.24
2052	$ 940,000.00	$ 264,945.00	$ 20,780.00	$ -	$ -	$ 66,936.72	$ 1,292,661.72
2053	$ 1,003,000.00	$ 205,020.00	$ 16,080.00	$ -	$ -	$ 68,275.45	$ 1,292,375.45
2054	$ 1,070,000.00	$ 141,079.00	$ 11,065.00	$ -	$ -	$ 69,640.96	$ 1,291,784.96
2055	$ 1,143,000.00	$ 72,866.00	$ 5,715.00	$ -	$ (1,215,866.00)	$ 71,033.78	$ 76,748.78
Total	**$ 15,622,000.00**	**$ 20,386,216.00**	**$ 1,565,505.00**	**$ (426,025.00)**	**$ (1,215,866.00)**	**$ 1,622,723.23**	**$ 37,554,553.23**

Footnotes:

[a] Interest is calculated at a 6.375% rate per the UW and subject to change.

[b] Assumes the Reserve Fund is fully funded and available to reduce Improvement Area #1 Annual Installments in the final year.

[c] 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.

PALOMA TRAILS PUBLIC IMPROVEMENT DISTRICT – IMPROVEMENT AREA #1 – LOT TYPE 1 – BUYER DISCLOSURE

NOTICE OF OBLIGATIONS RELATED TO PUBLIC IMPROVEMENT DISTRICT

A person who proposes to sell or otherwise convey real property that is located in a public improvement district established under Subchapter A, Chapter 372, Local Government Code (except for public improvement districts described under Section 372.005), or Chapter 382, Local Government Code, shall first give to the purchaser of the property this written notice, signed by the seller.

For the purposes of this notice, a contract for the purchase and sale of real property having a performance period of less than six months is considered a sale requiring the notice set forth below.

This notice requirement does not apply to a transfer:

1) under a court order or foreclosure sale;
2) by a trustee in bankruptcy;
3) to a mortgagee by a mortgagor or successor in interest or to a beneficiary of a deed of trust by a trustor or successor in interest;
4) by a mortgagee or a beneficiary under a deed of trust who has acquired the land at a sale conducted under a power of sale under a deed of trust or a sale under a court-ordered foreclosure or has acquired the land by a deed in lieu of foreclosure;
5) by a fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust;
6) from one co-owner to another co-owner of an undivided interest in the real property;
7) to a spouse or a person in the lineal line of consanguinity of the seller;
8) to or from a governmental entity; or
9) of only a mineral interest, leasehold interest, or security interest

The following notice shall be given to a prospective purchaser before the execution of a binding contract of purchase and sale, either separately or as an addendum or paragraph of a purchase contract. In the event a contract of purchase and sale is entered into without the seller having provided the required notice, the purchaser, subject to certain exceptions, is entitled to terminate the contract.

A separate copy of this notice shall be executed by the seller and the purchaser and must be filed in the real property records of the county in which the property is located at the closing of the purchase and sale of the property.

AFTER RECORDING[1] RETURN TO:

_____
_____
_____
_____
_____

NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO THE CITY OF DECATUR, TEXAS CONCERNING THE FOLLOWING PROPERTY

_____

STREET ADDRESS

IMPROVEMENT AREA #1 – LOT TYPE 1 PRINCIPAL ASSESSMENT: $52,493.28

As the purchaser of the real property described above, you are obligated to pay assessments to the City of Decatur, Texas, for the costs of a portion of a public improvement or services project (the "Authorized Improvements") undertaken for the benefit of the property within the Paloma Trails Public Improvement District (the "District") created under Subchapter A, Chapter 372, Local Government Code.

AN ASSESSMENT HAS BEEN LEVIED AGAINST YOUR PROPERTY FOR THE AUTHORIZED IMPROVEMENTS, WHICH MAY BE PAID IN FULL AT ANY TIME. IF THE ASSESSMENT IS NOT PAID IN FULL, IT WILL BE DUE AND PAYABLE IN ANNUAL INSTALLMENTS THAT WILL VARY FROM YEAR TO YEAR DEPENDING ON THE AMOUNT OF INTEREST PAID, COLLECTION COSTS, ADMINISTRATIVE COSTS, AND DELINQUENCY COSTS.

The exact amount of the assessment may be obtained from the City of Decatur. The exact amount of each annual installment will be approved each year by the City of Decatur City Council in the annual service plan update for the District. More information about the assessments, including the amounts and due dates, may be obtained from the City of Decatur.

Your failure to pay any assessment or any annual installment may result in penalties and interest being added to what you owe or in a lien on and the foreclosure of your property.

[1] To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Wise County when updating for the Current Information of Obligation to Pay Improvement District Assessment.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE: DATE:

SIGNATURE OF PURCHASER SIGNATURE OF PURCHASER

The undersigned seller acknowledges providing this notice to the potential purchaser before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE: DATE:

SIGNATURE OF SELLER SIGNATURE OF SELLER][2]

[2] To be included in copy of the notice required by Section 5.014, Tex. Prop. Code, to be executed by seller in accordance with Section 5.014(a-1), Tex. Prop. Code.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above. The undersigned purchaser acknowledged the receipt of this notice including the current information required by Section 5.0143, Texas Property Code, as amended.

DATE: DATE:

_____ _____

SIGNATURE OF PURCHASER SIGNATURE OF PURCHASER

STATE OF TEXAS §
§
COUNTY OF _____ §

The foregoing instrument was acknowledged before me by_____ and _____, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this _____, 20__.

Notary Public, State of Texas][3]

[3] To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Wise County.

[The undersigned seller acknowledges providing a separate copy of the notice required by Section 5.014 of the Texas Property Code including the current information required by Section 5.0143, Texas Property Code, as amended, at the closing of the purchase of the real property at the address above.

DATE: DATE:

_____ _____

SIGNATURE OF SELLER SIGNATURE OF SELLER

STATE OF TEXAS §
§
COUNTY OF _____ §

The foregoing instrument was acknowledged before me by_____ and _____, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this _____ , 20__.

Notary Public, State of Texas][4]

[4] To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Wise County.

ANNUAL INSTALLMENTS – IMPROVEMENT AREA #1 – LOT TYPE 1

Annual Installment Due 1/31	Improvement Area #1 Bonds					Annual Collection Costs	Annual Installment[c]
	Principal	Interest[a]	Additional Interest	Capitalized Interest	Reserve Fund[b]		
2025	$ -	$ 1,431.54	$ -	$ (1,431.54)	$ -	$ -	$ -
2026	$ 598.12	$ 3,346.45	$ 262.47	$ -	$ -	$ 134.41	$ 4,341.44
2027	$ 638.44	$ 3,308.32	$ 259.48	$ -	$ -	$ 137.10	$ 4,343.33
2028	$ 678.76	$ 3,267.62	$ 256.28	$ -	$ -	$ 139.84	$ 4,342.50
2029	$ 722.45	$ 3,224.34	$ 252.89	$ -	$ -	$ 142.64	$ 4,342.32
2030	$ 769.49	$ 3,178.29	$ 249.28	$ -	$ -	$ 145.49	$ 4,342.54
2031	$ 819.89	$ 3,129.23	$ 245.43	$ -	$ -	$ 148.40	$ 4,342.95
2032	$ 873.66	$ 3,076.97	$ 241.33	$ -	$ -	$ 151.37	$ 4,343.32
2033	$ 930.78	$ 3,021.27	$ 236.96	$ -	$ -	$ 154.39	$ 4,343.41
2034	$ 991.26	$ 2,961.93	$ 232.31	$ -	$ -	$ 157.48	$ 4,342.99
2035	$ 1,055.11	$ 2,898.74	$ 227.35	$ -	$ -	$ 160.63	$ 4,341.83
2036	$ 1,125.67	$ 2,831.48	$ 222.08	$ -	$ -	$ 163.84	$ 4,343.07
2037	$ 1,199.60	$ 2,759.71	$ 216.45	$ -	$ -	$ 167.12	$ 4,342.88
2038	$ 1,276.88	$ 2,683.24	$ 210.45	$ -	$ -	$ 170.46	$ 4,341.04
2039	$ 1,364.25	$ 2,601.84	$ 204.07	$ -	$ -	$ 173.87	$ 4,344.03
2040	$ 1,451.61	$ 2,514.87	$ 197.24	$ -	$ -	$ 177.35	$ 4,341.08
2041	$ 1,549.06	$ 2,422.33	$ 189.99	$ -	$ -	$ 180.90	$ 4,342.27
2042	$ 1,653.23	$ 2,323.58	$ 182.24	$ -	$ -	$ 184.51	$ 4,343.56
2043	$ 1,760.75	$ 2,218.18	$ 173.98	$ -	$ -	$ 188.20	$ 4,341.11
2044	$ 1,878.36	$ 2,105.93	$ 165.17	$ -	$ -	$ 191.97	$ 4,341.43
2045	$ 2,006.05	$ 1,986.19	$ 155.78	$ -	$ -	$ 195.81	$ 4,343.83
2046	$ 2,140.46	$ 1,858.30	$ 145.75	$ -	$ -	$ 199.72	$ 4,344.23
2047	$ 2,281.59	$ 1,721.85	$ 135.05	$ -	$ -	$ 203.72	$ 4,342.20
2048	$ 2,436.16	$ 1,576.40	$ 123.64	$ -	$ -	$ 207.79	$ 4,343.99
2049	$ 2,597.45	$ 1,421.10	$ 111.46	$ -	$ -	$ 211.95	$ 4,341.95
2050	$ 2,772.18	$ 1,255.51	$ 98.47	$ -	$ -	$ 216.19	$ 4,342.34
2051	$ 2,956.99	$ 1,078.78	$ 84.61	$ -	$ -	$ 220.51	$ 4,340.89
2052	$ 3,158.60	$ 890.27	$ 69.83	$ -	$ -	$ 224.92	$ 4,343.62
2053	$ 3,370.30	$ 688.91	$ 54.03	$ -	$ -	$ 229.42	$ 4,342.66
2054	$ 3,595.43	$ 474.06	$ 37.18	$ -	$ -	$ 234.01	$ 4,340.68
2055	$ 3,840.73	$ 244.85	$ 19.20	$ -	$ (4,085.57)	$ 238.69	$ 257.89
Total[d]	**$ 52,493.28**	**$ 68,502.07**	**$ 5,260.43**	**$ (1,431.54)**	**$ (4,085.57)**	**$ 5,452.70**	**$ 126,191.38**

Footnotes:

[a] Interest is calculated at a 6.375% rate per the UW and subject to change.

[b] Assumes the Reserve Fund is fully funded and available to reduce Improvement Area #1 Annual Installments in the final year.

[c] 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.

[d] Totals may not sum due to rounding.

PALOMA TRAILS PUBLIC IMPROVEMENT DISTRICT – IMPROVEMENT AREA #1 – LOT TYPE 2 – BUYER DISCLOSURE

NOTICE OF OBLIGATIONS RELATED TO PUBLIC IMPROVEMENT DISTRICT

A person who proposes to sell or otherwise convey real property that is located in a public improvement district established under Subchapter A, Chapter 372, Local Government Code (except for public improvement districts described under Section 372.005), or Chapter 382, Local Government Code, shall first give to the purchaser of the property this written notice, signed by the seller.

For the purposes of this notice, a contract for the purchase and sale of real property having a performance period of less than six months is considered a sale requiring the notice set forth below.

This notice requirement does not apply to a transfer:

1) under a court order or foreclosure sale;
2) by a trustee in bankruptcy;
3) to a mortgagee by a mortgagor or successor in interest or to a beneficiary of a deed of trust by a trustor or successor in interest;
4) by a mortgagee or a beneficiary under a deed of trust who has acquired the land at a sale conducted under a power of sale under a deed of trust or a sale under a court-ordered foreclosure or has acquired the land by a deed in lieu of foreclosure;
5) by a fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust;
6) from one co-owner to another co-owner of an undivided interest in the real property;
7) to a spouse or a person in the lineal line of consanguinity of the seller;
8) to or from a governmental entity; or
9) of only a mineral interest, leasehold interest, or security interest

The following notice shall be given to a prospective purchaser before the execution of a binding contract of purchase and sale, either separately or as an addendum or paragraph of a purchase contract. In the event a contract of purchase and sale is entered into without the seller having provided the required notice, the purchaser, subject to certain exceptions, is entitled to terminate the contract.

A separate copy of this notice shall be executed by the seller and the purchaser and must be filed in the real property records of the county in which the property is located at the closing of the purchase and sale of the property.

AFTER RECORDING[1] RETURN TO:

_____
_____
_____
_____
_____

NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO THE CITY OF DECATUR, TEXAS CONCERNING THE FOLLOWING PROPERTY

_____

STREET ADDRESS

IMPROVEMENT AREA #1 – LOT TYPE 2 PRINCIPAL ASSESSMENT: $62,991.94

As the purchaser of the real property described above, you are obligated to pay assessments to the City of Decatur, Texas, for the costs of a portion of a public improvement or services project (the "Authorized Improvements") undertaken for the benefit of the property within the Paloma Trails Public Improvement District (the "District") created under Subchapter A, Chapter 372, Local Government Code.

AN ASSESSMENT HAS BEEN LEVIED AGAINST YOUR PROPERTY FOR THE AUTHORIZED IMPROVEMENTS, WHICH MAY BE PAID IN FULL AT ANY TIME. IF THE ASSESSMENT IS NOT PAID IN FULL, IT WILL BE DUE AND PAYABLE IN ANNUAL INSTALLMENTS THAT WILL VARY FROM YEAR TO YEAR DEPENDING ON THE AMOUNT OF INTEREST PAID, COLLECTION COSTS, ADMINISTRATIVE COSTS, AND DELINQUENCY COSTS.

The exact amount of the assessment may be obtained from the City of Decatur. The exact amount of each annual installment will be approved each year by the City of Decatur City Council in the annual service plan update for the District. More information about the assessments, including the amounts and due dates, may be obtained from the City of Decatur.

Your failure to pay any assessment or any annual installment may result in penalties and interest being added to what you owe or in a lien on and the foreclosure of your property.

[1] To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Wise County when updating for the Current Information of Obligation to Pay Improvement District Assessment.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE: DATE:

SIGNATURE OF PURCHASER SIGNATURE OF PURCHASER

The undersigned seller acknowledges providing this notice to the potential purchaser before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE: DATE:

SIGNATURE OF SELLER SIGNATURE OF SELLER][2]

[2] To be included in copy of the notice required by Section 5.014, Tex. Prop. Code, to be executed by seller in accordance with Section 5.014(a-1), Tex. Prop. Code.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above. The undersigned purchaser acknowledged the receipt of this notice including the current information required by Section 5.0143, Texas Property Code, as amended.

DATE: DATE:

_____ _____

SIGNATURE OF PURCHASER SIGNATURE OF PURCHASER

STATE OF TEXAS §
§
COUNTY OF _____ §

The foregoing instrument was acknowledged before me by_____ and _____, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this _____, 20__.

Notary Public, State of Texas][3]

[3] To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Wise County.

[The undersigned seller acknowledges providing a separate copy of the notice required by Section 5.014 of the Texas Property Code including the current information required by Section 5.0143, Texas Property Code, as amended, at the closing of the purchase of the real property at the address above.

DATE: DATE:

_____ _____

SIGNATURE OF SELLER SIGNATURE OF SELLER

STATE OF TEXAS §
§
COUNTY OF _____ §

The foregoing instrument was acknowledged before me by_____ and _____, known to me to be the person(s) whose name(s) is/are subscribed to the foregoing instrument, and acknowledged to me that he or she executed the same for the purposes therein expressed.

Given under my hand and seal of office on this _____ , 20__.

Notary Public, State of Texas][4]

[4] To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Wise County.

ANNUAL INSTALLMENTS – IMPROVEMENT AREA #1 – LOT TYPE 2

Annual Installment Due 1/31	Improvement Area #1 Bonds					Annual Collection Costs	Annual Installment[c]
	Principal	Interest[a]	Additional Interest	Capitalized Interest	Reserve Fund[b]		
2025	$ -	$ 1,717.84	$ -	$ (1,717.84)	$ -	$ -	$ -
2026	$ 717.74	$ 4,015.74	$ 314.96	$ -	$ -	$ 161.29	$ 5,209.73
2027	$ 766.13	$ 3,969.98	$ 311.37	$ -	$ -	$ 164.52	$ 5,212.00
2028	$ 814.52	$ 3,921.14	$ 307.54	$ -	$ -	$ 167.81	$ 5,211.00
2029	$ 866.94	$ 3,869.21	$ 303.47	$ -	$ -	$ 171.16	$ 5,210.78
2030	$ 923.39	$ 3,813.95	$ 299.13	$ -	$ -	$ 174.59	$ 5,211.05
2031	$ 983.87	$ 3,755.08	$ 294.52	$ -	$ -	$ 178.08	$ 5,211.55
2032	$ 1,048.39	$ 3,692.36	$ 289.60	$ -	$ -	$ 181.64	$ 5,211.98
2033	$ 1,116.94	$ 3,625.52	$ 284.35	$ -	$ -	$ 185.27	$ 5,212.09
2034	$ 1,189.52	$ 3,554.32	$ 278.77	$ -	$ -	$ 188.98	$ 5,211.58
2035	$ 1,266.13	$ 3,478.49	$ 272.82	$ -	$ -	$ 192.76	$ 5,210.20
2036	$ 1,350.81	$ 3,397.77	$ 266.49	$ -	$ -	$ 196.61	$ 5,211.68
2037	$ 1,439.52	$ 3,311.66	$ 259.74	$ -	$ -	$ 200.54	$ 5,211.46
2038	$ 1,532.26	$ 3,219.89	$ 252.54	$ -	$ -	$ 204.56	$ 5,209.24
2039	$ 1,637.10	$ 3,122.21	$ 244.88	$ -	$ -	$ 208.65	$ 5,212.83
2040	$ 1,741.94	$ 3,017.84	$ 236.69	$ -	$ -	$ 212.82	$ 5,209.29
2041	$ 1,858.87	$ 2,906.79	$ 227.98	$ -	$ -	$ 217.08	$ 5,210.72
2042	$ 1,983.87	$ 2,788.29	$ 218.69	$ -	$ -	$ 221.42	$ 5,212.27
2043	$ 2,112.90	$ 2,661.82	$ 208.77	$ -	$ -	$ 225.85	$ 5,209.34
2044	$ 2,254.03	$ 2,527.12	$ 198.21	$ -	$ -	$ 230.36	$ 5,209.72
2045	$ 2,407.26	$ 2,383.43	$ 186.94	$ -	$ -	$ 234.97	$ 5,212.59
2046	$ 2,568.55	$ 2,229.96	$ 174.90	$ -	$ -	$ 239.67	$ 5,213.08
2047	$ 2,737.90	$ 2,066.22	$ 162.06	$ -	$ -	$ 244.46	$ 5,210.64
2048	$ 2,923.39	$ 1,891.68	$ 148.37	$ -	$ -	$ 249.35	$ 5,212.78
2049	$ 3,116.94	$ 1,705.31	$ 133.75	$ -	$ -	$ 254.34	$ 5,210.34
2050	$ 3,326.61	$ 1,506.61	$ 118.17	$ -	$ -	$ 259.43	$ 5,210.81
2051	$ 3,548.39	$ 1,294.54	$ 101.53	$ -	$ -	$ 264.61	$ 5,209.07
2052	$ 3,790.32	$ 1,068.33	$ 83.79	$ -	$ -	$ 269.91	$ 5,212.35
2053	$ 4,044.35	$ 826.69	$ 64.84	$ -	$ -	$ 275.30	$ 5,211.19
2054	$ 4,314.52	$ 568.87	$ 44.62	$ -	$ -	$ 280.81	$ 5,208.81
2055	$ 4,608.87	$ 293.81	$ 23.04	$ -	$ (4,902.69)	$ 286.43	$ 309.47
Total[d]	**$ 62,991.94**	**$ 82,202.48**	**$ 6,312.52**	**$ (1,717.84)**	**$ (4,902.69)**	**$ 6,543.24**	**$ 151,429.65**

Footnotes:

[a] Interest is calculated at a 6.375% rate per the UW and subject to change.

[b] Assumes the Reserve Fund is fully funded and available to reduce Improvement Area #1 Annual Installments in the final year.

[c] 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.

[d] Totals may not sum due to rounding.

PALOMA TRAILS PUBLIC IMPROVEMENT DISTRICT – IMPROVEMENT AREA #1 – LOT TYPE 3 – BUYER DISCLOSURE

NOTICE OF OBLIGATIONS RELATED TO PUBLIC IMPROVEMENT DISTRICT

A person who proposes to sell or otherwise convey real property that is located in a public improvement district established under Subchapter A, Chapter 372, Local Government Code (except for public improvement districts described under Section 372.005), or Chapter 382, Local Government Code, shall first give to the purchaser of the property this written notice, signed by the seller.

For the purposes of this notice, a contract for the purchase and sale of real property having a performance period of less than six months is considered a sale requiring the notice set forth below.

This notice requirement does not apply to a transfer:

1) under a court order or foreclosure sale;
2) by a trustee in bankruptcy;
3) to a mortgagee by a mortgagor or successor in interest or to a beneficiary of a deed of trust by a trustor or successor in interest;
4) by a mortgagee or a beneficiary under a deed of trust who has acquired the land at a sale conducted under a power of sale under a deed of trust or a sale under a court-ordered foreclosure or has acquired the land by a deed in lieu of foreclosure;
5) by a fiduciary in the course of the administration of a decedent's estate, guardianship, conservatorship, or trust;
6) from one co-owner to another co-owner of an undivided interest in the real property;
7) to a spouse or a person in the lineal line of consanguinity of the seller;
8) to or from a governmental entity; or
9) of only a mineral interest, leasehold interest, or security interest

The following notice shall be given to a prospective purchaser before the execution of a binding contract of purchase and sale, either separately or as an addendum or paragraph of a purchase contract. In the event a contract of purchase and sale is entered into without the seller having provided the required notice, the purchaser, subject to certain exceptions, is entitled to terminate the contract.

A separate copy of this notice shall be executed by the seller and the purchaser and must be filed in the real property records of the county in which the property is located at the closing of the purchase and sale of the property.

AFTER RECORDING[1] RETURN TO:

_____
_____
_____
_____
_____

NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO THE CITY OF DECATUR, TEXAS CONCERNING THE FOLLOWING PROPERTY

_____

STREET ADDRESS

IMPROVEMENT AREA #1 – LOT TYPE 3 PRINCIPAL ASSESSMENT: $73,490.59

As the purchaser of the real property described above, you are obligated to pay assessments to the City of Decatur, Texas, for the costs of a portion of a public improvement or services project (the "Authorized Improvements") undertaken for the benefit of the property within the Paloma Trails Public Improvement District (the "District") created under Subchapter A, Chapter 372, Local Government Code.

AN ASSESSMENT HAS BEEN LEVIED AGAINST YOUR PROPERTY FOR THE AUTHORIZED IMPROVEMENTS, WHICH MAY BE PAID IN FULL AT ANY TIME. IF THE ASSESSMENT IS NOT PAID IN FULL, IT WILL BE DUE AND PAYABLE IN ANNUAL INSTALLMENTS THAT WILL VARY FROM YEAR TO YEAR DEPENDING ON THE AMOUNT OF INTEREST PAID, COLLECTION COSTS, ADMINISTRATIVE COSTS, AND DELINQUENCY COSTS.

The exact amount of the assessment may be obtained from the City of Decatur. The exact amount of each annual installment will be approved each year by the City of Decatur City Council in the annual service plan update for the District. More information about the assessments, including the amounts and due dates, may be obtained from the City of Decatur.

Your failure to pay any assessment or any annual installment may result in penalties and interest being added to what you owe or in a lien on and the foreclosure of your property.

[1] To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Wise County when updating for the Current Information of Obligation to Pay Improvement District Assessment.

SECTION 15. Severability. In case any section or provision of this Disclosure Agreement, or any covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder or any application thereof, is for any reasons held to be illegal or invalid, such illegality or invalidity shall not affect the remainder thereof or any other section or provision thereof or any other covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder (except to the extent that such remainder or section or provision or other covenant, stipulation, obligation, agreement, act or action, or part thereof is wholly dependent for its operation on the provision determined to be invalid), which shall be construed and enforced as if such illegal or invalid portion were not contained therein, nor shall such illegality or invalidity of any application thereof affect any legal and valid application thereof, and each such section, provision, covenant, stipulation, obligation, agreement, act or action, or part thereof shall be deemed to be effective, operative, made, entered into or taken in the manner and to the full extent permitted by law.

SECTION 16. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Reporting Parties, the Administrator, the Dissemination Agent, the Issuer, the Participating Underwriter, and the Owners and the beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity. Nothing in this Disclosure Agreement is intended or shall act to disclaim, waive or otherwise limit the duties of the Issuer under federal and state securities laws.

SECTION 17. Dissemination Agent Compensation. The fees and expenses incurred by the Dissemination Agent for its services rendered in accordance with this Disclosure Agreement constitute Annual Collection Costs and will be included in the Annual Installments as provided in the Annual Service Plan Update. The Issuer shall pay or reimburse the Dissemination Agent, but only with funds to be provided from the Annual Collection Costs component of the Annual Installments collected from the property owners in Improvement Area #1, for the fees and expenses for its services rendered in accordance with this Disclosure Agreement.

SECTION 18. Administrator Compensation. The fees and expenses incurred by the Administrator for its services rendered in accordance with this Disclosure Agreement constitute Annual Collection Costs and will be included in the Annual Installments as provided in the Annual Service Plan Update. The Administrator has entered into a separate agreement with the Issuer, which agreement governs the administration of Improvement Area #1, including the payment of the fees and expenses of the Administrator for its services rendered in accordance with this Disclosure Agreement.

SECTION 19. Governing Law and Venue. This Disclosure Agreement shall be governed by the laws of the State of Texas. Venue of any action to enforce the rights and privileges existing under this Disclosure Agreement shall be brought in the state district court of Wise County, Texas. Each of the parties 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 Disclosure Agreement.

SECTION 20. Notice. Any written notice required to be given or made hereunder among or between any of the Reporting Parties, the Administrator, the Dissemination Agent and/or Participating Underwriter, shall be given or made by e-mail, facsimile, hand delivery, overnight courier, or by United States mail, certified or registered mail, return receipt requested, postage prepaid, at the addresses listed below or at such other addresses as any be specified in writing by any party hereto to the other parties hereto. If the required notice is provided or delivered by e-mail, the sender must request a read or delivery receipt from the recipient confirming that the recipient received the e-mail or the e-mail was delivered

with such notice. Failure of any party to this Disclosure Agreement or Significant Homebuilder to provide proof of an e-mail read receipt or delivery receipt does not constitute a breach or default by such party or Significant Homebuilder under this Disclosure Agreement.

If to Developer:	Paloma Trails Development, LLC Attn: Jonathan Jobe, CEO 520 Hawkins Run Road Midlothian, Texas 76065 E-mail: jjobe@alluviumdevelopment.com
If to the Dissemination Agent:	Wilmington Trust, National Association Attn: Parker Merritt 15950 N. Dallas Parkway, Suite 200 Dallas, Texas 75248 E-mail: pmerritt@wilmingtontrust.com
If to Administrator:	P3Works, LLC 9284 Huntington Square, Ste 100 North Richland Hills, Texas 76182 E-mail: admin@p3-works.com
If to the Issuer:	City of Decatur 201 E. Walnut Street Decatur, TX 76234 E-mail: _____
If to Participating Underwriter:	FMSbonds, Inc. 5 Cowboys Way, Suite 300-25 Frisco, Texas 75034 E-mail: tdavenport@fmsbonds.com

SECTION 21. Term of Disclosure Agreement. Except for surviving indemnities of the parties to this Disclosure Agreement, this Disclosure Agreement terminates on the earlier of (i) the first date on which none of the Bonds remain Outstanding, and (ii) the first date on which the reporting obligations of all Reporting Parties have terminated in accordance with the terms of Section 7 of this Disclosure Agreement.

SECTION 22. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument. The Developer, the Administrator, and the Dissemination Agent agree that electronic signatures to this Disclosure Agreement may be regarded as original signatures.

6 L J Q D W X U H .S D J H V I R O O R Z

WILMINGTON TRUST, NATIONAL ASSOCIATION,
Dissemination Agent

By: _____
Authorized Officer

DEVELOPER:

Paloma Trails Development, LLC,
D 7H[DV OLPLWHG OLDELOLW\ FRPS

By: Alluvium Development, Inc.,
D 7H[DV FRUSRUDWLRQ

By: _____
Jonathan Jobe, President

P3Works, LLC,
Administrator

By:_____
Name:_____
Title:_____

EXHIBIT A

CITY OF DECATUR, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025
(PALOMA TRAILS PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #1 PROJECT)

DEVELOPER QUARTERLY REPORT
[,1 6 (5 7 4 8 $ 5 7 (5 / < (1 ' , 1( )* ' $ 7

Delivery Date: _____, 20__

CUSIP Numbers: [Insert CUSIP Numbers]

DISSEMINATION AGENT

Name: Wilmington Trust, National Association
Address: 15950 N. Dallas Parkway, Suite 200
City: Dallas, Texas 75248
Telephone: (714) 384-4174
Contact Person: Attn: Corporate Trust

I. Unit Mix in Improvement Area #1

Product Type	Number of Units
Lot Type 1 – Single Family 50’	78
Lot Type 2 – Single Family 60’	134
Lot Type 3 – Single Family 70’	42

II. Ownership of Lots/Units in Improvement Area #1

PLANNED LOTS IN IMPROVEMENT AREA #1: 254

Of the 254 lots in Improvement Area #1:

1. Number of lots owned by the Developer: _____
    a. Number of lots under contract but not closed to Homebuilder(s) _____
2. Number of lots owned by all Homebuilder(s): _____
    a. Number of lots owned by [insert name of Homebuilder]: _____[1]
    b. Number of lots owned by [insert name of Homebuilder]: _____

[1] Include a line item for each individual Homebuilder.

c. CHART[2]

3. Number of units owned by homeowners: _____

III. Lot Status in Improvement Area #1

Of the lots in Improvement Area #1, status:

1. Planned lots as of the date of issuance of the Bonds: 254
2. If different from (1), Planned lots as of the date of this Quarterly Report: _____
3. Number of Lots developed: _____
4. Expected completion date of all lots in Improvement Area #1 (if incomplete): _____

IV. Home Sales Information in Improvement Area #1

PLANNED HOMES IN IMPROVEMENT AREA #1: 254

Of the 254 homes planned for Improvement Area #1:

2. How many total building permits were issued during the current quarter? _____
   a. Number of building permits issued during the current quarter for [L Q V H U W Q D P H R I + R P H E X L O G H U
   b. Number of building permits issued during the current quarter for [L Q V H U W Q D P H R I + R P H E X L O G H U
3. How many total homes have closed with homebuyers during the current quarter? _____
   a. Number of homes closed with homebuyers during the current quarter for [L Q V H U W Q D P H R I + R P H E X L O G H U
   b. Number of homes closed with homebuyers during the current quarter for [L Q V H U W Q D P H R I + R P H E X L O G H U
4. How many total homes have closed with homebuyers cumulatively? _____
   a. Number of homes closed with homebuyers cumulatively for [L Q V H U W Q D P H + R P H E X L O G H U]: _____
   b. Number of homes closed with homebuyers cumulatively for [L Q V H U W Q D P H + R P H E X L O G H U]: _____

[2] If Developer is using EMMA filing assistance software, a chart containing the Quarterly Information provided under this item will be generated. If Developer is not using EMMA filing assistance software, Developer shall prepare a chart containing such Quarterly Information.

V. Expenditures Paid from Accounts under Indenture

1. Total Budgeted Costs for Improvement Area #1 Improvements[3]: $_____
2. Of the total budgeted costs, the total amount drawn from the Improvements Accounts[4]:
   a. Improvement Area #1 Improvements Account[5]: $_____
   b. Improvement Area #1 Major Improvement Account: n/a
   c. Improvement Area #1 Developer Improvement Account: n/a

VI. Status of Improvements in Improvement Area #1

1. Actual/Excepted date of completion of the Improvement Area #1 Improvements: _____
2. Actual/Expected date of completion of the Major Improvements: _____
3. If applicable, explanation of any delay/change in projected completion date since last Quarterly Report was filed: _____

VII. Amenities

TOTAL EXPECTED/ACTUAL COSTS OF AMENITIES[6]: $_____

Of the $_____ [expected/actual] costs of the Amenities:

1. Amount spent as of Quarterly Ending Date: $_____
2. [Actual/Expected] completion date of Amenities: _____

VIII. Material Changes

Describe any material changes, if applicable:

1. Permits and Approvals - Since the issuance of the Bonds, have there been any material changes to permits or development approvals (including any zoning) impacting the development of the land subject to the Assessments securing the Bonds, which were not disclosed in a previously filed Quarterly Report? If so, describe the material changes.

2. Mortgage Loans - Since the issuance of the Bonds, have there been any material changes to mortgage loans (whether changes to an existing loan or incurrence of a new mortgage loan), if applicable, for the land subject to the Assessments securing the Bonds, which were not disclosed in a previously filed Quarterly Report? If so, describe the material changes.

---

[3] "Improvement Area #1 Improvements," as used in Part V of this Exhibit A, refers to the "Improvement Area #1 Projects," as defined in the Indenture.

[4] "Improvements Accounts," as used in this Exhibit A, refers to the "Project Fund," as defined in the Indenture.

[5] "Improvement Area #1 Improvements Account," as used in this Exhibit A, refers to the "Improvement Area #1 Projects Account," as defined in the Indenture.

[6] "Amenities" refer to the 1,500 square foot amenity pavilion, playground, open spaces, and trails throughout the Development that the Developer intends to construct in the District, the combined expected costs of which as of the date of this Disclosure Agreement are $600,000.

3. Builder Contracts - Since the issuance of the Bonds, have there been any material changes to builder contracts (including but not limited to changes to price, substantial completion dates, number of lots, or other terms) with respect to the land subject to the Assessments securing the Bonds, which were not disclosed in a previously filed Quarterly Report? If so, describe the material changes.

4. Ownership - Since the issuance of the Bonds, other than a sale to a homebuilder pursuant to a Lot Purchase Agreement, has there been any sale, assignment or transfer of ownership of lands subject to the Assessments securing the Bonds by the Developer to any third-party developer/land bank, which was not disclosed in a previously filed Quarterly Report? If so, provide the name of the third-party and indicate whether this third-party developer/land bank has executed a Developer Acknowledgment pursuant to the Disclosure Agreement?

5. Completion Agreement– Is the Developer required to provide evidence of available funds, in addition to the amounts on deposit in the Project Fund, to complete the construction of the Improvement Area #1 Projects pursuant to the terms of a Completion Agreement? If so, identify the available sources of funding and provide the amount of funding needed to complete the Improvement Area #1 Projects. If the Developer has completed the Improvement Area #1 Projects, please attach the Completion Agreement Release (as defined in the related Completion Agreement).

6. Amendments – Since the issuance of the Bonds and except as otherwise disclosed in a previously filed Quarterly Report, (i) describe any amendments or waivers to any provision of the Disclosure Agreement, including a narrative explanation of the reason for the amendment or waiver and its impact on the type of financial information or operating data being presented by the Reporting Parties and (ii) include a copy of the amendment, as applicable.

7. Other – Provide any other material information that should be disclosed.

THE REMAINDER OF THIS PAGE IS LEFT BLANK INTENTIONALLY.

EXHIBIT B

NOTICE TO MSRB OF FAILURE TO
[PROVIDE QUARTERLY INFORMATION][FILE QUARTERLY REPORT]

[DATE]

Name of Issuer:	City of Decatur, Texas
Name of Bond Issue:	Special Assessment Revenue Bonds, Series 2025 (Paloma Trails Public Improvement District Improvement Area #1 Project) (the "Bonds")
CUSIP Numbers:	[insert CUSIP Numbers]
Date of Delivery:	_____, 20__

NOTICE IS HEREBY GIVEN that _____, a _____ (the ["Developer[7]"] ["Significant Homebuilder"]) has not provided the [Quarterly Information][Quarterly Report] for the period ending on [, Q V H U W 4 X D U W H U O \ (Q G with respect to the Bonds as required by the Continuing Disclosure Agreement of Developer related to such Bonds, by and among Paloma Trails Development, LLC, a Texas limited liability company (the "Developer"), P3Works, LLC, as the "Administrator," and Wilmington Trust, National Association, as the "Dissemination Agent." The [Developer][Significant Homebuilder] anticipates that the [Quarterly Information][Quarterly Report] will be [provided][filed] by _____.

Dated: _____

WILMINGTON TRUST, NATIONAL ASSOCIATION,
on behalf of the Developer,
as Dissemination Agent

By: _____

Title: _____

cc: City of Decatur, Texas

[7] If applicable, replace with applicable successor(s)/assign(s).

EXHIBIT C

TERMINATION NOTICE

[DATE]

Name of Issuer:	City of Decatur, Texas
Name of Bond Issue:	Special Assessment Revenue Bonds, Series 2025 (Paloma Trails Public Improvement District Improvement Area #1 Project) (the "Bonds")
CUSIP Numbers.	[insert CUSIP Numbers]
Date of Delivery:	_____, 20__

FMSbonds, Inc.
5 Cowboys Way, Suite 300-25
Frisco, Texas 75034

Wilmington Trust, National Association
15950 N. Dallas Parkway, Suite 200
Dallas, Texas 75248

City of Decatur, Texas
101 E. Main Street
Decatur, Texas 75126

Paloma Trails Development, LLC,
520 Hawkins Run Road
Midlothian, Texas 76065

[Significant Homebuilder]

NOTICE IS HEREBY GIVEN that that _____, a _____ (the ["Developer[1]"] ["Significant Homebuilder"]) is no longer responsible for providing [any Quarterly Information][the Quarterly Report] with respect to the Bonds, thereby terminating such party's reporting obligations under the Continuing Disclosure Agreement of Developer related to such Bonds, by and among Paloma Trails Development, LLC, a Texas limited liability company (the "Developer"), P3Works, LLC, as the "Administrator," and Wilmington Trust, National Association, as the "Dissemination Agent."

Dated: _____

P3Works, LLC
on behalf of the [Developer] [Significant Homebuilder],
as Administrator)

By: _____

Title: _____

[1] If applicable, replace with applicable successor(s)/assign(s).

EXHIBIT D

CERTIFICATION LETTER

[DATE]

Name of Issuer:	City of Decatur, Texas
Name of Bond Issue:	Special Assessment Revenue Bonds, Series 2025 (Paloma Trails Public Improvement District Improvement Area #1 Project)
CUSIP Numbers:	[insert CUSIP Numbers]
Quarterly Ending Date:	_____, 20__

Re: Quarterly Report for Paloma Trails Public Improvement District – Improvement Area #1

To whom it may concern:

Pursuant to the Continuing Disclosure Agreement of Developer related to the captioned Bonds by and among Paloma Trails Development, LLC, a Texas limited liability company [1] (the "Developer"), P3Works, LLC, as the "Administrator," and Wilmington Trust, National Association, as the "Dissemination Agent," this letter constitutes the certificate stating that the Quarterly Information, provided by [Developer][_____, as a "Significant Homebuilder"], contained in this Quarterly Report herein submitted by the Administrator, on behalf of the [Developer][Significant Homebuilder], constitutes the [portion of the] Quarterly Report required to be furnished by the [Developer][Significant Homebuilder]. Any and all Quarterly Information, provided by the [Developer][Significant Homebuilder], contained in this Quarterly Report for the three month period ending on [, Q V H U W 4 X D U W H U O \ 5 H S R U W G D W H], to the best of my knowledge, is true and correct, as of [insert date].

Please do not hesitate to contact our office if you have and questions or comments.

Paloma Trails Development, LLC,
a Texas limited liability company

By: Alluvium Development, Inc.,
a Texas corporation

By: _____
Jonathan Jobe, President

[OR

SIGNIFICANT HOMEBUILDER
(as Homebuilder)
By:_____
Title: _____

[1] If applicable, replace with applicable successor(s)/assign(s).

EXHIBIT E

FORM OF ACKNOWLEDGEMENT OF ASSIGNMENT
OF DEVELOPER REPORTING OBLIGATIONS

[DATE]

[INSERT ASSIGNEE CONTACT INFORMATION]

Re: Paloma Trails Public Improvement District – Improvement Area #1 – Continuing Disclosure Obligation

Dear _____,

Per [, Q V H U W Q D P H R I D S, as of _ F D E O H, 20D J U U H H P H Q W, you have been assigned and have assumed the obligations, requirements or covenants to construct one or more of the Improvement Area #1 Projects or the Amenities (each as defined in the Disclosure Agreement of the Developer) within the Paloma Trails Public Improvement District (the "District").

Pursuant to Section 2 of the Continuing Disclosure Agreement of the Developer dated as of March 1, 2025 (the "Disclosure Agreement of the Developer"), by and among Paloma Trails Development, LLC, a Texas limited liability company (the "Developer"), P3Works, LLC (the "Administrator"), and Wilmington Trust, National Association (the "Dissemination Agent") with respect to the "City of Decatur, Texas, Special Assessment Revenue Bonds, Series 2025 (Paloma Trails Public Improvement District Improvement Area #1 Project)," any person that, through assignment, assumes the obligations, requirements or covenants to construct one or more of the Improvement Area #1 Projects or the Amenities is defined as a Developer.

As a Developer, pursuant to Section 5 of the Disclosure Agreement of the Developer, you acknowledge and assume the reporting obligations under Sections 3 and 4(a) of the Disclosure Agreement of the Developer for the construction of the Improvement Area #1 Projects or the Amenities as detailed in the Disclosure Agreement of the Developer, which is included herewith.

Sincerely,

Paloma Trails Development, LLC,
a Texas limited liability company

By: Alluvium Development, Inc.,
a Texas corporation,

By: _____
Jonathan Jobe, President

Acknowledged by:
[INSERT ASSIGNEE NAME]

By:_____
Title:_____

EXHIBIT F

FORM OF ACKNOWLEDGEMENT OF ASSIGNMENT
OF SIGNIFICANT HOMEBUILDER REPORTING OBLIGATIONS

[DATE]

[INSERT SIGNIFICANT HOMEBUILDER CONTACT INFORMATION]

Re: Paloma Trails Public Improvement District – Improvement Area #1 – Continuing Disclosure Obligation

Dear _____,

As of _____, 20__, you own ____ lots within Improvement Area #1 of Paloma Trails Public Improvement District (the "District"). Pursuant to Section 2 of the Continuing Disclosure Agreement of Developer related to the captioned Bonds (the "Disclosure Agreement of Developer") by and among Paloma Trails Development, LLC, a Texas limited liability company (the "Developer"), P3Works, LLC (the "Administrator"), and Wilmington Trust, National Association (the "Dissemination Agent"), with respect to the "City of Decatur, Texas, Special Assessment Revenue Bonds, Series 2025 (Paloma Trails Public Improvement District Improvement Area #1 Project)," any entity that owns 13 or more of the single family residential lots within Improvement Area #1 of the District is defined as a Significant Homebuilder.

As a Significant Homebuilder, pursuant to Section 6 of the Disclosure Agreement of Developer, you acknowledge and assume the reporting obligations under Sections 3(d)(iv) and 4(b) of the Disclosure Agreement of Developer for the property which is owned as detailed in the Disclosure Agreement of Developer, which is included herewith.

Sincerely,

Paloma Trails Development, LLC,
a Texas limited liability company

By: Alluvium Development, Inc.,
a Texas corporation

By: _____
Jonathan Jobe, President

Acknowledged by:
[INSERT ASSIGNEE NAME]

By:_____
Title:_____

APPENDIX F

DEVELOPMENT AGREEMENT

ASSIGNMENT AND ASSUMPTION OF DEVELOPMENT AGREEMENT

This Assignment and Assumption of Development Agreement (this "Assignment") is made effective as of April 4, 2024 (the "Effective Date"), by and between **TWS LAND PARTNERS LP,** a Texas limited partnership (the "Assignor"), and **PALOMA TRAILS DEVELOPMENT, LLC**, a Texas limited liability company ("Assignee").

R E C I T A L S:

WHEREAS, Assignor is developing approximately 165.51 acres of real property (the "Property") within the corporate limits of the City of Decatur, Texas (the "City") to be known as "Paloma Trails" (the "Development");

WHEREAS, the City and Assignor entered into that certain Paloma Trails Development Agreement (the "Development Agreement") effective November 8, 2022, and attached hereto as Exhibit A, covering the Property;

WHEREAS, in accordance with the terms of Section 11 of the Development Agreement, Assignor desires to transfer and assign its rights and obligations under the Development Agreement to Assignee, and Assignee desires to assume all of the rights and obligations of Assignor under the Development Agreement;

NOW, THEREFORE, in consideration of the premises set forth herein and for other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the parties hereto hereby agree as follows:

1. Assignment. Assignor does hereby unconditionally assign, transfer and set over to Assignee all of Assignor's right, title, interest, covenants and obligations in and to the Development Agreement and all benefits accruing therefrom.

2. Acknowledgement and Assumption. Assignee hereby acknowledges all of the rules, regulations, and requirements as specified in the Development Agreement, and unconditionally accepts and assumes the rights, covenants and obligations of the Development Agreement as if the Assignee had been an original party to the Development Agreement.

3. Duty to Notify. In consideration for Assignee's acceptance of the rights, covenants and obligations set forth in the Development Agreement, Assignor shall notify and forward any information that Assignor receives concerning the Development Agreement, which has not already been provided to Assignee and may have an effect on Assignee's rights, covenants and obligations under the Development Agreement.

4. Warranties and Covenants of Assignor. Assignor hereby represents and warrants to Assignee that:

(a) Assignor has full power, authority and legal right to enter into make this Assignment.

(b) There are no existing defaults under the Development Agreement and Assignor has not performed any act or executed any instrument which might prevent Assignee from operating under any of the terms and provisions hereof or which would limit Assignee in such operation.

5. Binding Effect. This Assignment and all of the provisions hereof shall be binding upon the parties hereto and their respective successors and assigns, and shall inure to the benefit of the parties hereto and their respective successors and assigns. Assignor and Assignee each agree to execute and deliver such other documents as may be necessary to accomplish the purposes and intent of this Assignment.

6. Titles and Section Headings. Titles of sections and headings contained in this Assignment are inserted for convenience and reference only, and neither form a part of this Assignment or are to be used in the construction or interpretation.

7. Application of Texas Law. This Assignment shall be governed exclusively by and construed in accordance with the laws of the State of Texas.

8. Notice. Correspondence to the Assignee for the purpose of notice under Section 11 of the Development Agreement should be addressed as follows:

Notice to Assignee: Paloma Trails Development, LLC
Attn: Terrance Jobe
520 Hawkins Run Road
Midlothian, Texas 76065

With a copy to: Locke Lord LLP
Attn: Drew Slone
2200 Ross Avenue, Suite 2800
Dallas, Texas 75201

9. Counterparts. This Assignment may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

[6 L J Q D W X U H V E H]J L Q R Q Q H [W S D J H

IN WITNESS WHEREOF, each party hereto has executed this Assignment to be effective as of the Effective Date.

ASSIGNOR:

TWS LAND PARTNERS LP,
a Texas limited partnership

By: _____
Todd Wintters, General Partner

STATE OF TEXAS §
COUNTY OF ~~DENTON~~ ELLIS §

This instrument was acknowledged before me, on April 4, 2024, by Todd Wintters, General Partner of TWS Land Partners LP, a Texas limited partnership, on behalf of said company.

[SEAL]

KELLE S. BIRD
Notary Public, State of Texas
Comm. Expires 08-24-2026
Notary ID 10846301

_____
Notary Public, State of Texas

WHEREAS, this Agreement is entered into pursuant to Section 212.172 of the Texas Local Government Code and it is the intent of this Agreement to establish certain legally binding restrictions and commitments to be imposed upon the development of the Property, which shall survive annexation of the ETJ Property;

WHEREAS, in consideration of Owner's agreements contained herein, the City intends to provide a credit of Impact Fees collected from the Property to reimburse the Developer for the Offsite Water Line and the Offsite Sewer Improvements (each as defined herein), as such Offsite Water Line and Offsite Sewer Improvements are shown on **Exhibit E** attached hereto; and

WHEREAS, unless expressly set forth to the contrary in this Agreement, the Parties intend this Agreement to supersede City Regulations only to the extent that City Regulations directly conflict with the terms of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the Parties hereby agree as follows:

SECTION 2
DEFINITIONS

Certain terms used in this Agreement are defined in this Section 2. Other terms used in this Agreement are defined in the recitals or in other sections of this Agreement. Unless the context requires otherwise, the following terms shall have the meanings hereinafter set forth:

Administrative Expenses means reasonable expenses incurred by the City and Developer in the establishment, administration, and operation of the PID.

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

Assessment(s) means the special assessments levied on the Property on a phase-by-phase basis, under one or more Assessment Ordinances adopted on a phase-by-phase basis to reimburse Developer for a portion of the PID Projects benefitting the applicable phase(s) as set forth in the Service and Assessment Plan, as well as payment of Administrative Expenses and repayment of the PID Bonds and the costs associated with the issuance of the PID Bonds.

Assessment Ordinance means an ordinance approved by the City Council under the PID Act establishing one or more Assessment(s).

Authorized Improvements means the PID Projects and all other on- and off-site public water, sewer, drainage, and roadway facilities, rights-of-way, along with other public improvements, such as landscaping and screening, that benefit the Property, are to be constructed by Developer, are identified on **Exhibit E**, and for which the Parties intend Developer will be fully or partially reimbursed pursuant to the terms of this Agreement.

COUNTY COURT WISE COUNTY TEXAS

TIRZ means a tax increment reinvestment zone encompassing the Property to be created by the City pursuant to the TIRZ Act.

TIRZ Act means Chapter 311 of the Texas Tax Code, as amended.

TIRZ Documents means collectively the Project and Financing Plan, the TIRZ ordinance, the TIRZ development agreement, and the TIRZ tax participation agreement.

TIRZ Fund(s) means the fund(s) set up by the City in order to receive the TIRZ funds in accordance with this Agreement, the TIRZ Documents and state law.

TIRZ Revenue means the tax increment received by the City from the City property taxes levied against the Property.

SECTION 3
PUBLIC IMPROVEMENT DISTRICT

3.1 Creation of the PID; Levy of Assessments. The City shall use good faith efforts to initiate and approve all necessary documents, resolutions, and ordinances, including without limitation the PID Documents, required to effectuate this Agreement, to create the PID, and to levy the Assessments. The Assessments shall be levied: (i) against the applicable phase(s) benefitted by the applicable portion of the PID Projects for which the applicable series of the PID Bonds are issued, and (ii) prior to the sale of any lot to an End User. The City shall select an Administrator and the City will approve the SAP, which shall include the PID Projects and provide for the levy of the Assessments on the Property. Promptly following preparation and approval of a preliminary SAP acceptable to the Parties and subject to the City Council making findings that the PID Projects confer a special benefit on the Property, the City Council shall consider an Assessment Ordinance.

3.2 Acceptance of Assessments and Recordation of Covenants Running with the Land. Following the levy of the Assessment applicable to a particular phase of the Project, Developer shall: (a) accept in writing the levy of the Assessment(s) on all land owned by Developer; (b) acknowledge in writing the Home Buyer Disclosure Program; and (c) cause covenants running with the land to be recorded against the portion of the Property within the applicable phase that will bind any and all current and successor developers and owners of all or any part of such phase of the Project to: (i) pay the Assessments, with applicable interest and penalties thereon, as and when due and payable hereunder and under the Assessment Ordinance and that the purchasers of such land take their title subject to and expressly assume the terms and provisions of such assessments and the liens created thereby; and (ii) comply with the Home Buyer Disclosure Program. The covenants required to be recorded under this paragraph shall be recorded substantially contemporaneously with the recordation of the approved final plat of the applicable phase.

SECTION 4
PID BONDS

4.1 PID Bond Issuance. Developer may request issuance of PID Bonds by filing with the City a list of the PID Projects to be funded or acquired with the PID Bond Proceeds and the

COUNTY COURT OF WISE TEXAS

estimated or actual costs of such PID Projects. Issuance of such PID Bonds shall be at the discretion of the City Council in accordance with the terms of this Agreement. Developer shall reimburse City to fund the costs of the City's professionals relating to the preparation and administration of the PID, the SAP, this Development Agreement, and issuance of PID Bonds, pursuant to a separate agreement between the Parties (the "Professional Services Agreement"). Amounts paid pursuant to the Professional Services Agreement will be considered a cost payable from PID Bond Proceeds when authorized by law. City Council approval and adoption of the PID Documents shall be a condition precedent to the City's authorization of the sale of PID Bonds. The subsequent issuance of each series of PID Bonds is further subject to all of the following conditions:

(a) The City has evaluated and determined that there will be no negative impact on the City's creditworthiness, bond rating, access to or cost of capital, or potential for liability.

(b) The City has determined that the PID Bonds' assessment level, structure, terms, conditions and timing of the issuance of the PID Bonds are reasonable for the PID Projects Cost to be financed and that there is sufficient security for the PID Bonds to be creditworthy.

(c) All costs incurred by the City that are associated with the administration of the PID have been and will continue to be paid out of Assessment Revenue levied against Property within the PID. City administration costs shall include without limitation those associated with continuing disclosure, compliance with federal tax law, agent fees, staff time, regulatory reporting and legal and financial reporting requirements.

(d) The Service and Assessment Plan and the Assessment Ordinance levying assessments on all or any portion of the Property benefitted by PID Projects provide for amounts sufficient to pay all costs related to such PID Bonds.

(e) The City has formed and utilized its own financing team including, but not limited to, bond counsel, financial advisor, Administrator, and underwriters related to the issuance of PID Bonds and bond financing proceedings.

(f) Each series of PID Bonds shall be in an amount estimated to be sufficient to fund the PID Projects or portions thereof for which such PID Bonds are being issued.

(g) Approval by the Texas Attorney General of the PID Bonds and registration of the PID Bonds by the Comptroller of Public Accounts of the State of Texas.

(h) The Developer is current on all taxes, assessments, fees and obligations to the City including without limitation payment of Assessments.

(i) The Developer is not in default under this Agreement or any other agreement to which Developer and the City are parties.

COUNTY COURT WISE COUNTY TEXAS

(b) Issuance of PID Bonds prior to City Obligations.

(1) In the event the City issues PID Bonds prior to the issuance of City Obligations, the City, with assistance from its financial advisor ("Financial Advisor"), shall estimate the Additional Costs based on the market conditions as they exist approximately thirty (30) days prior to the date of the pricing of the PID Bonds (the "Estimated Costs"). The Estimated Costs are an estimate of the increased cost to the City to issue its City Obligations as non-QTEO. Promptly following the determination of the Estimated Costs, the City shall provide a written invoice to Developer in an amount less than or equal to the Estimated Costs. Developer, in turn, shall remunerate to the City the amount shown on said invoice on or before the earlier of: (i) fifteen (15) business days after the date of said invoice, or (ii) five (5) business days prior to pricing the PID Bonds. The City shall not be required to price or sell any series of PID Bonds until Developer has paid the invoice of Estimated Costs related to the PID Bonds then being issued.

(2) Upon the City's approval of the City Obligations, the Financial Advisor shall calculate the Additional Costs to the City of issuing its City Obligations as non-QTEO. The City will, within ten (10) business days of the issuance of the City Obligations, provide written notice to Developer of the amount of the Additional Costs. In the event the Additional Costs are less than the Estimated Costs, the City will refund to Developer the difference between the Additional Costs and the Estimated Costs within twenty (20) business days of the date of the City's notice to Developer required under this paragraph. If the Additional Costs are more than the Estimated Costs, Developer will pay to the City the difference between the Additional Costs and the Estimated Costs within twenty (20) business days of the date of the City's notice required under this paragraph. If Developer does not pay the City the difference between the Additional Costs and the Estimated Costs within twenty (20) business days of the date of the City's notice required under this paragraph, Developer shall not be paid any reimbursement amounts under any Reimbursement Agreement(s) related to the Project until such payment of Additional Costs is made in full, and City shall be entitled to withhold all unpaid Additional Costs from reimbursement amounts payable to Developer under the terms of a Reimbursement Agreement. Developer hereby waives any and all claims against City for interest or penalties for reimbursement amounts withheld pursuant to this Section.

(c) Issuance of City Obligations prior to PID Bonds.

(1) In the event the City issues City Obligations prior to the issuance of PID Bonds, the City, with assistance from the Financial Advisor, shall calculate the Estimated Costs based on the market conditions as they exist twenty (20) days prior to the date of the pricing of the City Obligations. Promptly following the determination of the Estimated Costs, the City shall provide a written invoice to Developer: (1) in an amount less than or equal to the Estimated Costs, and (2) that includes the pricing date for such City Obligations. The Developer, in turn, shall remunerate to the City the amount shown on said invoice at least fifteen (15) days prior to the pricing date indicated on the invoice. If Developer fails to pay the Estimated Costs as required under this paragraph, the City, at its option, may elect to designate the City Obligations as QTEO, and the City shall not be required to issue any PID Bonds in such calendar year.

(2) Upon the City's approval of the City Obligations, the Financial Advisor shall calculate the Additional Costs to the City of issuing non-QTEO City Obligations.

COUNTY COURT OF WISE, TEXAS

(c) Offsite Water Line. The Developer agrees to construct or cause to be constructed an offsite water line, with all easements and appurtenances thereto, as shown on **Exhibit E** attached hereto (the "Offsite Water Line"), and such Offsite Water Line shall be considered a PID Project. The Developer agrees to loop the Offsite Water Line in the first phase of development of the Project. The Offsite Water Line shall be oversized from 12" to 16" in accordance with the City's request. The City agrees to provide a credit of water Impact Fees charged and assessed against the Property to offset the Developer's actual costs attributable to oversizing the Offsite Water Line, including but not limited to design, permitting, and construction costs as provided in Section 7.1 hereof.

5.5 Wastewater/Sanitary Sewer Facilities.

(a) Developer's General Obligations. Developer is responsible for the design, installation, and construction of all wastewater/sanitary sewer improvements necessary to serve the Property. The design of all wastewater/sanitary sewer improvements shall be subject to the approval of the City and shall be approved by the City in advance of the construction of same. Subject to the City's obligations under Section 7.12, Developer shall be responsible for the acquisition of any easements and other property acquisitions necessary for wastewater/sewer facilities (the size and extent of each such easement or other property interest to be approved by the City) for all development. The locations of said easements or other property interests shall be subject to the approval of the City's consulting engineer as part of the platting process. The costs of obtaining such easements may be included in the applicable Authorized Improvement Costs to be reimbursed to the Developer through the PID.

(b) Timing of General Obligations. Except as otherwise provided herein, Developer shall complete in a good and workmanlike manner all wastewater/sanitary sewer improvements necessary to serve each phase of the Project prior to the recordation of the final plat covering such phase.

(c) Offsite Sewer Improvements. The Developer agrees to construct or cause to be constructed an offsite sewer force main, with all easements and appurtenances thereto, and lift station, each as shown on **Exhibit E** attached hereto (collectively, the "Offsite Sewer Improvements"), and such Offsite Sewer Improvements shall be considered a PID Project. The Offsite Sewer Improvements shall be oversized in accordance with the City's request. The City agrees to provide a credit of sewer Impact Fees charged and assessed against the Property to offset the Developer's actual costs attributable to oversizing the Offsite Sewer Improvements, including but not limited to design, permitting, and construction costs as provided in Section 7.1 hereof.

5.6 Water and Wastewater Services.

(a) The City represents and confirms that it will be the retail provider of water and wastewater services to the Property and will provide sufficient water and wastewater capacity to serve the Property in accordance with the Concept Plan and the Development Standards at the time of development. This paragraph shall not be interpreted as a reservation of capacity for the Property.

COUNTY COURT TEXAS COUNTY OF WISE, TEXAS

Public Infrastructure construction contracts, Developer shall provide to the City certificates of insurance evidencing such insurance coverage together with the declaration of such policies, along with the endorsement naming the City as an additional insured. Each such policy shall provide that, at least 30 days prior to the cancellation, non-renewal or modification of the same, the City shall receive written notice of such cancellation, non-renewal or modification.

7.13 INDEMNIFICATION AND HOLD HARMLESS.

(a) THE DEVELOPER AND ITS SUCCESSORS AND ASSIGNS SHALL INDEMNIFY AND HOLD HARMLESS THE CITY, ITS OFFICIALS, EMPLOYEES, OFFICERS, REPRESENTATIVES AND AGENTS (EACH AN "INDEMNIFIED PARTY"), FROM AND AGAINST ALL ACTIONS, DAMAGES, CLAIMS, LOSSES OR EXPENSE OF EVERY TYPE AND DESCRIPTION TO WHICH THEY MAY BE SUBJECTED OR PUT: (I) BY REASON OF, OR RESULTING FROM THE BREACH OF ANY PROVISION OF THIS AGREEMENT BY THE DEVELOPER; (II) THE NEGLIGENT DESIGN, ENGINEERING AND/OR CONSTRUCTION BY THE DEVELOPER OR ANY ARCHITECT, ENGINEER OR CONTRACTOR HIRED BY THE DEVELOPER OF ANY OF THE PUBLIC INFRASTRUCTURE ACQUIRED FROM THE DEVELOPER HEREUNDER; (III) THE DEVELOPER'S NONPAYMENT UNDER CONTRACTS BETWEEN THE DEVELOPER AND ITS CONSULTANTS, ENGINEERS, ADVISORS, CONTRACTORS, SUBCONTRACTORS AND SUPPLIERS IN THE PROVISION AND/OR CONSTRUCTION OF THE PUBLIC IMPROVEMENTS; (IV) ANY CLAIMS OF PERSONS EMPLOYED BY THE DEVELOPER OR ITS AGENTS TO CONSTRUCT THE PUBLIC IMPROVEMENTS; OR (V) ANY CLAIMS AND SUITS OF THIRD PARTIES, INCLUDING BUT NOT LIMITED TO DEVELOPER'S RESPECTIVE PARTNERS, OFFICERS, DIRECTORS, EMPLOYEES, REPRESENTATIVES, AGENTS, SUCCESSORS, ASSIGNEES, VENDORS, GRANTEES, AND/OR TRUSTEES, REGARDING OR RELATED TO THE PUBLIC IMPROVEMENTS OR ANY AGREEMENT OR RESPONSIBILITY REGARDING THE PUBLIC IMPROVEMENTS, INCLUDING CLAIMS AND CAUSES OF ACTION WHICH MAY ARISE OUT OF THE PARTIAL NEGLIGENCE OF AN INDEMNIFIED PARTY (THE "CLAIMS"). NOTWITHSTANDING THE FOREGOING, NO INDEMNIFICATION IS GIVEN HEREUNDER FOR ANY ACTION, DAMAGE, CLAIM, LOSS OR EXPENSE DETERMINED BY A COURT OF COMPETENT JURISDICTION TO BE DIRECTLY ATTRIBUTABLE TO THE WILLFUL MISCONDUCT OR SOLE NEGLIGENCE OF ANY INDEMNIFIED PARTY. DEVELOPER IS EXPRESSLY REQUIRED TO DEFEND CITY AGAINST ALL SUCH CLAIMS, AND CITY IS REQUIRED TO REASONABLY COOPERATE AND ASSIST DEVELOPER IN PROVIDING SUCH DEFENSE.

(b) IN ITS REASONABLE DISCRETION, CITY SHALL HAVE THE RIGHT TO APPROVE OR SELECT DEFENSE COUNSEL TO BE RETAINED BY DEVELOPER IN FULFILLING ITS OBLIGATIONS HEREUNDER TO DEFEND AND INDEMNIFY THE INDEMNIFIED PARTIES, UNLESS SUCH RIGHT IS EXPRESSLY WAIVED BY CITY IN WRITING. THE INDEMNIFIED PARTIES RESERVE THE RIGHT TO PROVIDE A PORTION OR ALL OF THEIR/ITS OWN DEFENSE, AT THEIR/ITS SOLE COST; HOWEVER, INDEMNIFIED PARTIES ARE UNDER NO OBLIGATION TO DO SO. ANY SUCH ACTION BY AN INDEMNIFIED PARTY IS NOT TO BE CONSTRUED AS A WAIVER OF DEVELOPER'S OBLIGATION TO DEFEND INDEMNIFIED PARTIES OR AS A WAIVER OF DEVELOPER'S OBLIGATION TO INDEMNIFY INDEMNIFIED PARTIES PURSUANT TO THIS AGREEMENT. DEVELOPER SHALL RETAIN CITY-APPROVED DEFENSE COUNSEL WITHIN SEVEN BUSINESS DAYS OF WRITTEN NOTICE FROM AN INDEMNIFIED PARTY THAT IT IS INVOKING ITS RIGHT TO INDEMNIFICATION UNDER THIS AGREEMENT. IF DEVELOPER FAILS TO RETAIN COUNSEL WITHIN SUCH TIME PERIOD, INDEMNIFIED PARTIES SHALL HAVE THE RIGHT TO RETAIN DEFENSE COUNSEL ON THEIR OWN BEHALF, AND DEVELOPER SHALL BE LIABLE FOR ALL REASONABLE COSTS INCURRED BY INDEMNIFIED PARTIES.

COUNTY OF MISSISSIPPI TEXAS COUNTY COURT

13.2 Recitals. The recitals contained in this Agreement: (a) are true and correct as of the Effective Date; (b) form the basis upon which the Parties negotiated and entered into this Agreement; (c) reflect the final intent of the Parties with regard to the subject matter of this Agreement; and (d) are fully incorporated into this Agreement for all purposes. In the event it becomes necessary to interpret any provision of this Agreement, the intent of the Parties, as evidenced by the recitals, shall be taken into consideration and, to the maximum extent possible, given full effect. The Parties have relied upon the recitals as part of the consideration for entering into this Agreement and, but for the intent of the Parties reflected by the recitals, would not have entered into this Agreement.

13.3 Acknowledgments. In negotiating and entering into this Agreement, the Parties respectively acknowledge and understand that:

(a) Developer's obligations hereunder are primarily for the benefit of the Property;

(b) the improvements to be constructed and the open space dedications and donations of real property that Developer is obligated to set aside and/or dedicate under this Agreement will benefit the Project by positively contributing to the enhanced nature thereof, increasing property values within the Project, and encouraging investment in and the ultimate development of the Project;

(c) Developer's consent and acceptance of this Agreement is not an exaction or a concession demanded by the City, but is an undertaking of Developer's voluntary design to ensure consistency, quality, and adequate public improvements that will benefit the Property;

(d) the Authorized Improvements will benefit the City and promote state and local economic development, stimulate business and commercial activity in the City for the development and diversification of the economy of the state, promote the development and expansion of commerce in the state, and reduce unemployment or underemployment in the state;

(e) nothing contained in this Agreement shall be construed as creating or intended to create a contractual obligation that controls, waives, or supplants the City Council's legislative discretion or functions with respect to any matters not specifically addressed in this Agreement; and

(f) this Agreement is a development agreement under Section 212.172, Texas Local Government Code.

13.4 Notices. Any notice, submittal, payment or instrument required or permitted by this Agreement to be given or delivered to any party shall be deemed to have been received when delivered personally or upon the expiration of 72 hours following deposit of the same in any United States Post Office, registered or certified mail, postage prepaid, addressed as follows:

COUNTY OF WISE TEXAS COUNTY COURT

subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate during the term of this Agreement against a firearm entity or firearm trade association. The foregoing verification is made solely to enable the City to comply with such Section and to the extent such Section does not contravene applicable Texas or federal law. As used in the foregoing verification, (a) 'discriminate against a firearm entity or firearm trade association' means, with respect to the firearm entity or firearm trade association, to: (i) refuse to engage in the trade of any goods or services with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association, (ii) refrain from continuing an existing business relationship with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association, or (iii) terminate an existing business relationship with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association; and (b) does not include (i) the established policies of a merchant, retail seller, or platform that restrict or prohibit the listing or selling of ammunition, firearms, or firearm accessories and (ii) a company's refusal to engage in the trade of any goods or services, decision to refrain from continuing an existing business relationship, or decision to terminate an existing business relationship (A) to comply with federal, state, or local law, policy, or regulations or a directive by a regulatory agency or (B) for any traditional business reason that is specific to the customer or potential customer and not based solely on an entity's or association's status as a firearm entity or firearm trade association. As used in the foregoing verification, (a) 'firearm entity' means a manufacturer, distributor, wholesaler, supplier, or retailer of firearms (i.e., weapons that expel projectiles by the action of explosive or expanding gases), firearm accessories (i.e., devices specifically designed or adapted to enable an individual to wear, carry, store, or mount a firearm on the individual or on a conveyance and items used in conjunction with or mounted on a firearm that are not essential to the basic function of the firearm, including detachable firearm magazines), or ammunition (i.e., a loaded cartridge case, primer, bullet, or propellant powder with or without a projectile) or a sport shooting range (as defined by Section 250.001, Texas Local Government Code); and (b) 'firearm trade association' means a person, corporation, unincorporated association, federation, business league, or business organization that: (i) is not organized or operated for profit (and none of the net earnings of which insures to the benefit of any private shareholder or individual), (ii) has two or more firearm entities as members, and (iii) is exempt from federal income taxation under Section 501(a), Internal Revenue Code of 1986, as an organization described by Section 501(c) of that code.

[Signature pages to follow.]

COUNTY OF MISE TEXAS COUNTY COURT

EXECUTED BY THE PARTIES TO BE EFFECTIVE ON THE EFFECTIVE DATE:

CITY OF DECATUR, TEXAS

By: _____
Name: Mike McQuiston
Title: Mayor
Date: 11/8/22

STATE OF TEXAS §
COUNTY OF WISE §

This instrument was acknowledged before me on this 8th, November 2022, by Mike McQuiston, Mayor of the City of Decatur, Texas, on behalf of said City.

ASUCENA GARCIA
Notary ID #130175059
My Commission Expires
April 1, 2023

_____
Notary Public, State of Texas

[SEAL]

Development Agreement Signature Page

COUNTY OF WISE TEXAS COUNTY COURT

Exhibit A
Description of Property

NORTHEAST CORNER OF SAID 20.375 ACRE TRACT AND CONTINUING FOR A TOTAL DISTANCE OF 1017.30 FEET TO THE **POINT OF BEGINNING** AND CONTAINING 165.51 ACRES OF LAND MORE OR LESS

COUNTY COURT WISE TEXAS

Exhibit B
Depiction of the Property

COUNTY COURT
WISE COUNTY, TEXAS

Exhibit D
Development Standards

COUNTY COURT
COUNTY OF WISE TEXAS
TEXAS

PD 2022-01
Exhibit D
Development Standards

COMMUNITY FRAMEWORK

Paloma Trails will be a ±166-acre, multi-generational community where an emphasis on being able to experience a small-town environment where you know your neighbors, is balanced with the conveniences of a suburban lifestyle, and easy access to desired retail opportunities.

A variety of housing types and lot sizes will be provided to meet the needs of a complete life cycle. This mix of homes styles and sizes will be fully integrated throughout Paloma Trails instead of establishing a pod-type development pattern. This will encourage a diverse community both in terms of the people and the families living in it, as well as the size and homes to be constructed. This community design preference will also allow residents to move within the community and not have to distance themselves from family and friends as changes occur in their lives.

In keeping with the vision of Paloma Trails, open spaces are given equal importance and brought to the forefront along with public services providing increased fire protection services, open spaces, an amenity center with kid-friendly attractions, and common areas interspersed throughout the neighborhood and complimented with internal trails and sidewalks. This design encourages personal interaction by families and residents in all stages of life.

Accentuating the mixed-use emphasis of Paloma Trails, four commercial lots comprising approximately 23.53 acres and benefitting from 2,500' of U.S. Highway 380 frontage, will be appropriately sized in area and depth to accommodate mid-box anchored shopping centers, individual pad sites for full-service and fast-casual dining, and oversized lots for multi-tenant retail centers. As well, approximately 22 acres dedicated for multi-family development will provide housing options for young professionals and accommodate the needs of a mobile and growing workforce. Finally, approximately 3 acres will be dedicated to public uses accommodating expanded fire services and elevated water storage. The Legal Description is attached herein as Exhibit A.

SINGLE FAMILY STANDARDS

GENERAL STANDARDS

1. The design and development of Paloma Trails shall take place in general accordance with the attached Development Plan (Exhibit B), and Landscape Plan (Exhibit C).

COUNTY COURT
COUNTY OF WISE, TEXAS

2. A minimum 6' wide, concrete trail shall be provided within the right-of-way along one (1) side of the proposed Minor Arterial(s) and Collector.
3. All landscaping shall be provided in accordance with an approved Landscape Plan (Exhibit C) prior to acceptance of the subdivision by the City except as follows: during times of drought or water emergency response stages, or inappropriate season for the plant material, the City Council may grant permission, via a signed agreement reviewed and approved by the City Attorney which shall correspond with the attached Exhibit D, to delay the installation of the required landscaping for up to 6 months.
4. Irrigation: Landscape buffer shall be irrigated with irrigation systems. Tree and shrubs shall be irrigated by drip irrigation lines. Other landscaping may be irrigated by spray irrigation.
5. Perimeter Screening:
    1. Screening where residential lots back or side to proposed Minor Arterials: Minimum 6' tall, 100% brick screening wall shall be required.
6. Neighborhood Entry Features: Architectural features on masonry walls or masonry monuments shall be located at the primary entrance for Paloma Trails. The general design of which shall correspond with Exhibit C. Entry features and/or community signage may be lighted, within any applicable setback, and have a maximum size of twenty (20) square feet.

DEVELOPMENT STANDARDS - COMMERCIAL

Commercial/Retail development shall be consistent with C-O, C-1, and C-2 Zoning Districts as per Section 5.1 of the City's Zoning Ordinance as well as all applicable sections of the City's Design Standards and further detailed under Section 6.1 of the same within Paloma Trails and further governed by the following:

1. Parking shall conform to Section 111 of the City's Zoning Ordinance.
2. Access to the retail areas along U.S. Highway 380 will comply with TxDOT guidelines and will require drive approach permits from TxDOT.
3. To enhance cross access, a common access easement will be provided along most of the commercial lot frontage, where it is appropriate, parallel to U.S. Highway 380.
4. Loading docks shall not be allowed to front U.S. Highway 380.
5. Dumpsters shall be located and screened in compliance with the City's Zoning Ordinance and Design Standards requirements.

COUNTY COURT TEXAS

6. Exterior Facade: Structures shall have a one hundred percent (100%) stone or brick masonry exterior. Any proposed variation in either material or percentage of stone or brick masonry shall be presented to the City Council for approval.

DEVELOPMENT STANDARDS – MULTI-FAMILY

Multiple-Family development shall be governed by Section 5.1.6 of the City's Zoning Ordinance, the Design Standards and Subdivision Regulations.

Where there is conflict or no reference, the City's adopted regulations in effect as of the passage of the Paloma Trails Zoning Ordinance, shall control.

COUNTY COURT
COUNTY OF WISE, TEXAS
TEXAS

EXECUTED BY THE PARTIES TO BE EFFECTIVE ON THE EFFECTIVE DATE:

CITY OF DECATUR, TEXAS

By: _____
Name: Mike McQuiston
Title: Mayor
Date: 11/8/22

STATE OF TEXAS §
COUNTY OF WISE §

This instrument was acknowledged before me on this 8th of November 2022, by Mike McQuiston, Mayor of the City of Decatur, Texas, on behalf of said City.

ASUCENA GARCIA
Notary ID #130175059
My Commission Expires
April 1, 2023

_____
Notary Public, State of Texas

[SEAL]

Development Agreement Signature Page

COUNTY COURT
COUNTY OF WISE, TEXAS

EXECUTED BY THE PARTIES TO BE EFFECTIVE ON THE EFFECTIVE DATE:

CITY OF DECATUR, TEXAS

By: _____
Name: Mike McQuiston
Title: Mayor
Date: 11/9/22

STATE OF TEXAS §
COUNTY OF WISE §

This instrument was acknowledged before me on this 8th of November 2022, by Mike McQuiston, Mayor of the City of Decatur, Texas, on behalf of said City.

ASUCENA GARCIA
Notary ID #130175059
My Commission Expires
April 1, 2023

_____
Notary Public, State of Texas

[SEAL]

Development Agreement Signature Page

COUNTY COURT
COUNTY OF WISE, TEXAS

DEVELOPER:

TWS LAND PARTNERS LP,
a Texas limited partnership

By: Todd Winters
Name: TODD WINTERS
Title: General Partner

STATE OF TEXAS §
COUNTY OF ELLIS §

This instrument was acknowledged before me, on the 18th day of May, 2023, by TODD WINTERS of TWS Land the General Partner of TWS Land Partners LP, a Texas limited partnership, on behalf of said limited partnership.

[SEAL] David Goss
My Commission Expires
02/17/2024
ID No. 6815002

Notary Public, State of Texas

COUNTY COURT COUNTY OF WISE, TEXAS

FILED AND RECORDED

Instrument Number: 202306410

Filing and Recording Date: 05/18/2023 03:07:54 PM Pages: 56 Recording Fee: $242.00

I hereby certify that this instrument was FILED on the date and time stamped hereon and RECORDED in the RECORDS of Wise County, Texas.

STATE OF TEXAS COUNTY OF WISE

Blanca Tuma, County Clerk
Wise County, Texas

ANY PROVISION CONTAINED IN ANY DOCUMENT WHICH RESTRICTS THE SALE, RENTAL, OR USE OF THE REAL PROPERTY DESCRIBED THEREIN BECAUSE OF RACE OR COLOR IS INVALID UNDER FEDERAL LAW AND IS UNENFORCEABLE. **DO NOT DESTROY - This document is part of the Offical Record.**

Deputy: Becky Parisi

STATE OF TEXAS COUNTY OF WISE

CERTIFIED A TRUE AND CORRECT COPY OF THE RECORD ON FILE IN MY OFFICE

BLANCA TUMA
COUNTY CLERK, WISE COUNTY

June 22, 2023 BY: _____
Date Deputy Clerk

Kathy Gyger

COUNTY COURT E T A S COUNTY OF WISE TEXAS

PALOMA TRAILS DEVE LOPMENT AGREEMENT

This Paloma Trails Development Agreement (this "Agreement") is entered into by and between the City of Decatur, Texas, a home rule municipality (the "City"), and TWS Land Partners LP, a Texas limited partnership ("Developer") (each individually, a "Party," and collectively, the "Parties"), to be effective on the Effective Date.

SECTION 1
RECITALS

WHEREAS, certain capitalized terms used in these recitals are defined in Section 2;

WHEREAS, Developer is under contract for and expects to develop the approximately 165.51 acres of real property described by metes and bounds in Exhibit A and depicted in Exhibit B (the "Property");

WHEREAS, the Property is currently located partially in the City's corporate limits and partially in the City's extraterritorial jurisdiction ("ETJ") and is not located in any other City's ETJ or corporate limits; and

WHEREAS, the Developer intends to voluntarily annex the portion of the Property that is in the ETJ (the "ETJ Property") into the City's corporate limits;

WHEREAS, Developer intends to develop the Property as a mixed-use development with approximately 418 lots of various sizes, commercial uses, and multifamily uses over multiple phases and is to be known and referred as Paloma Trails (the "Project") in accordance with the Concept Plan attached hereto as Exhibit C (the "Concept Plan") and the development standards set forth in those certain proposed development standards attached hereto as Exhibit D (the "Development Standards"); and

WHEREAS, the Developer and the City intend for the City to provide water and sewer service to the Property;

WHEREAS, the Parties desire and intend that Developer will design, construct, install, and/or make financial contributions toward the Authorized Improvements, and that Developer's costs incurred therewith will be financed or reimbursed through PID Bond Proceeds;

WHEREAS, the Parties desire and intend for the design, construction, and installation of the Authorized Improvements to occur in a phased manner over the Term of this Agreement and that Developer will dedicate to and the City will accept the Authorized Improvements for public use and maintenance, subject to the City's approval of the plans and inspection of the Authorized Improvements in accordance with this Agreement and the City Regulations;

WHEREAS, in consideration of Developer's agreements contained herein and upon the creation of the PID, the City intends to exercise its powers under the PID Act to provide financing arrangements that will enable Developer, in accordance with the procedures and requirements of the PID Act and this Agreement, to: (a) be reimbursed for all or a portion of the PID Projects using the PID Bond Proceeds; or (b) be reimbursed for all or a portion of the PID Projects, the source of

which reimbursement will be installment payments from Assessments on the Property, provided that such reimbursements shall be subordinate to the payment of PID Bonds, Administrative Expenses, and any amounts owed to the City by Developer in connection with the PID;

WHEREAS, the City, subject to the consent and approval of the City Council, the satisfaction of all conditions for PID Bond issuance, Developer's substantial compliance with this Agreement, and in accordance with the terms of this Agreement and all legal requirements, including but not limited to the Indenture, shall use good faith efforts to: (i) adopt a Service and Assessment Plan; (ii) adopt one or more Assessment Ordinances (to reimburse Developer for all or a portion of the PID Projects Costs and the costs associated with the administration of the PID and the issuance of the PID Bonds, and for repayment of PID Bonds); and (iii) issue, in multiple series, if necessary, up to a maximum of $50,000,000 in the principal amount of PID Bonds for the purpose of financing the PID Projects in accordance with the Service and Assessment Plan and reimbursing the Developer for certain associated costs as described herein;

WHEREAS, to the extent funds must be advanced to pay for any costs associated with the creation of the PID, the issuance of PID Bonds, or the preparation of documentation related thereto, including any costs incurred by the City and its consultants and advisors (excluding the fees associated with closing the PID Bonds), the Developer shall be responsible for advancing such funds, shall have a right to reimbursement for certain funds advanced from PID Bond Proceeds and from Assessments, and the City will not be responsible for such reimbursement or the payment of such costs from any other sources of funds;

WHEREAS, in consideration of the Developer's agreements contained herein, the City intends to create a tax increment reinvestment zone ("TIRZ") encompassing the Property coterminous with the boundaries of the PID to assist in financing the PID Projects in accordance with the terms of this Agreement;

WHEREAS, the Parties agree that the PID Projects are also improvements that qualify as projects under Texas Tax Code Chapter 311, as amended (the "TIRZ Act"); and

WHEREAS, the creation of a PID and a TIRZ encompassing the Property will allow for greater amenities and public improvements to be provided to serve the Property;

WHEREAS, the City intends to dedicate: (i) fifty percent (50%) of the City's ad valorem tax increment, less collection and administrative costs, attributable to the TIRZ, based on the City's tax rate each year and as authorized by law, for a period of thirty (30) years or until the final maturity of any PID Bonds secured by Assessments for which a credit to the Assessments is being provided by the TIRZ. Monies collected in the TIRZ Fund shall be used to offset or pay a portion of any Assessment levied on assessed parcels within the Property on a parcel by parcel basis for the costs of PID Projects that qualify as TIRZ Projects under the Act;

WHEREAS, after creation of the PID and the TIRZ, all of the City's administrative costs associated with the PID will be funded by the levy of PID Assessments on the Property in accordance with the PID Act, and all of the City's administrative costs associated with the TIRZ will be funded from the TIRZ Revenue in accordance with the TIRZ Act;

WHEREAS, this Agreement is entered into pursuant to Section 212.172 of the Texas Local Government Code and it is the intent of this Agreement to establish certain legally binding restrictions and commitments to be imposed upon the development of the Property, which shall survive annexation of the ETJ Property;

WHEREAS, in consideration of Owner's agreements contained herein, the City intends to provide a credit of Impact Fees collected from the Property to reimburse the Developer for the Offsite Water Line and the Offsite Sewer Improvements (each as defined herein), as such Offsite Water Line and Offsite Sewer Improvements are shown on Exhibit E attached hereto; and

WHEREAS, unless expressly set forth to the contrary in this Agreement, the Parties intend this Agreement to supersede City Regulations only to the extent that City Regulations directly conflict with the terms of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the Parties hereby agree as follows:

SECTION 2
DEFINITIONS

Certain terms used in this Agreement are defined in this Section 2. Other terms used in this Agreement are defined in the recitals or in other sections of this Agreement. Unless the context requires otherwise, the following terms shall have the meanings hereinafter set forth:

Administrative Expenses means reasonable expenses incurred by the City and Developer in the establishment, administration, and operation of the PID.

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

Assessment(s) means the special assessments levied on the Property on a phase-by-phase basis, under one or more Assessment Ordinances adopted on a phase-by-phase basis to reimburse Developer for a portion of the PID Projects benefitting the applicable phase(s) as set forth in the Service and Assessment Plan, as well as payment of Administrative Expenses and repayment of the PID Bonds and the costs associated with the issuance of the PID Bonds.

Assessment Ordinance means an ordinance approved by the City Council under the PID Act establishing one or more Assessment(s).

Authorized Improvements means the PID Projects and all other on- and off-site public water, sewer, drainage, and roadway facilities, rights-of-way, al

Exhibit B
Depiction of the Property

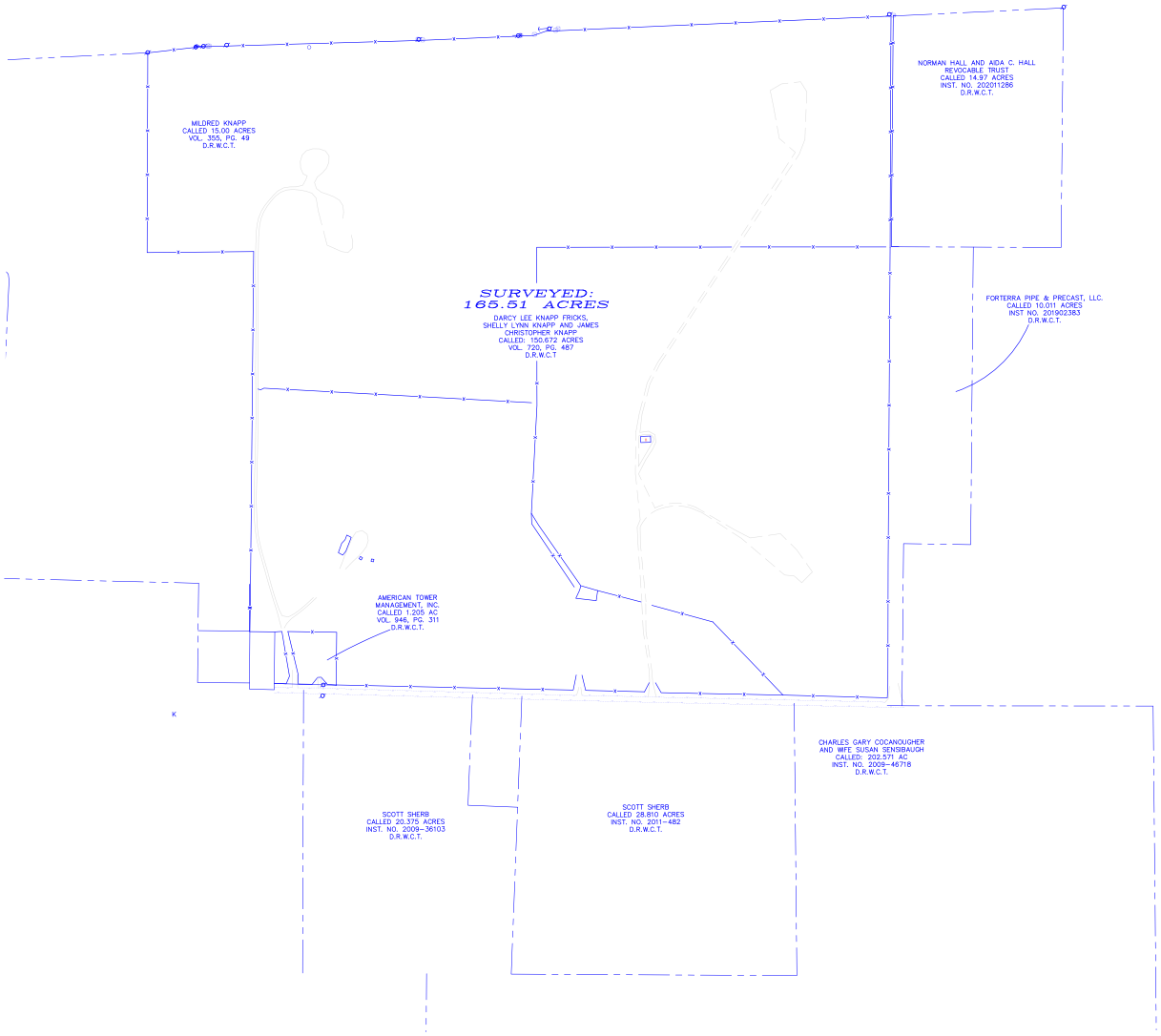
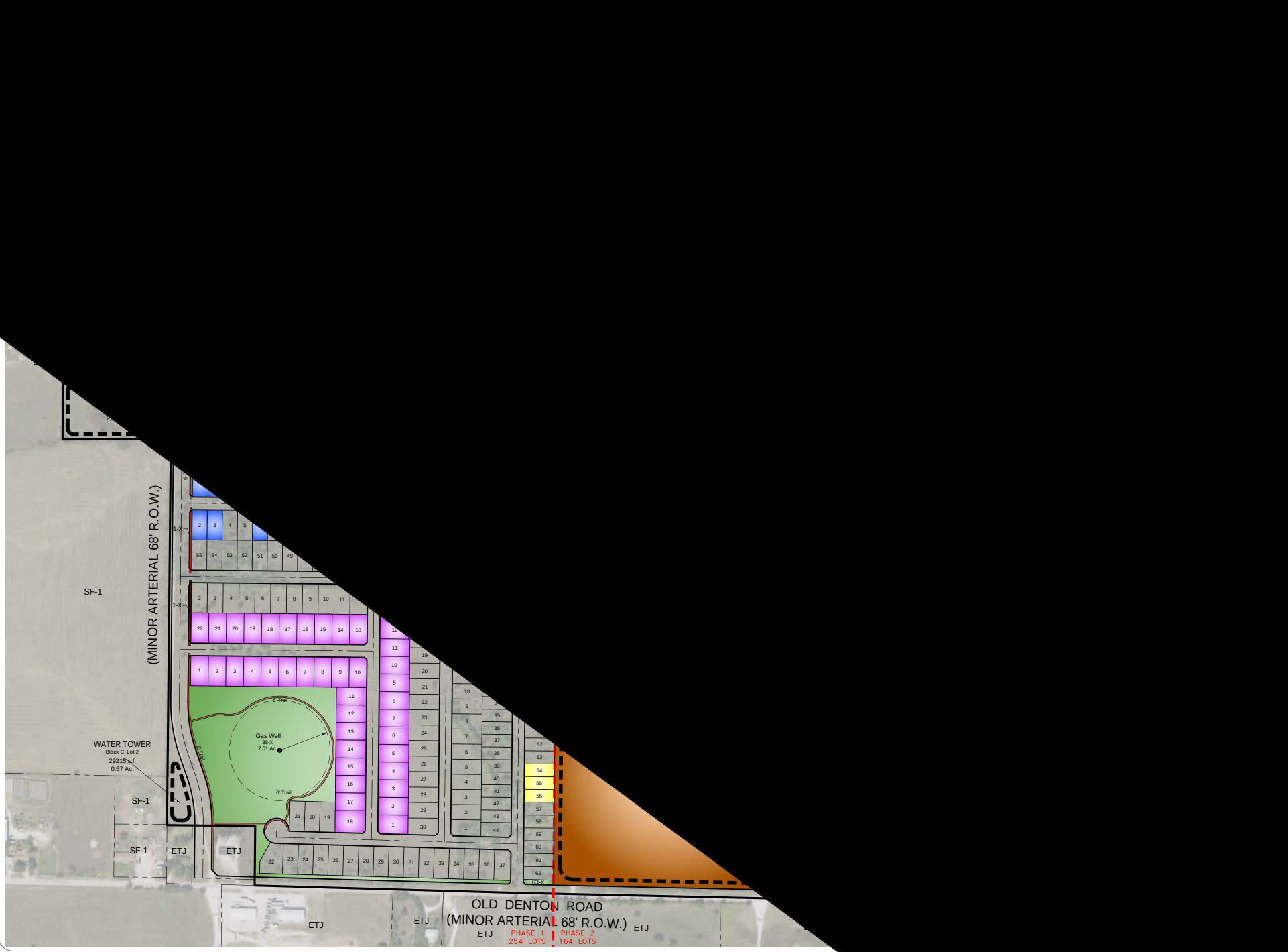

NORMAN HALL AND AIDA C. HALL
REVOCABLE TRUST
CALLED 14.97 ACRES
INST. NO. 202011286
O.R.W.C.T.
MILDRED KNAPP
CALLED 15.00 ACRES
VOL. 355, PG. 49
D.R.W.C.T.
SURVEYED:
165.51 ACRES
DARCY LEE KNAPP FRICKS,
SHELLY LYNN KNAPP AND JAMES
CHRISTOPHER KNAPP
CALLED: 150.672 ACRES
VOL. 720, PG. 487
D.R.W.C.T
FORTERRA PIPE & PRECAST, LLC.
CALLED 10.011 ACRES
INST. NO. 201902353
O.R.W.C.T.
AMERICAN TOWER
MANAGEMENT, INC.
CALLED 1.205 AC
VOL. 946, PG. 311
D.R.W.C.T.
K
CHARLES GARY COCANOUGHER
AND WIFE SUSAN SENSIBAUGH
CALLED: 202.571 AC
INST. NO. 2009-46718
D.R.W.C.T.
SCOTT SHERB
CALLED 20.375 ACRES
INST. NO. 2009-36103
D.R.W.C.T.
SCOTT SHERB
CALLED 28.810 ACRES
INST. NO. 2011-482
D.R.W.C.T.

Exhibit C
Concept Plan


(MINOR ARTERIAL 68' R.O.W.)
SF-1
WATER TOWER
Block C, Lot 2
29215 s.f.
0.67 Ac.
Gas Well
39-X
7.01 Ac.
6' Trail
SF-1
SF-1
ETJ
ETJ
ETJ
ETJ
ETJ
ETJ
OLD DENTON ROAD
(MINOR ARTERIAL 68' R.O.W.)
PHASE 1
254 LOTS
PHASE 2
164 LOTS

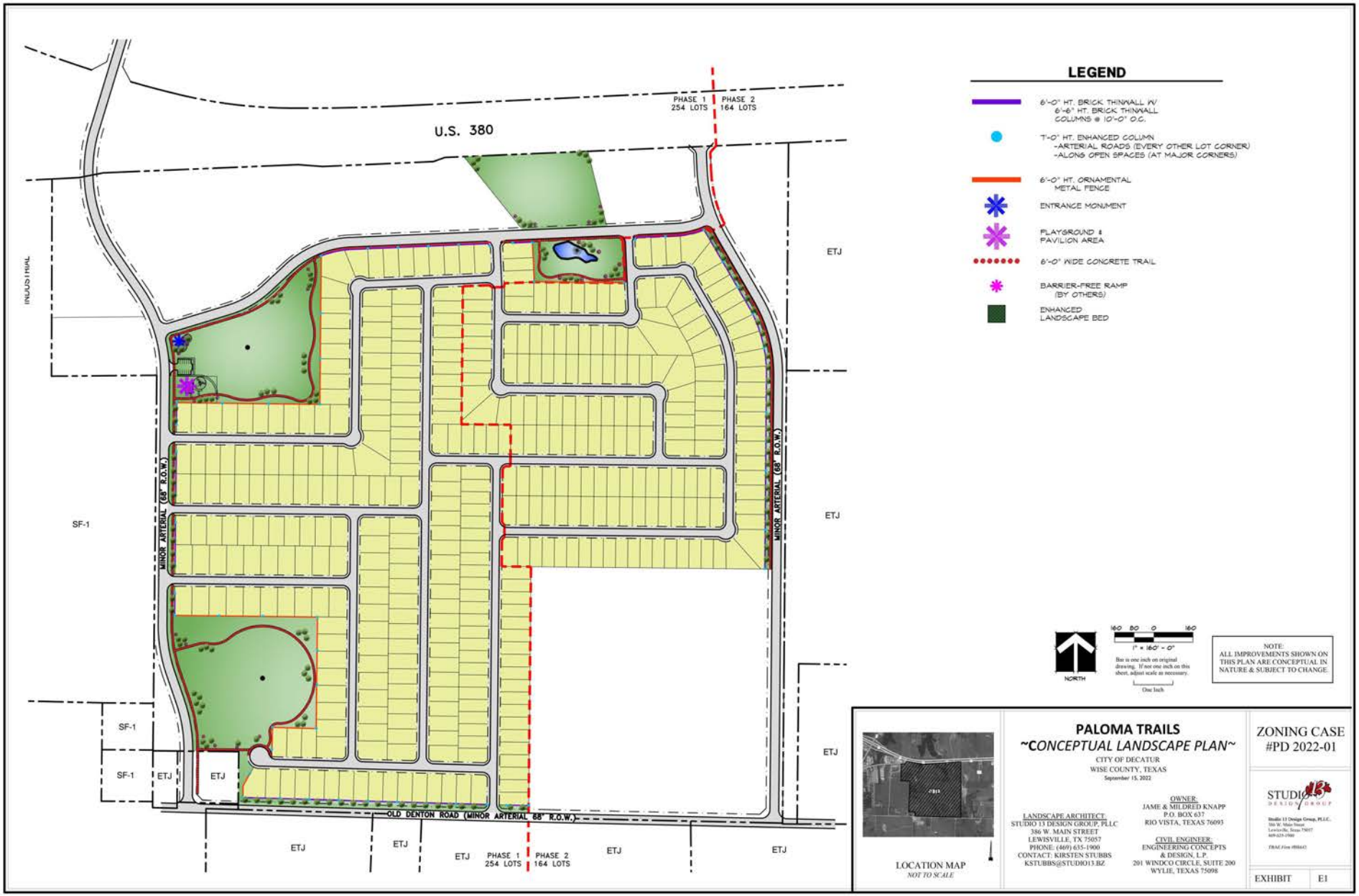

PHASE 1
254 LOTS
PHASE 2
164 LOTS
U.S. 380
INDUSTRIAL
ETJ
SF-1
MINOR ARTERIAL (68' R.O.W.)
MINOR ARTERIAL (68' R.O.W.)
SF-1
SF-1
ETJ
ETJ
ETJ
OLD DENTON ROAD (MINOR ARTERIAL 68' R.O.W.)
ETJ
ETJ
ETJ
PHASE 1
254 LOTS
PHASE 2
164 LOTS
ETJ
ETJ
LEGEND
6'-0" HT. BRICK THINWALL W/
6'-6" HT. BRICK THINWALL
COLUMNS @ 10'-0" O.C.
7'-0" HT. ENHANCED COLUMN
-ARTERIAL ROADS (EVERY OTHER LOT CORNER)
-ALONG OPEN SPACES (AT MAJOR CORNERS)
6'-0" HT. ORNAMENTAL
METAL FENCE
ENTRANCE MONUMENT
PLAYGROUND &
PAVILION AREA
6'-0" WIDE CONCRETE TRAIL
BARRIER-FREE RAMP
(BY OTHERS)
ENHANCED
LANDSCAPE BED
NORTH
160 80 0 160
1" = 160' - 0"
Bar is one inch on original drawing. If not one inch on this sheet, adjust scale as necessary.
One Inch
NOTE:
ALL IMPROVEMENTS SHOWN ON THIS PLAN ARE CONCEPTUAL IN NATURE & SUBJECT TO CHANGE.
LOCATION MAP
NOT TO SCALE
PALOMA TRAILS
~CONCEPTUAL LANDSCAPE PLAN~
CITY OF DECATUR
WISE COUNTY, TEXAS
September 15, 2022
LANDSCAPE ARCHITECT:
STUDIO 13 DESIGN GROUP, PLLC
386 W. MAIN STREET
LEWISVILLE, TX 75057
PHONE: (469) 635-1900
CONTACT: KIRSTEN STUBBS
KSTUBBS@STUDIO13.BZ
OWNER:
JAME & MILDRED KNAPP
P.O. BOX 637
RIO VISTA, TEXAS 76093
CIVIL ENGINEER:
ENGINEERING CONCEPTS
& DESIGN, L.P.
201 WINDCO CIRCLE, SUITE 200
WYLIE, TEXAS 75098
ZONING CASE
#PD 2022-01
STUDIO 13 DESIGN GROUP
EXHIBIT
E1

Exhibit E
Authorized Improvements and Estimated Costs

Development Agreement Cost Summary - Exhibit 'E'

3UHOLPLQDU\ 2SLQLRQ RI 3UREDEOH &RQVWUXFWLRQ &RVWV
3DORPD 7UDLOV &3 (3XEOLF ,PSURYHPHQW 'LVWULFW
7XHVGD\ 6HSWHPEHU

'LYLVLRQ	'LUHFW 3XEOLF		0DVWHU 3XEOLF		3XEOLF 7RWDO	3ULYDWH		3ULYDWH 7RWDO	3XEOLF 3ULYDWH 7RWDO
	3KDVH	3KDVH	3KDVH		3KDVH	3KDVH	3KDVH		
*UDGLQJ									
(URVLRQ &RQWURO									
3DYLQJ									
:DWHU 1R 2YHUVL]H									
2IIVLWH :DWHU 1R 2YHUVL]H									
6DQLWDU\ 6HZHU									
2IIVLWH 6DQLWDU\ 6HZHU									
/DQGVFDSH +DUGVFDSH									
'UDLQDJH									
5HWDLQLQJ :DOOV									
6XE 7RWDO									
6RIW &RVWV									
&RQWLQJHQF\									
*UDQG 7RWDOV									

3KDVH 7RWDO 6XPPDU\			
&RVW 7\SH	3KDVH	3KDVH	7RWDO
'LUHFW 3XEOLF			
0DVWHU 3XEOLF			
3ULYDWH			
7RWDO			

Note: Engineering Concepts & Design (ECD) cannot guarantee that quantities, proposals , bids, or actual costs will not vary from this opinion of probable costs. ECD will NOT be resposible for any cost overruns and/or funding shortages.

Note: Does not include moisture conditioning/chemical injection or poly sheeting of pads

Project: [redacted] **#:** [redacted]
Proj Š . Œ
Date: **Density:**

Section	Item Description	Quantity	Unit	Unit Price	Extended Cost
Grading					
	Mobilization	[redacted]	LS	$30,000	$30,000
	Silt Fencing	66.24	AC	$1,250	$82,800
	Excavation	160,400	CY	$4.00	$641,600
	Grading	750	LF	$10.00	$7,500
	Erosion Control Plan		Lot	$500	
	Moisture Conditioning/Chemical Injection		Lot	$2,500	
	Cleanup/Demuck	[redacted]	LS	$10,000	$20,000
$3,078	**Total Grading Cost per Lot**			**Total Grading**	**$781,900**
Erosion Control					
	Inlet Protection	[redacted]	LS	$4,500	$4,500
	Inlet Protection Inspection		WK	$75	$3,000
	Construction Entrance		EA	$4,500	$4,500
	Silt Fence Repair	59.13	AC	$500	$29,565
	Hydromulching	79,200	SF	$0.80	$63,360
	Rock Berm	[redacted]	EA	$1,500	$9,000
	Concrete Washout	19,800	LF	$1.25	$24,750
$546	**Total Erosion Control Cost per Lot**			**Total Erosion Control**	**$138,675**
Paving					
	Concrete Pavement (Residential)	34,190	SY	$55	$1,880,450
	Concrete Pavement (Collector)	220	SY	$65	$1
	Concrete Pavement (Arterial)		SY	$75	
	6" Rock Base (2 Lanes of Old Denton Rd)		SY	$75	
	8" Rock Base	36,990	SY	$5.50	$203,445
	10" Rock Base		SY	$6.50	
	Curb & Gutter	666	TON	$300	$199,746
	Construction Traffic Control	[redacted]	EA	$5,000	$5,000
	Barricades	[redacted]	EA	$2,500	$105,000
	6' Sidewalk (Commercial)	[redacted]	SF	$6.50	
	Connections	[redacted]	LS	$5,000	$25,000
$9,579	**Total Paving Cost per Lot**			**Total Paving**	**$2,432,941**
Water (Not Applicable)					
	8" C900	9,850	LF	$55	$541,750
	12" C900		LF	$100	
	Valve (Including Connection)	50	EA	$5,500	$275,000
	Fire Hydrant Assembly	6.6	LS	$10,000	$66,000
	Services (Includes Irrigation)		Lot	$1,200	
	Connections	22	LS	$7,500	$165,000
$4,125	**Total Water (Not Applicable) Cost per Lot**			**Total Water (Not Applicable)**	**$1,047,750**

Project: [redacted] **# >ts:** [redacted]
Proj Š . Œ
Date: **Density:**

Section	Ite u Description	Quantity	Unit	Uni Š Price	Extende Cost
Offs] Š **ater (N** } K À**sized**E					
	í î — CW s		LF	$100	
	Valv • ~ ï ‰ Œ dor,v š µŒE Œ Inte]section)		EA	$5,500	
	&] š š] v P • U vomuectSo • š] v P		LS	$10,000	
	Aspha o Š Z ‰ ir		LS	$30,000	
	Miscella v } µ • Z ‰ ir		LS	$50,000	
	&] Œ , Ç Œ nts		LS	$7,500	
	Total K (t(•]tate Œ ~ Ee}sizeÀ } • š ‰t Œ > **To** š o K ((•] š **N**t} šK À**E** Œ •] Ì •				
^ v] š Œ**e**Ç ^ Á					
	ô — ^ Z Ï ñ W s	9,880	LF	$70	$691,600
	í î — ^ Z Ï ñ W s		LF	$100	
	Manholes	24	EA	$7,000	$168,000
	Services		Lot	$1,500	
	>] (štion š	[redacted]	LS	$150,000	
	Connect š } Æ] • štjav Ç ^ erÁ	[redacted]	LS	$5,000	$5,000
$3,404	**Tota Sanitary Sewer C** } • **pe Œot**		d } š o ^ v] š Œ Ç		**^$86 4,6E0**
K ((•] š ^ v] š**er** Œ Ç ^ Á					
	ô — Z r í ô õ ì ì ‰ } Œ D		LF	$65	
	í î — ^ Z Ï ñ W s		LF	$110	
	Manholes		LF	$8,000	
	>] (štion š		EA	$1,000,000	
	Bore/Encase ~ & D ñ ntegris ^ } µ šnZrance)		LF	$350	
	Connect š } Æ] • š] v P ^ nita Œ Ç ^ Áer		LS	$5,000	
	To š o K ((•] š Œ Ç v ^ Á š **E**‰ Œ t} > }		**To** š o K ((•] š Œ Ç v ^ Á Œ		
Landscape/Hardsca ‰ ~ W Œ í ^ š µ • š]] u š š ó l î í l î •					
	Entrance D } v µ u v š		EA	$50,000	
	W } v &] n µ v š		EA	$45,000	
	Pl Ç P Œ } µ **l**owance		LS	$80,000	
	Pavillion		EA	$95,000	
	Picnic d bles		LS	$5,000	
	Pa Œ l hes		EA	$1,200	
	ó nhanced olumns		EA	$2,500	
	ò – k Œ d] Z] a Á		LF	$110	
	ò – D l & ev		LF	$45	
	Grad] v P l ^ }] o W Œ ‰		LS	$1,000	
	ð — v } Œ P] v P		LF	$5.00	
	ï — o] ‰ Œ ^ Z d Œ		EA	$500	
	î — o] ‰ me**E**tal**k** o Œ d v Œ		EA	$350	
	^ Z Œ µ • ~ ' Œ } µ v **a**nting À Œ W o		LS	$18,500	
	Bermuda ' Œ • • ^ } o] ^ }		SF	$0.48	
	Na š] À ^ y **D**r] **E**ulch		SF	$0.25	
	h v Œ P Œ } µ v W r**i**g**E**tu} w ^ v Ç • š u		LS	$50,000	
	d u ‰ } Œ Œ Ç / Œ Œ] P š] } v ^ Ç • š u		SF	$0.35	
	Total Landscape/Hardscape Cos š**pe Œot**		**Total Landscape/Hardscape**		

Project: [redacted] **# Lots:** [redacted]
Proj Š **Density:**
Date:

Section	Item Description	Quantity	Unit	Unit Price	Extended Cost
Drainage					
	Contingency Allowance	50%	LS	$2,432,941	$1,216,471
	Storm Water Feature	[redacted]	LS	$50,000	$50,000
$4,986	**Total Drainage Cost per Lot**			**Total Drainage**	**$1,266,471**
$25,718			**CONSTRUCTION COST**		**$6,532,337**
Miscellaneous					
	Geotechnical	[redacted]	LS	$20,000	$10,000
	Water Testing		LS	$12,000	$12,000
	Environmental Assessment		LS	$2,500	$2,500
	Traffic Analysis		LS	$20,000	
	Expert Testimony		LS	$20,000	$10,000
	Engineering/Surveying		LS	$6,532,337	$522,587
	Legal		LS	$25,000	
	Taxes		LS	$15,000	
	Material Testing		LS	$6,532,337	$261,293
	Construction Management		LS	$5,611,762	$168,353
	Testing		Lot	$500	
	Construction Inspection		Lot	$300	$76,200
	As-Built Drawings		LS	$3,000	$3,000
	Retaining Walls		Lot	$3,000	
	Landscape/Screening/Planting		LF	$150	
	Irrigation		LS	$75,000	
	Street Signs		EA	$1,500	$56,567
	Mailboxes		LS	$150,000	
	City Water Tap Fees		Lot		
	Street Lights		Lot		
	Model Home Complex		Lot	$175	
	Easement Acquisition		EA	$5,000	$50,000
	Gas Stations		LS	$50,000	$100,000
	Franchise Fees		Lot	$1,000	
	Contingency	10%	LS	$6,532,337	$653,234
$7,582	**Total Miscellaneous per Lot**			**Total Miscellaneous**	**$1,925,734**

[illegible]

$33,299 **TOTAL CONSTRUCTION COST PER LOT** **$8,458,070**

Project: [redacted] **# >ts:** [redacted]
Proj Š . Œ
Date: **Density:**

Section	Ite u Description	Quantity	Unit	Uni Š Price	Extende Cost
Grading					
	d Œ Z u } À o Ť] • ‰ } •	[redacted]	LS	$30,000	$30,000
	Si Š learin P ~ ' Œ rµ]	36.71	AC	$1,250	$45,888
	Z } µ P Zd] Œ P ~ Z K t = î õX ñ • @ ‰ š Z	88,900	CY	$4.00	$355,600
	Grad š } in Œ	750	LF	$10.00	$7,500
	> } š &] v ' Œ] v P ales W • ~ ^ Á		Lot	$500	
	Moistu Œ nd tioning/Chemical /je ction		Lot	$2,500	
	W } v leanup/ Á š Œ Eem uck	[redacted]	LS	$10,000	$10,000
$2,738	**Tota o Grading } • p er Lot**			**To š o ' id Œ**	**$448,988**
Er } •] } v	} v š Œ } o				
	^ t W W W l W O Œ lu] W š Œ } g n š ^]	[redacted]	LS	$4,500	
	^ t W W W /nspection	[redacted]	WK	$75	$3,000
	Construc š] } v v š Œ nce	[redacted]	EA	$4,500	$4,500
	^] v P } ( ] • š r µ a Œ	32.76	AC	$500	$16,380
	Œ } •] } v D tting	43,600	SF	$0.80	$34,880
	Rock Œ u •	[redacted]	EA	$1,500	$7,500
	^] o š & v e	10,900	LF	$1.25	$13,625
$487	**Tota o Œ } •] } v } v p e Œ L o t o } • š**			**To š o Œ Ç n] } o l**	**$79,885**
Paving					
	ò – – Æ ï ò ì ì ‰ •] ~ Æ • ï] ì – v š] o ^ š Œ š • •	19,090	SY	$55	$1,049,950
	ó – – Æ ï ò ì ì ‰ •] Æ ï ó – r ~ } o o tor)	50	SY	$65	$
	ô – – Æ ï ò ì ì ‰ •] v Æ Œ ó – terial ~ D] •	SY	$75		
	ô – 3600 psi x î ð – (2 Lanes of Old Denton Rd)		SY	$75	
	ô — >] u š Œ š • µ P Œ de	20,580	SY	$5.50	$113,190
	í ì — >] u š Œ š • µ P Œ de		SY	$6.50	
	>] u ~ › ï ò > ^ l ^ z •	370	TON	$300	$111,132
	Construc š] } v d Œ ffic Control	[redacted]	EA	$5,000	$5,000
	Ba Œ Œ] Œ & Œ Z mps	[redacted]	EA	$2,500	$62,500
	6' i d ew o l o m m } v Œ	[redacted]	SF	$6.50	
	Connections	[redacted]	LS	$5,000	$20,000
$8,323	**Tota o Paving C } • p e Œ Lot**			**Total Paving**	**$1,365,022**
Water (N }	K Á Œ size)				
	ô — C W s	5,470	LF	$55	$300,850
	í î — C W s		LF	$100	
	Valv • ~ ï ‰ Œ d o n / v š µ Œ Œ E Inst] section)	17	EA	$5,500	$93,500
	&] š š] v m e d U] } v • U š • š] v P	3.7	LS	$10,000	$37,000
	Services ~ c l u d es Irrigation)		Lot	$1,200	
	&] Œ n Ç Œ	15	LS	$7,500	$112,500
$3,316	**Tota o Wate Œ - O e size) C } • p e Œ Lot**			**To š o t š N] Œ K Á Œ •] ì •**	**$543,850**

Project: [redacted] **# >ts:** [redacted]
Proj Š . Œ
Date: **Density:**

Section	Ite u Description	Quantity	Unit	Uni Š Price	Extende Cost
Offs] Š **ater (N** } K À**sized**Œ					
	í î — CW s		LF	$100	
	Valv • ~ ï ‰ Œ dor/,v š µŒ Œ Inte]section)		EA	$5,500	
	&] š š] v P • U vomuectšo • š] v P		LS	$10,000	
	Aspha o Š Z ‰ ir		LS	$30,000	
	Miscella v } µ • Z ‰ ir		LS	$50,000	
	&] Œ , Ç Œ nts		LS	$7,500	
	Total K (t(•]tate Œ ~ Ee}sizeÀ } • š ‰t Œ > **To** š o K ((•] š **N**t} šK À**E** Œ •] Ì •				
^ v] š Œ**e**Ç ^ Á					
	ô — ^ Z Œ ñ W s	5,450	LF	$70	$381,500
	í î — ^ Z Œ ñ W s		LF	$100	
	Manholes	15	EA	$7,000	$105,000
	Services		Lot	$1,500	
	>] (štion š	[redacted]	LS	$150,000	
	Connect š } Æ] • štjv Ç ^ erÁ	[redacted]	LS	$5,500	$5,000
$2,997	**Tota o Sanitary Sewer C** } • **pe** Œ**ot**		d } š o ^ v] š Œ Ç ^		**$49 1,5E0**
K ((•] š ^ v] š**er** Œ Ç ^ Á					
	ô — Z r í ô õ ì ì ‰ } Œ D		LF	$65	
	í î — ^ Z Œ ñ W s		LF	$110	
	Manholes		LF	$8,000	
	>] (štion š		EA	$1,000,000	
	Bore/Encase ~ & D ñ ntegris ^ } µ šnZ rance)		LF	$350	
	Connect š } Æ] • š] v P ^ nita Œ Ç ^ Áer		LS	$5,000	
	To š o K ((•] š Œ Ç v ^ Á š **E**Œ t} > }		**To** š o K ((•] š Œ Ç v ^ Á Œ		
Landscape/Hardsca ‰ ~ W Œ í ^ š µ • š]] u š š ó l î í l î •					
	Entrance D } v µ u v š		EA	$50,000	
	W } v &] n µ v š		EA	$45,000	
	Pl Ç P Œ } µ low ance		LS	$80,000	
	Pavillion		EA	$95,000	
	Picnic dbles		LS	$5,000	
	Pa Œ l hes		EA	$1,200	
	ó nhanced olumns		EA	$2,500	
	ò – k Œ d] Z] a W Á		LF	$110	
	ò – D l š & ev		LF	$45	
	Grad] v P l ^ }] o W Œ ‰		LS	$1,000	
	ð — v } Œ P] v P		LF	$5.00	
	ï — o] ‰ Œ ^ Z d Œ		EA	$500	
	î — o] ‰ me**E**ntal**K** o Œ d v Œ		EA	$350	
	^ Z Œ µ • ~ ' Œ } µ v nting À Œ W o		LS	$18,500	
	Bermuda ' Œ • • ^ } o] ^ }		SF	$0.48	
	Na š] À ^ y D r] **E**ulch		SF	$0.25	
	h v Œ P Œ } µ v W rrig**E**tu} w ^ v Ç • š u		LS	$50,000	
	d u ‰ } Œ Œ Ç / Œ Œ] P š] } v ^ Ç • š u		SF	$0.35	
	Total Landscape/Hardscape Cos š**pe** Œ**ot**		**Total Landscape/Hardscape**		

Project: [redacted] **# Units:** [redacted]
Proj Š **Density:**
Date:

Section	Item Description	Quantity	Unit	Unit Price	Extended Cost
Drainage					
	^ š } Œ llowance	50%	LS	$1,365,022	$682,511
	š v š] } v W } v ure ^ š Œ µ	[redacted]	LS	$50,000	
$4,162	**Total Drainage Cost per Lot**			**Total Drainage**	**$682,511**
$22,023			**CONSTRUCTION COST**		**$3,611,756**
Miscellaneous					
	Geotechnical Z ‰ } Œ š ~ W Œ o] u	[redacted]	LS	$20,000	
	Water (š Z h ^ tions š Œ u] v		LS	$12,000	
	Environmental Site • ssment		LS	$2,500	
	Traffic / u ‰ nalysis		LS	$20,000	
	Ex] • š] v P d } ‰ } t } ^] v W Œ } i		LS	$20,000	
	Engineering/Surveying		LS	$3,611,756	$288,940
	& o } } ^ š µ Ç ~ > K D Z		LS	$25,000	
	Tx K d W Œ u] š		LS	$15,000	
	Material d • š] v P		LS	$3,611,756	$144,470
	] š Ç / v } ‰ & •		LS	$3,082,883	$92,486
	} v • š Œ µ š] } v W • Z • ^ Œ À		Lot	$500	
	Construc š] } v k ‰		Lot	$300	$49,200
	As r µ] o ‰ s W o		LS	$3,000	
	Retaining Walls		Lot	$3,000	
	Landscape/Screening/Planting		LF	$150	
	v š Œ Çure &		LS	$75,000	
	^ š Œ š >] P Z š •		EA	$1,500	$29,933
	d µ Œ v] v P > v • ~ } v h ^ ï ô ì •		LS	$150,000	
	Cit Ç a W / u ‰ es		Lot		
	] š Ç d Z Œ } µ P Z š Œ • / u ‰		Lot		
	o µ • š Œ } Æ bo x v } š ~ D h •		Lot	$175	
	Ea • u v š quisition		EA	$5,000	
	Ga • >] v ations }		LS	$50,000	$50,000
	Franchis hild Ç st ll		Lot	$1,000	
	Contingency	10%	LS	$3,611,756	$361,176
$6,196	**Total Miscellaneous per Lot**			**Total Miscellaneous**	**$1,016,206**

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• Z } Œ š P •] š] • o] l l š o ‰ Œ E Z š • u Á] Œ o í ì 9 r ï ì 9 Z] P Z Œ š Z v • Z } Á v] v š Z] • • š] u š] (
î ì î î X Á] o o E K d (} Œ • ‰ Ç •] } o š } À Œ (Œ E v] v P v • Z } Œ š P • X

d K d > K ^ d K & K K E Z d Z h THIS ^ TIM d $4,627,962
d K d > OST W Z > K d K & d / ONSTR z d , / ^ ^ d / D $28,219

Project: [redacted] **# Lots:** [redacted]
Proj Š **Œ**
Date: **Density:**

Section	Item Description	Quantity	Unit	Unit Price	Extended Cost
Grading					
	Mobilization	[redacted]	LS	$30,000	
	Silt Fencing	16.00	AC	$1,250	$20,000
	Rough Grading	48,100	CY	$4.00	$192,400
	Grading		LF	$10.00	
	Retaining Walls		Lot	$500	
	Moisture Conditioning/Chemical Injection		Lot	$2,500	
	Clean up/Dewatering	[redacted]	LS	$10,000	
$836	**Total Cost Grading per Lot**			**Total Grading**	**$212,400**
Erosion Control					
	SWPPP Plan Preparation	[redacted]	LS	$4,500	
	SWPPP Inspection	[redacted]	WK	$75	$1,500
	Construction Entrance	[redacted]	EA	$4,500	
	Temporary Seeding	9.27	AC	$500	$4,635
	Erosion Control Netting	56,600	SF	$0.80	$45,280
	Rock Berm	[redacted]	EA	$1,500	$6,000
	Silt Fence	14,200	LF	$1.25	$17,750
$296	**Total Cost Erosion Control per Lot**			**Total Erosion Control**	**$75,165**
Paving					
	6" Residential		SY	$55	
	8" Residential	9,670	SY	$65	$628,550
	8" Arterial	13,410	SY	$75	$1,005,750
	8" Asphalt (2 Lanes of Old Denton Rd)	3,850	SY	$75	$288,750
	6" Curb	10,400	SY	$5.50	$57,200
	4" Curb	18,550	SY	$6.50	$120,575
	Base	521	TON	$300	$156,330
	Construction Traffic Control	[redacted]	EA	$5,000	$5,000
	Barricades	[redacted]	EA	$2,500	$32,500
	6' Screening Wall	[redacted]	SF	$6.50	$330,785
	Connections	[redacted]	LS	$5,000	$15,000
$10,395	**Total Cost Paving per Lot**			**Total Paving**	**$2,640,440**
Water (Not Included)					
	8" CWS		LF	$55	
	12" CWS	6,340	LF	$100	$634,000
	Valve (Including Insertion)	17	EA	$5,500	$93,500
	Connect to Existing	8.5	LS	$10,000	$85,000
	Services (Includes Irrigation)		Lot	$1,200	
	Meters	6	LS	$7,500	$45,000
$3,376	**Total Cost Water (Not Included) per Lot**			**Total Water (Not Included)**	**$857,500**

Project: [redacted] **# Lots:** [redacted]
Proj Š [redacted] **. Œ**
Date: [redacted] **Density:** [redacted]

Section	Item Description	Quantity	Unit	Unit Price	Extended Cost
Offsite Water (N} K Àsized)E					
	í î — CWs	4,910	LF	$100	$491,000
	Valv • ~ ï ‰ Œ dor/,v š µŒE Œ Inte]section)	8	EA	$5,500	$44,000
	&]šš]vP•U onnect]}v•U š •š]vP	6.6	LS	$10,000	$66,000
	Aspha oš Z ‰ ir	1	LS	$30,000	$30,000
	Miscella v }µ• Z ‰ ir	1	LS	$50,000	$50,000
	&]Œ , Ç Œ nts	9	LS	$7,500	$67,500
$2,947	**Total K (t(•]tate Œ ~ Ee}sizeÀ }•š ‰ Œ > To š o K ((•]š Nt} šK ÀE Œ•]Ì •**				**$748,500**
^ v]š Œeq ^ Á					
	ô — ^ Z Œ ñ Ws		LF	$70	
	í î — ^ Z Œ ñ Ws	4,760	LF	$100	$476,000
	Manholes	13	EA	$7,000	$91,000
	Services		Lot	$1,500	
	>](štion šš	[redacted]	LS	$150,000	
	Connect š} Æ]•štav Ç ^erÁ	[redacted]	LS	$5,000	$5,000
$2,252	**Tota oSanitary Sewer C}•pe Œot**			d}š o ^ v]š Œ Ç ^	**$57,000**
K((•]š ^ v]šer Œ Ç ^ Á					
	ô — Z rí ô õ ì ì ‰ }Œ D	5,270	LF	$65	$342,550
	í î — ^ Z Œ ñ Ws	210	LF	$110	$23,100
	Manholes	2	LF	$8,000	$16,000
	>](štion šš	1	EA	$1,000,000	$1,000,000
	Bore/Encase ~ & D ñ nté gris ^}µ šnZ rance)	140	LF	$350	$49,000
	Connect š} Æ]•š]vP ^ nitar Ç ^ Áer	1	LS	$5,000	$5,000
$5,652	**Tota oOffsite Sanitary Sewer C}•pe Œot**			**To** š o K((•]š Œ Çv ^ Á	**$1,435,650**
Landscape/Hardsca ‰ ~ W Œ í ^ š µ • š]] u š š ó l î í l î î •					
	Entrance D}vµu vš	1	EA	$50,000	$50,000
	W}v &}inµ vš	1	EA	$45,000	$45,000
	Pl Ç P Œ}µ owance	1	LS	$80,000	$80,000
	Pavillion	1	EA	$95,000	$95,000
	Picnic dbles	4	LS	$5,000	$20,000
	Pa Œ l hes	2	EA	$1,200	$2,400
	ó – nc Z }oµuv•	46	EA	$2,500	$115,000
	ò – k Œ d]Z]a Á	2,400	LF	$110	$264,000
	ò – Dl š& e	2,920	LF	$45	$131,400
	Grad]vP l^}]o W Œ ‰	11	LS	$1,000	$10,500
	ð — v } Œ P]vP	300	LF	$5.00	$1,500
	ï — o]‰ Œ ^Z d Œ	120	EA	$500	$60,000
	î — o]‰ me Œ tak o Œ d Œ	30	EA	$350	$10,500
	^Z Œ µ • ~ 'Œ}µ unting À Œ W o	1	LS	$18,500	$18,500
	Bermuda 'Œ •• ^}o] ^}	419,600	SF	$0.48	$201,408
	Naš]À ^ D]Æ ,hÇ Œ}uµo	250,000	SF	$0.25	$62,500
	hv Œ P Œ}µv Wr ig Œ tu} w ^v Ç • š u	8	LS	$50,000	$415,000
	Tempora Œ Ç / Œ Œ y s te m š]}v ^	250,000	SF	$0.35	$87,500
$6,576	**Tota oLandscape/Hardscape C}•pe Œot**			**Total Landscape/Hardscape**	**$1,670,208**

Project: [redacted] **# >ts:** [redacted]
Proj Š **. Œ**
Date: **Density:**

Section	Ite u Description	Quantity	Unit	Uni Š Price	Extende Cost
Drainage					
	^ š } Œllowance	50%	LS	$2,640,440	$1,320,220
	š v š] } v W } vure^ š Œ µ	[redacted]	LS	$50,000	
$5,198	**Tota o Drainage C } • pe Œot**			**Total Drainage**	**$1,320,220**
$37,528		**CONSTRUCTI K E , Z OST d K d**			**> $9,532,083**
Miscellaneous					
	Geotechnica o Z ‰ } Œ š ~ W Œ o] u	[redacted]	LS	$20,000	$10,000
	Wa š Œ • } (š Z h ^ tion š Œ u] v		LS	$12,000	
	Environmental Site • ssment		LS	$2,500	
	Traffic / u ‰ nalysis		LS	$20,000	$20,000
	Ex] • š] v P d } ‰ } t } ^] W Œ } i		LS	$20,000	$10,000
	Engineering/Surveying		LS	$7,861,875	$628,950
	& o } } ^ š µ Ç ~ > K D Z		LS	$25,000	
	Tx K d W Œ u] š		LS	$15,000	$15,000
	Material d • š] v P		LS	$7,861,875	$314,475
	] š Ç / v } ‰ & •		LS	$7,767,110	$233,013
	} v • š Œ µ š] } v W e Z • ^ Œ À		Lot	$500	
	Construc š] } v k ^ h g		Lot	$300	$76,200
	As r µ] o s s W o		LS	$3,000	
	Retaining Walls		Lot	$3,000	
	Landscape/Screening/Planting		LF	$150	
	v š Œ Çure&		LS	$75,000	
	^ š Œ š >] P Z š •		EA	$1,500	
	d µ Œ v] v P > v • ~ } v h ^ ï ô ì •		LS	$150,000	$300,000
	Cit Ç a W / u ‰ ees		Lot		
	] š Ç d Z Œ } µ P Z š Œ • / u ‰		Lot		
	o µ • š Œ } Æ bo x v } š ~ D h •		Lot	$175	
	Ea • u v š quisition		EA	$5,000	
	Ga • >] v ations }		LS	$50,000	
	Franchis hil s Ç stall		Lot	$1,000	
	Contingency	10%	LS	$9,532,083	$953,208
$10,082	**Tota o Miscellane } µ • } pe s Lot**			**To š o is Cellaneous**	**$2,560,847**

µ š } š Z Æ š Œ u u Œ l š À } o š] o] š Ç Œ E Z ‰ v s] Á v P Œ E } ‰ Œ o • v l š] o (Ç u Æ ‰ š ‰ Œ } µ š] } v v
• Z } Œ š P •] š] • o] l l š o ‰ Œ E Z] š • u Á] Œ E o í ì 9 r ï ì 9 Z] P Z Œ š Z v • Z } Á v] v š Z] • • š] u š] (
î ì î î X Á] o o E K d (} Œ E • ‰ Ç •] } • o š } À Œ (Œ E v u] • v P v • Z] } Œ E š P • X

d K d > K ^ d K & K K E Z d Z h	**THIS/ ^TIM**	**$12,092,930**
d K d > **OST** W Z > K d K & d / **ONSTR** z d , / ^ ^	d / D	**$47,610**

Project:	[redacted]	Î	#	>ts:	[redacted]
Proj	Š		·	Œ	
Date:				**Density:**	

Section	Ite u Description	Quantity	Unit	Uni Š Price	Extende Cost
Grading					
	d Œ Z u } À o Ì] • ‰ } •	[redacted]	LS	$30,000	
	Si Š learin P ~ ' Œ ng]	8.78	AC	$1,250	$10,975
	Z } µ P Zd] Œ P ~ Z K t = î õX ñ • @ ‰ š Z	28,400	CY	$4.00	$113,600
	Grad š } in Œ		LF	$10.00	
	> } š &] v ' Œ] v P ales W • ~ ^ Á		Lot	$500	
	Moistu Œ nd tioning/Chemical jection		Lot	$2,500	
	W } v leanup/Dewate Œ ~ u µ l	[redacted]	LS	$10,000	
$760	**Tota o Grading } • pe r Lot**			**To š o ' id g**	**$124,575**
Er } •] } v	} v š Œ } o				
	^ t W W W l W O Œ lu] W š Œ } g n š ^]	[redacted]	LS	$4,500	
	^ t W W W /nspection	[redacted]	WK	$75	$1,500
	Constructi } v ntrance	[redacted]	EA	$4,500	
	^] v P } ( ] • š µ a Œ	5.89	AC	$500	$2,945
	Œ } •] } v D tting	28,400	SF	$0.80	$22,720
	Rock Œ u •	[redacted]	EA	$1,500	$7,500
	^] o š & v e	7,100	LF	$1.25	$8,875
$265	**Tota o Œ } •] } v } v p e d L o t o } • š**			**To š o Œ ç n] } o l**	**$43,540**
Paving					
	ò – – Æ ï ò ì ì ‰ •] Æ ï ì - o ^ r š Œ - Z š i d e n t i a		SY	$55	
	ó – – Æ ï ò ì ì ‰ •] Æ t o r ï) ó – r ~ } o o 50		SY	$65	$3,250
	ô – – Æ ï ò ì ì ‰ •] Æ A r t é r i a l r ~ ~ D] v } 10	10,210	SY	$75	$765,750
	ô – 3600 psi x î ð – (2 Lanes of Old Denton Rd)	2,780	SY	$75	$208,500
	ô — >] u š Œ š • µ P Œ de	50	SY	$5.50	$275
	í ì — >] u š Œ š • µ P Œ de	13,960	SY	$6.50	$90,740
	>] u ~ › ï ò > ^ l ^ z •	252	TON	$300	$75,654
	Construc š] } v d Œ ffic Control	[redacted]	EA	$5,000	$5,000
	Ba Œ Œ] Œ & Œ Z mps	[redacted]	EA	$2,500	$5,000
	6' i d ew o l o m m } v Œ	[redacted]	SF	$6.50	$56,290
	Connections	[redacted]	LS	$5,000	$15,000
$7,472	**Tota o Paving C } • p e Œ t**			**Total Paving**	**$1,225,459**
Water (N }	K Á Œ size)				
	ô — C W s		LF	$55	
	í î — C W s	3,510	LF	$100	$351,000
	Valv • ~ ï ‰ Œ d o n / v š µ Œ Œ In e] section)	5	EA	$5,500	$27,500
	&] š š] v m e d U] } v • U š • š] v P	4.7	LS	$10,000	$47,000
	Services ~ c l u d e s Irrigation)		Lot	$1,200	
	&] Œ n ç Œ	10	LS	$7,500	$75,000
$3,052	**Tota o Wate Œ - O e size) C } • p e Œ t**			**To š o t š N] Œ K - Á Œ •] ì**	**$500,500**

Project: [redacted] **# >ts:** [redacted]
Proj Š . Œ
Date: **Density:**

Section	Ite u Description	Quantity	Unit	Uni Š Price	Extende Cost
Offs] Š **ater (N** } K Àsize[					
	í î — CW s		LF	$100	
	Valv • ~ ï ‰ Œ dor/,v Š µ[Œ Inte section)		EA	$5,500	
	&] Š Š] v P • U vonnuectSo • Š] v P		LS	$10,000	
	Aspha o Š Z ‰ ir		LS	$30,000	
	Miscella v } µ • Z ‰ ir		LS	$50,000	
	&] Œ , Ç Œ nts		LS	$7,500	
	Total K (t(•]tate Œ ~ Ee sizeÀ } • š ‰ Œ > **To** š o K ((•] š **N** t} šK ÀE Œ •] Ì •				
^ v] š Œ e Ç ^ Á					
	ô — ^ Z Œ ñ W s		LF	$70	
	í î — ^ Z Œ ñ W s	1,560	LF	$100	$156,000
	Manholes	6	EA	$7,000	$42,000
	Services		Lot	$1,500	
	>] (štion š	[redacted]	LS	$150,000	
	Connect š } Æ] • štav Ç ^ erÁ	[redacted]	LS	$5,000	$5,000
$1,238	**Tota o Sanitary Sewer C** } • pe Œ ot		d } š o ^ v] š Œ Ç ^		**$203,000**
K ((•] š ^ v] šer Œ Ç ^ Á					
	ô — Z r í ô õ ì ì i & } Œ D		LF	$65	
	í î — ^ Z Œ ñ W s		LF	$110	
	Manholes		LF	$8,000	
	>] (štion š		EA	$1,000,000	
	Bore/Encase ~ & D ñ nté gris ^ } µ š nZ rance)		LF	$350	
	Connect š } Æ] • š] v P ^ nita Œ Ç ^ Áer		LS	$5,000	
	To š o K ((•] š Œ Æ Çv ^ Á š Œ E t} > }		**To** š o K ((•] š Œ Æ Çv ^ Á Œ		
Landscape/Hardsca ‰ ~ W Œ E í ^ š µ • š]] u š š ó l î í l î î •					
	Entrance D } v µ u v š		EA	$50,000	
	W } v &] in µ v š		EA	$45,000	
	Pl Ç P Œ }] ow vance		LS	$80,000	
	Pavillion		EA	$95,000	
	Picnic d bles		LS	$5,000	
	Pa Œ l vches		EA	$1,200	
	ó – nhanced olumns	14	EA	$2,500	$35,000
	ò – Œ] k d Z] v Áall	1,840	LF	$110	$202,400
	6' D š l & v e		LF	$45	
	Grading/So] o rep W	1	LS	$1,000	$1,000
	4" v } Œ P] v P		LF	$5.00	
	3" o] ‰ Œ ^ Z d Œ	30	EA	$500	$15,000
	2" lip Œ K rnamenta o d Œ		EA	$350	
	^ Z Œ µ • ~ ' Œ } µ v } À r W oanting			$18,500	
	Bermuda ' Œ • • ^ } o] ^ }	45,400	SF	$0.48	$21,792
	Na š] À ^ , D Ç] Æ Œ } u µ o Z		SF	$0.25	
	Unde Œ P Œ } µ v W rme v v š /rrigati } v ^ Çstem		1	$50,000	$50,000
	T u ‰ } Œ rrig Œ t Ç } v System		SF	$0.35	
$1,983	**Tota o Landscape/Hardscape C** } • pe Œ ot		**Total Landscape/Hardscape**		**$325,192**

Project: [redacted] **# Units:** [redacted]
Proj Š **Density:**
Date:

Section	Item Description	Quantity	Unit	Unit Price	Extended Cost
Drainage					
	Allowance	50%	LS	$1,225,459	$612,730
	[redacted]	[redacted]	LS	$50,000	
$3,736	**Total Drainage Cost per Lot**			**Total Drainage**	**$612,730**
$18,506			**CONSTRUCTION COST**		**$3,034,996**
Miscellaneous					
	Geotechnical	[redacted]	LS	$20,000	
	Water		LS	$12,000	
	Environmental Site Assessment		LS	$2,500	
	Traffic Analysis		LS	$20,000	
	Expert Witness		LS	$20,000	
	Engineering/Surveying		LS	$2,709,804	$216,784
	Legal		LS	$25,000	
	Taxes		LS	$15,000	
	Materials		LS	$2,709,804	$108,392
	[redacted]		LS	$2,541,689	$76,251
	[redacted]		Lot	$500	
	[redacted]		Lot	$300	$49,200
	Assumptions		LS	$3,000	
	Retaining Walls		Lot	$3,000	
	Landscape/Screening/Planting		LF	$150	
	[redacted]		LS	$75,000	
	[redacted]		EA	$1,500	
	[redacted]		LS	$150,000	
	City Fees		Lot		
	[redacted]		Lot		
	[redacted]		Lot	$175	
	Easement Acquisition		EA	$5,000	
	Gas Connections		LS	$50,000	
	Franchise Utility Coordination		Lot	$1,000	
	Contingency	10%	LS	$3,034,996	$303,500
$4,598	**Total Miscellaneous per Lot**			**Total Miscellaneous**	**$754,127**

[redacted]

TOTAL COST **$3,789,122**

COST PER CONSTRUCTION UNIT **$23,104**

Project: [redacted] **# Lots:** [redacted]
Proj Š [redacted] **Œ**
Date: [redacted] **Density:** [redacted]

Section	Item Description	Quantity	Unit	Unit Price	Extended Cost
Grading					
	Mobilization	2	LS	$30,000	$60,000
	Silt Fencing	127.73	AC	$1,250	$159,663
	Mass Grading	325,800	CY	$4.00	$1,303,200
	Grading Limits	1,500	LF	$10.00	$15,000
	Stabilized Construction Entrance		Lot	$500	
	Moisture Conditioning/Chemical Injection		Lot	$2,500	
	Wet Cleanup/ Muck	3	LS	$10,000	$30,000
$3,751	**Total Grading Cost per Lot**			**Total Grading**	**$1,567,863**
Erosion Control					
	SWPPP Preparation	1	LS	$4,500	$4,500
	SWPPP Inspection	120	WK	$75	$9,000
	Construction Exits	2	EA	$4,500	$9,000
	Silt Fence Repairs	107.05	AC	$500	$53,525
	Hydromulching	207,800	SF	$0.80	$166,240
	Rock Berms	20	EA	$1,500	$30,000
	Inlet Protection	52,000	LF	$1.25	$65,000
$807	**Total Erosion Control Cost per Lot**			**Total Erosion Control**	**$337,265**
Paving					
	6" Reinforced Concrete Pavement	53,280	SY	$55	$2,930,400
	6" Reinforced Concrete Pavement (Collector)	9,990	SY	$65	$649,350
	8" Reinforced Concrete Pavement (Arterial)	23,620	SY	$75	$1,771,500
	8" Reinforced Concrete Pavement (2 Lanes of Old Denton Rd)	6,630	SY	$75	$497,250
	Curb & Gutter	68,020	SY	$5.50	$374,110
	Curb & Gutter	32,510	SY	$6.50	$211,315
	Flexible Base	1,810	TON	$300	$542,862
	Traffic Control	4	EA	$5,000	$20,000
	Barricades	82	EA	$2,500	$205,000
	6' Wrought Iron Fence	59,550	SF	$6.50	$387,075
	Connections	15	LS	$5,000	$75,000
$18,335	**Total Paving Cost per Lot**			**Total Paving**	**$7,663,862**
Water (Not Applicable)					
	8" C900	15,320	LF	$55	$842,600
	12" C900	9,850	LF	$100	$985,000
	Valve (Including Box and Lid)	89	EA	$5,500	$489,500
	Bacteriological Testing	23.5	LS	$10,000	$235,000
	Services (Including Irrigation)		Lot	$1,200	
	Fire Hydrants	53	LS	$7,500	$397,500
$7,056	**Total Water (Not Applicable) Cost per Lot**			**Total Water (Not Applicable)**	**$2,949,600**

Project: [redacted] **# Lots:** [redacted]
Proj Š [redacted] **Œ**
Date: [redacted] **Density:** [redacted]

Section	Item Description	Quantity	Unit	Unit Price	Extended Cost
Offsite Water (N}					
	Water Mains	4,910	LF	$100	$491,000
	Valves (Including Intersection)	8	EA	$5,500	$44,000
	Fittings & Connections	6.6	LS	$10,000	$66,000
	Asphalt Repair	1	LS	$30,000	$30,000
	Miscellaneous	1	LS	$50,000	$50,000
	Mobilization	9	LS	$7,500	$67,500
$1,791	**Total Offsite Water Cost per Lot**			**Total Offsite Water Cost**	**$748,500**
Sanitary Sewer					
	8" Sanitary Sewer Mains	15,330	LF	$70	$1,073,100
	12" Sanitary Sewer Mains	6,320	LF	$100	$632,000
	Manholes	58	EA	$7,000	$406,000
	Services		Lot	$1,500	
	Lift Station		LS	$150,000	
	Connect to Existing Sewer	4	LS	$5,000	$20,000
$5,098	**Total Onsite Sanitary Sewer Cost per Lot**			**Total Onsite Sanitary Sewer Cost**	**$2,131,100**
Offsite Sanitary Sewer					
	8" Sanitary Sewer Mains	5,270	LF	$65	$342,550
	12" Sanitary Sewer Mains	210	LF	$110	$23,100
	Manholes	2	LF	$8,000	$16,000
	Lift Station	1	EA	$1,000,000	$1,000,000
	Bore/Encase (Entrance)	140	LF	$350	$49,000
	Connect to Existing Sewer	1	LS	$5,000	$5,000
$3,435	**Total Offsite Sanitary Sewer Cost per Lot**			**Total Offsite Sanitary Sewer Cost**	**$1,435,650**
Landscape/Hardscape					
	Entrance Monument	1	EA	$50,000	$50,000
	Wayfinding Signage	1	EA	$45,000	$45,000
	Playground Allowance	1	LS	$80,000	$80,000
	Pavillion	1	EA	$95,000	$95,000
	Picnic Tables	4	LS	$5,000	$20,000
	Park Benches	2	EA	$1,200	$2,400
	Mailbox Clusters	60	EA	$2,500	$150,000
	6' Wood Fencing	4,240	LF	$110	$466,400
	Decorative Fencing	2,920	LF	$45	$131,400
	Grading Allowance	12	LS	$1,000	$11,500
	Trees	300	LF	$5.00	$1,500
	Shrubs	150	EA	$500	$75,000
	Ornamental Trees	30	EA	$350	$10,500
	Irrigation Allowance	1	LS	$18,500	$18,500
	Bermuda Sod	465,000	SF	$0.48	$223,200
	Native Seed	250,000	SF	$0.25	$62,500
	Irrigation Controller	9	LS	$50,000	$465,000
	Temporary Irrigation System	250,000	SF	$0.35	$87,500
$4,774	**Total Landscape/Hardscape per Lot**			**Total Landscape/Hardscape**	**$1,995,400**

Project: [redacted] **# >ts:** [redacted]
Proj Š . Œ
Date: **Density:**

Section	Ite u Description	Quantity	Unit	Uni Š Price	Extende Cost
Drainage					
	^ š } Œ llowance	50%	LS	$7,663,862	$3,831,931
	š v š] } v W } vture ^ š Œ µ	1	LS	$50,000	$50,000
$9,287	**Tota o Drainage C } • pe Œ Lot**			**Total Drainage**	**$3,881,931**
$54,333		**CONSTRUCTI** K E , Z	**OST** d K d		**$22,711,171**
Miscellaneous					
	Geotechnica o Z ‰ } Œ š ~ W Œ o] u K v o Ç •		LS	$20,000	$20,000
	Wa š Œ • } (š Z h ^ tion š Œ u] v	1	LS	$12,000	$12,000
	Environmenta o ^] s sessment	1	LS	$2,500	$2,500
	Traffic / u ‰ nalysis	1	LS	$20,000	$20,000
	Ex] • š] v P d } ‰ } t } ( ] W Œ } i	1	LS	$20,000	$20,000
	Engineering/Surveying	8%	LS	$20,715,771	$1,657,262
	& o } } ^ š µ Ç ~ > K D Z		LS	$25,000	
	Tx K d W Œ u] š	1	LS	$15,000	$15,000
	Material d • š] v P	4%	LS	$22,711,171	$828,631
	] š Ç / v } ‰ & •	3%	LS	$19,003,443	$570,103
	} v • š Œ µ š] } v W s Z • ^ Œ À]		Lot	$500	
	Construc š] } v k ng	418	Lot	$600	$250,800
	As r µ] o s s W o	1	LS	$3,000	$3,000
	Retaining Walls		Lot	$3,000	
	Landscape/Screening/Planting		LF	$150	
	v š Œ Çure &		LS	$75,000	
	^ š Œ š >] P Z š •	58	EA	$1,500	$86,500
	d µ Œ v] v P > v • ~ } v h ^ ïôì •	2	LS	$150,000	$300,000
	Cit Ç a W / u ‰ ees		Lot		
	] š Ç d Z Œ } µ P z š Œ • / u ‰		Lot		
	o µ • š Œ } Æ bo x v] š ~ D h •		Lot	$175	
	Ea • u v š quisition	10	EA	$5,000	$50,000
	Ga • >] v z tions }	3	LS	$50,000	$150,000
	Franchis hil s Ç st a ll		Lot	$1,000	
	Contingency	10%	LS	$22,711,171	$2,271,117
$14,969	**Tota o Miscellane } µ • } pe š Lot**		**To** š **o is** D **ellaneous**		**$6,256,913**

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Project: [redacted] r W Z #• >ts: [redacted]
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Section	Ite u Description	Quantity	Unit	Uni Š Price	Extende Cost	
Grading						
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	> } š &] v 'Œ] v P ~ W • ˜ ^ Áales)	254	Lot	$500		$127,000
$500	**Tota G Grading } • p ě r Lot**		**To** Š o 'i d Eg		**$127,000**	
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	Servic • ~l/µ v • / Œ Œ] gation)	254	Lot	$1,200	$304,800	
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	Services	254	Lot	$1,500	$381,000	
$1,500	**Tota S Sanitary Sewer C } • p e E ot**		d } š o ^ v] š Œ Ç ^		**$381,000**	
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Miscellaneous						
	Engineering/Surveying	[redacted]	LS	$812,800	$65,024	
	Material d • š] v P		LS	$812,800	$32,512	
	] š Ç / v • ‰ t] } v & •		LS	$381,000	$11,430	
	Construc š] } v ^ š king		Lot	$100	$25,400	
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	Contingency	10%	LS	$812,800	$81,280	
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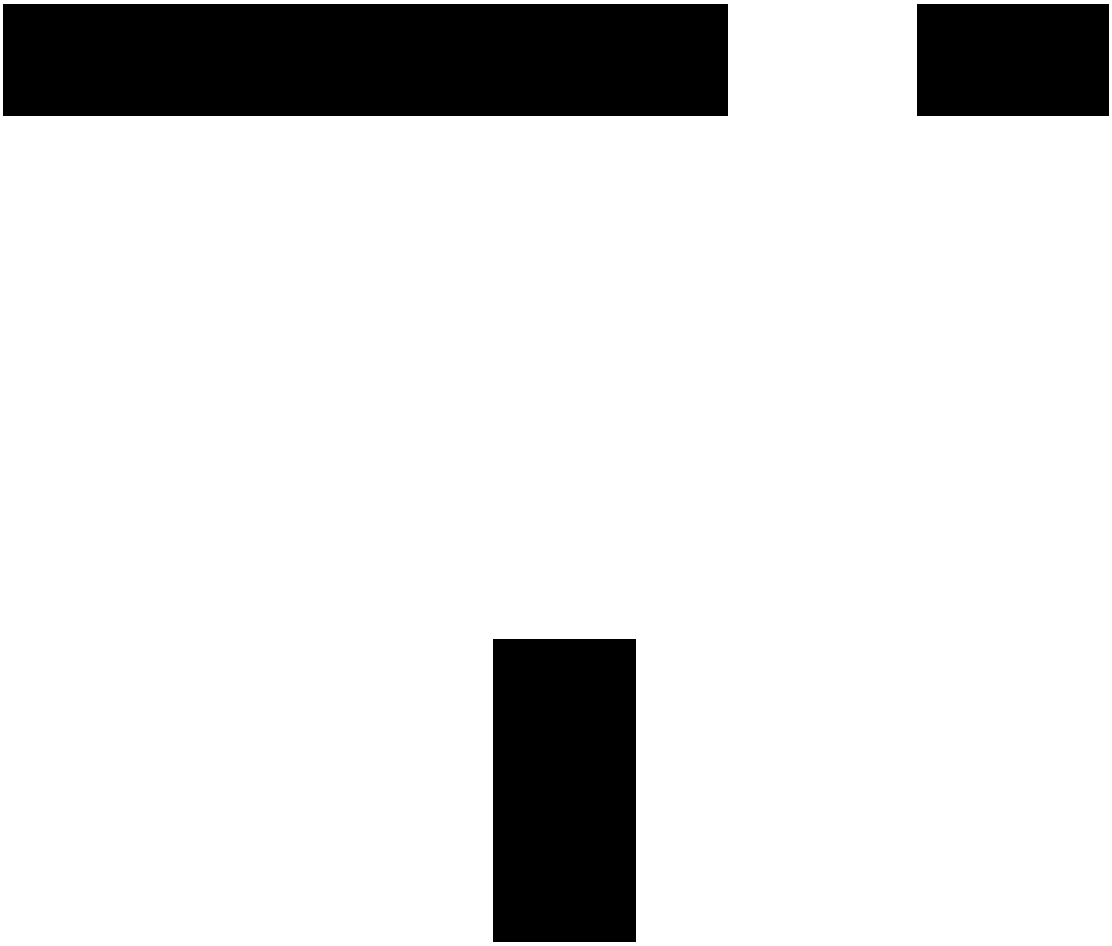

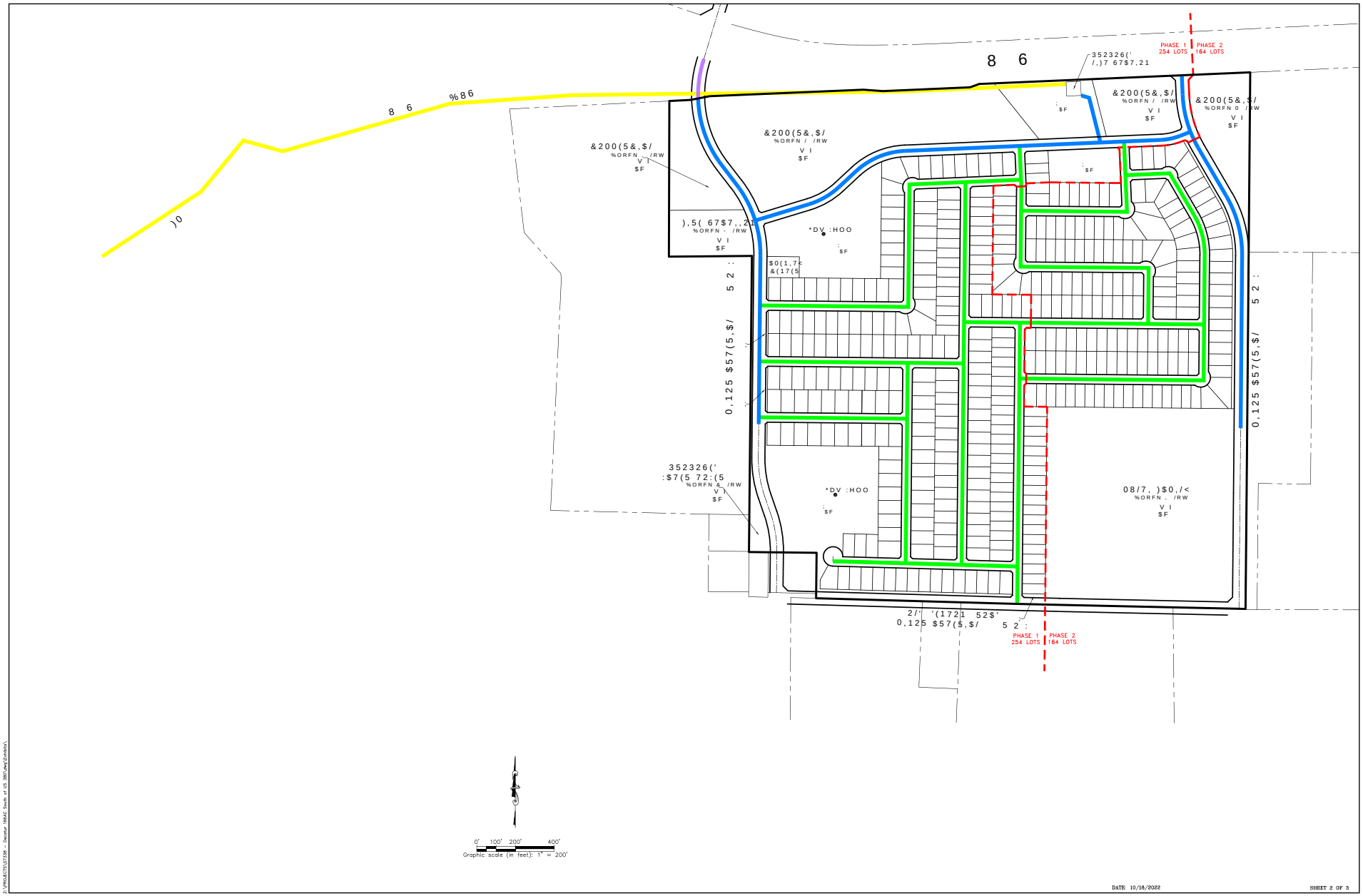

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SHEET 2 OF 3

APPENDIX G

FORM OF IMPROVEMENT AREA #1
CONSTRUCTION, FUNDING, AND ACQUISITION AGREEMENT

PALOMA TRAILS PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1 CONSTRUCTION, FUNDING, AND ACQUISITION AGREEMENT

THIS PALOMA TRAILS PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1 CONSTRUCTION, FUNDING, AND ACQUISITION AGREEMENT (this "Agreement"), dated as of February 10, 2025, is by and between the CITY OF DECATUR, TEXAS, a home-rule municipality of the State of Texas (the "City"), and PALOMA TRAILS DEVELOPMENT, LLC, a Texas limited liability company (the "Developer").

ARTICLE I
DEFINITIONS

The following terms shall have the meanings ascribed to them in this Article I for purposes of this Agreement. Unless otherwise indicated, any other terms, capitalized or not, when used herein shall have the meanings ascribed to them in the Indenture (as hereinafter defined).

"Act" means the Public Improvement District Assessment Act, Texas Local Government Code, Chapter 372, as amended.

"Actual Costs" means the costs of the Improvement Area #1 Projects actually paid or incurred for construction and installation of the Improvement Area #1 Projects in accordance with the Service and Assessment Plan.

"Administrator" means, initially, P3 Works, LLC, or any other individual or entity designated by the City to administer the District.

"Annual Service Plan Update" means the annual update to the Service and Assessment Plan conducted by the Administrator pursuant to the Service and Assessment Plan and approved by ordinance adopted by the City.

"Assessments" shall have the meaning ascribed to it in the Indenture.

"Authorized Improvements" means improvements authorized by Section 372.003(b) of the Act.

"Bond Ordinance" means the ordinance adopted by the City Council on February 10, 2025 authorizing the issuance of the Bonds pursuant to the Indenture.

"Bonds" means the City's bonds designated "City of Decatur, Texas, Special Assessment Revenue Bonds, Series 2025 (Paloma Trails Public Improvement District Improvement Area #1 Project)".

"Budgeted Costs" means the anticipated, agreed upon costs of the Improvement Area #1 Projects as shown in Exhibit B of the Service and Assessment Plan.

"Certification for Payment" means a certificate, substantially in the form of Exhibit B hereto or such other form agreed to by the Developer, the Administrator and the City Representative, executed by an engineer, construction manager or other person or entity acceptable to the City, as evidenced by the signature of a City Representative, provided no more frequently than once per each month to the City Representative and the Trustee, specifying the amount of work performed and the amount charged for that work, including materials and labor costs, presented to the Trustee to request payment for Actual Costs of Improvement Area #1 Projects under the Indenture.

"City Inspector" means an individual employed by or an agent of the City whose job is, in part or in whole, to inspect infrastructure to be owned by the City for compliance with all rules and regulations applicable to the development and the infrastructure inspected.

"City Manager" means the City Manager of the City, or its designee.

"City Representative" means the City Manager, or any other official or agent of the City later authorized by the City to undertake the actions referenced herein.

"Closing Disbursement Request" means the certificate, substantially in the form of Exhibit A hereto or such other form agreed to by the Developer, Administrator, and City Representative, executed by an engineer, construction manager or other person or entity acceptable to the City, as evidenced by the signature of a City Representative, specifying the amounts to be disbursed for the costs related to the creation of the District and the costs of issuance of the Bonds.

"Construction Contracts" means the contracts for the co nstruction of an Improvement Area #1 Project. "Construction Contract" means any one of the Construction Contracts.

"Costs" means the Budgeted Costs or the Actual Costs of an Improvement Area #1 Project as reflected in a Construction Contract, if greater than the Budgeted Costs.

"Costs of Issuance Account" means the account of such name in the Project Fund created under Section 6.1 of the Indenture.

"Cost Overrun" means, with respect to each Improvement Area #1 Project, the Actual Cost, as appropriate, of such Improvement Area #1 Project in excess of the Budgeted Cost.

"Cost Underrun" has the meaning assigned such term in Section 4.04 hereof.

"Development Agreement" means that certain Paloma Trails Development Agreement between the City and TWS Land Partners, LP, approved by the City effective as of November 8, 2022, as assigned to the Developer, and as the same may be amended from time to time.

"District" shall mean Paloma Trails Public Improvement District created May 13, 2024.

"Final Completion" means completion of an Improvement Area #1 Project in compliance with existing City standards for dedication under the City's ordinances and the Development Agreement.

"Improvement Area #1" means the initial improvement area to be developed and generally shown in Exhibit A-2 to the Service and Assessment Plan, as specifically depicted and described as the sum of all parcels shown in Exhibit F-1 to the Service and Assessment Plan.

"Improvement Area #1 Projects" shall have the meaning given to it in the Service and Assessment Plan.

"Improvement Area #1 Projects Account" means the account of such name in the Project Fund created under Section 6.1 of the Indenture.

"Indenture" means that certain Indenture of Trust between the City and Wilmington Trust, National Association, as trustee, dated as of March 1, 2025 relating to the Bonds.

"Major Improvements" means the Authorized Improveme nts which benefit all of the property within the District and as described in Section III of the Service and Assessment Plan.

"Plans" means the plans, specifications, schedules and related construction contracts for the Improvement Area #1 Projects, respectively, approved pursuant to the applicable standards, ordinances, procedures, policies and directives of the City, the Development Agreement, and any other applicable governmental entity.

"Project Fund" means the fund, including the accounts created and established under such fund, where monies from the proceeds of the sale of the Bonds and funds received from the Developer, excluding those deposited in other funds in accordance with the Indenture, shall be deposited, and the fund by such name created under the Indenture.

"Release Restriction" shall have the meaning given to it in the Indenture.

"Service and Assessment Plan" means the Paloma Trails Public Improvement District Service and Assessment Plan adopted by a City ordinance on February 10, 2025 by the City Council, prepared pursuant to the Act.

"Substantial Completion" means the time at which the construction of an Improvement Area #1 Project (or specified segment, section or part thereof) has progressed to the point where such Improvement Area #1 Project (or a specified segment, section or part thereof) is sufficiently complete in accordance with the Construction Contracts related thereto so that such Improvement Area #1 Project (or a specified segment, section or part thereof) can be utilized for the purposes for which it is intended.

ARTICLE II
RECITALS

Section 2.01. The District and the Improvement Area #1 Projects.

(a) The City has created the District under the Act for the financing of, among other things, the acquisition, construction and installation of the Improvement Area #1 Projects.

(b) The City has authorized the issuance of the Bonds in accordance with the provisions of the Act, the Bond Ordinance and the Indenture, the proceeds of which Bonds shall be used, in part, to finance a portion of the Improvement Area #1 Projects in accordance with the terms and limitations of the Indenture, the Development Agreement, this Agreement, and the Service and Assessment Plan.

(c) All Improvement Area #1 Projects are eligible to be financed with proceeds of the Bonds.

(d) The proceeds from the issuance and sale of the Bonds and funds received from the Developer concurrently with the closing of such bonds, if any, shall be deposited in accordance with the Indenture.

(e) The Developer will undertake, oversee, or ensure the construction and development of the Improvement Area #1 Projects for acquisition and acceptance by the City, in accordance with the terms and conditions contained in the Development Agreement and this Agreement.

Section 2.02. Agreements. In consideration of the mutual promises and covenants set forth herein, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the City and the Developer agree that the foregoing recitals, as applicable to each, are true and correct and further make the agreements set forth herein.

ARTICLE III
FUNDING

Section 3.01. Bonds.

(a) The City, in connection with this Agreement, is proceeding with the issuance and delivery of the Bonds.

(b) The projects to be financed in part with the proceeds of the Bonds are the Improvement Area #1 Projects. The payment of Costs from the proceeds of the Bonds for such Improvement Area #1 Projects shall be made from the Improvement Area #1 Projects Account of the Project Fund established under the Indenture.

(c) The City's obligation with respect to the payment of the Costs of the Improvement Area #1 Projects shall be limited to the lesser of the Actual Costs or Budgeted Costs, and shall be

payable solely from amounts on deposit for the payment of such Costs as provided herein and in the Indenture. The Developer agrees and acknowledges that it is responsible for all Cost Overruns and all expenses related to the Improvement Area #1 Projects, qualified, however, by the distribution of Cost Underrun monies, as detailed in Section 4.04.

(d) The City shall have no responsibility whatsoever to the Developer with respect to the investment of any funds held in the Project Fund by the Trustee under the provisions of the Indenture, including any loss of all or a portion of the principal invested or any penalty for liquidation of an investment.

(e) The Developer acknowledges that any lack of availability of amounts in the funds or accounts established in the Indenture to pay the Costs of the Improvement Area #1 Projects shall in no way diminish any obligation of the Developer with respect to the construction of or contributions for the Improvement Area #1 Projects required by this Agreement, the Development Agreement, or any other agreement to which the Developer is a party or any governmental approval to which the Developer or any land within the District is subject.

(f) The Developer acknowledges that as a result of the anticipation (but without guarantee) that the bonds are being issued in two series, some funds may not be immediately available for reimbursement for Actual Costs submitted and approved with an approved Certification for Payment. Both parties acknowledge that these remaining amounts will be disbursed, to the extent of available monies in the Project Fund, as applicable under the terms of the Indenture and this Agreement, as money is deposited into the Project Fund for the payment of such Actual Costs.

Section 3.02 Funds and Accounts. All disbursements from the Improvement Area #1 Projects Account of the Project Fund shall be made by the City in accordance with provisions of the Development Agreement, the Service and Assessment Plan, this Agreement, and the Indenture.

ARTICLE IV
CONSTRUCTION OF THE IMPROVEMENT AREA #1 PROJECTS

Section 4.01. Duty of Developer to Construct.

(a) All Improvement Area #1 Projects shall be constructed by or at the direction of the Developer in accordance with the Plans and in accordance with this Agreement and the Development Agreement. The Developer shall perform, or cause to be performed, all of its obligations and shall conduct, or cause to be conducted, all operations with respect to the construction of Improvement Area #1 Projects in a good, workmanlike and commercially reasonable manner, with the standard of diligence and care normally employed by duly qualified persons utilizing their commercially reasonable efforts in the performance of comparable work and in accordance with generally accepted practices appropriate to the activities undertaken. The Developer shall employ at all times adequate staff or consultants with the requisite experience necessary to administer and coordinate all work related to the design, engineering, acquisition,

construction and installation of all Improvement Area #1 Projects, to be acquired and accepted by the City, from the Developer as provided in this Agreement.

(b) The Developer shall not be relieved of its obligation to construct or cause to be constructed each Improvement Area #1 Project and, upon completion, inspection, and acceptance, convey each such Improvement Area #1 Project to the City, in accordance with the terms hereof, even if there are insufficient funds in the Project Fund or other funds or accounts created under the Indenture to pay the Actual Costs thereof. In any event, this Agreement shall not affect any obligation of the Developer under any other agreement to which the Developer is a party or any governmental approval to which the Developer or any land within the District is subject, with respect to the Improvement Area #1 Projects required in connection with the development of the land within the District.

Section 4.02. No Competitive Bidding. The Improvement Area #1 Projects shall not require competitive bidding pursuant to Section 252.022(a)(9) of the Texas Local Government Code, as amended.

Section 4.03. Independent Contractor. In performing this Agreement, the Developer is an independent contractor and not the agent or employee of the City with respect to the Improvement Area #1 Projects.

Section 4.04. Remaining Funds After Completion of an Improvement Area #1 Project. Upon the Final Completion of an Improvement Area #1 Project and payment of all outstanding invoices for such Improvement Area #1 Project, if the Actual Cost of such Improvement Area #1 Project is less than the Budgeted Cost of such Improvement Area #1 Project (a "Cost Underrun"), any remaining Budgeted Cost may be made available to pay Cost Overruns on any other Improvement Area #1 Project. The City shall promptly confirm to the Administrator that such remaining amounts are available to pay such Cost Overruns, and the Developer, the Administrator and the City Representative will agree how to use such moneys to secure the payment and performance of the work for other Improvement Area #1 Projects and shall include this update in the next Annual Service Plan Update. Any Cost Underrun for any Improvement Area #1 Project is available to pay Cost Overruns on any other Improvement Area #1 Project.

Section 4.05. Contracts and Change Orders. The Developer shall be responsible for entering into all contracts and any supplemental agreements (herein referred to as "change orders") required for the construction of the Improvement Area #1 Projects. Developer or its contractors may approve and implement any change orders, even if such change order would increase the Cost of an Improvement Area #1 Project, but the Developer shall be solely responsible for payment of any Cost Overruns resulting from such change orders except to the extent amounts are available pursuant to Section 4.04. If any change order is for work that requires changes to be made by an engineer to the construction and design documents and plans previously approved under Section 4.01, then such revisions made by an engineer must be submitted to the City for approval by the

City's engineer prior to execution of the change order.

ARTICLE V
ACQUISITION, CONSTRUCTION, AND PAYMENT

Section 5.01. Payment Requests for Disbursements at Closing. In order to receive the disbursement from the Improvement Area #1 Projects Account or the Costs of Issuance Account of the Project Fund at closing of the Bonds related to costs of issuance of such Bonds or costs incurred in the creation of the District, the Developer shall execute a Closing Disbursement Request, substantially in the form of Exhibit A hereto or otherwise acceptable and agreed to by the City, to be delivered to the City no less than ten (10) business days prior to the scheduled Closing Date for the Bonds for payment in accordance with the provisions of the Indenture. In order to receive the disbursement for an Improvement Area #1 Project from the Improvement Area #1 Projects Account of the Project Fund at closing of the Bonds, the Developer shall execute a Certification for Payment, substantially in the form of Exhibit B hereto or otherwise agreed to by the City, to be delivered to the City no later than ten (10) business days prior to the scheduled Closing Date for the Bonds for payment in accordance with the provisions of the Indenture. Upon approval by the City, the City shall submit a Closing Disbursement Request or a Certification for Payment, as applicable, to the Trustee for disbursement to be made from the Improvement Area #1 Projects Account of the Project Fund.

Section 5.02. Certification for Payment for an Improvement Area #1 Project.

(a) No payment hereunder shall be made from the Project Fund to the Developer for work on an Improvement Area #1 Project until a Certification for Payment is received from the Developer. Upon receipt of a Certification for Payment substantially in the form of Exhibit B hereto (and all accompanying documentation required by the City) from the Developer, the City Inspector shall conduct a review in order to confirm that such request is complete, that the work with respect to such Improvement Area #1 Project identified therein for which payment is requested was completed in accordance with all applicable governmental laws, rules and regulations and applicable Plans therefor and with the terms of this Agreement, the Development Agreement, and to verify and approve the Actual Cost of such work specified in such Certification for Payment (collectively, the "Developer Compliance Requirements"). The City Inspector and/or the City Representative shall also conduct such review as is required in his discretion to confirm the matters certified in the Certification for Payment. The Developer agrees to cooperate with the City Inspector and/or City Representative in conducting each such review and to provide the City Inspector and/or City Representative with such additional information and documentation as is reasonably necessary for the City Inspector and/or City Representative to conclude each such review.

(b) Within fifteen (15) business days of receipt of any Certification for Payment, the City Representative shall either (i) approve and execute the Certification for Payment and forward

the same to the Administrator for approval and delivery to the Trustee for payment to the Developer in accordance with Section 5.03(a) hereof or (ii) in the event the City Representative disapproves the Certification for Payment, give written notification to the Developer of the City Representative's disapproval, in whole or in part, of such Certification for Payment, specifying the reasons for such disapproval and the additional requirements to be satisfied for approval of such Certification for Payment. If a Certification for Payment seeking reimbursement is approved only in part, the City Representative shall specify the extent to which the Certification for Payment is approved and shall deliver such partially approved Certification for Payment to the Administrator for approval in accordance with Section 5.03 hereof and delivery to the Developer in accordance with Section 5.02(c) hereof, and any such partial work shall be processed for payment under Section 5.03 notwithstanding such partial denial.

(c) If the City Representative denies the Certification for Payment, the denial must be in writing, stating the reason(s) for denial. The denial may be appealed to the City Council by the Developer in writing within thirty (30) days of being denied by the City Representative. Denial of the Certification for Payment by the City Council shall be attempted to be resolved by half-day mediation between the parties in the event an agreement is not otherwise reached by the parties, with the mediator's fee being paid by Developer. The Certification for Payment shall not be forwarded to the Trustee for payment until the dispute is resolved by the City and the Developer.

(d) The Developer shall deliver the approved or partially approved Certification for Payment to the Trustee for payment and the City shall direct the Trustee to make such payment from the Project Fund in accordance with Section 5.03 below.

(e) Upon request of the Developer, at such time as the City has accepted the Improvement Area #1 Improvements, the City shall provide a City Certificate to the Trustee evidencing the satisfaction of the Release Restriction for the Improvement Area #1 Projects Account as set forth in the Indenture.

Section 5.03. Payment for Improvement Area #1 Project.

(a) Upon receipt of a reviewed and approved Certification for Payment, the Trustee shall make payment from the Improvement Area #1 Projects Account of the Project Fund and designated in the Certification for Payment pursuant to the terms of the Certification for Payment and the Indenture in an amount not to exceed the Budgeted Cost for the particular Improvement Area #1 Project, unless a Cost Overrun amount has been approved for a particular Improvement Area #1 Project. If a Cost Overrun amount has been approved, then the amount reimbursed shall not exceed the Budgeted Amount plus the approved Cost Overrun amount.

(b) Approved Certifications for Payment that await reimbursement shall not accrue interest.

(c) Notwithstanding any other provisions of this Agreement, when payment is made,

the City shall direct the Trustee to make payment directly to the general contractor or supplier of materials or services or jointly to Developer (or any permitted assignee of such Developer) and the general contractor or supplier of materials or services, as indicated in an approved Certification for Payment, out of available and appropriate funds in the Project Fund. If the request for payment results in ninety percent (90%) or more of the Budgeted Costs for such Improvement Area #1 Project identified in such request for payment being paid, then the City shall direct the Trustee to hold the payment until work with respect to that Improvement Area #1 Project has been completed and accepted by the City. If an unconditional lien release related to the items referenced in the Certification for Payment is attached to such Certification for Payment, the City shall direct the Trustee to make such payment to the Developer or any permitted assignee of the Developer. In the event the Developer provides a general contractor's or supplier of materials' unconditional lien release for a portion of the work covered by a Certification for Payment, the City shall direct the Trustee to make such payment directly to the Developer or any permitted assignee of the Developer to the extent of such lien release.

(d) Withholding Payments.

Nothing in this Agreement shall be deemed to prohibit the Developer or the City from contesting in good faith the validity or amount of any mechanics or materialman's lien and/or judgment nor limit the remedies available to the Developer or the City with respect thereto, including the withholding of any payment that may be associated with the exercise of such remedy, so long as such delay in performance shall not subject the Improvement Area #1 Project to foreclosure, forfeiture, or sale. In the event that any such mechanics or materialman's lien and/or judgment with respect to any Improvement Area #1 Project is contested, the Developer shall post or cause delivery of a surety bond in the amount determined by the City or the City may decline to accept the Improvement Area #1 Projects until such mechanics or materialman's lien and/or judgment is satisfied.

ARTICLE VI
OWNERSHIP AND TRANSFER OF IM PROVEMENT AREA #1 PROJECT

Section 6.01. Improvement Area #1 Project to be Owned by the City– Title Evidence. If required by the City, the Developer shall furnish to the City a preliminary title report for land with respect to an Improvement Area #1 Project to be acquired and accepted by the City from the Developer and not previously dedicated or otherwise conveyed to the City for review and approval at least thirty (30) calendar days prior to the transfer of title of an Improvement Area #1 Project to the City. The City shall approve the preliminary title report unless it reveals a matter which, in the reasonable judgment of the City, could materially affect the City's clean title or use and enjoyment of any part of the property or easement covered by the preliminary title report. In the event the City does not approve the preliminary title report, the City shall not be obligated to accept title to the Improvement Area #1 Project until the Developer has cured such objections to title to the satisfaction of the City.

Section 6.02. Improvement Area #1 Project Constructed on City Land or Developer Land. If an Improvement Area #1 Project is on land owned by the City, the City hereby grants to the Developer a license to enter upon such land for purposes related to construction (and maintenance pending acquisition and acceptance) of the Improvement Area #1 Project. If the Improvement Area #1 Project is on land owned by the Developer, the Developer hereby grants to the City an easement to enter upon such land for purposes related to inspection and maintenance (pending acquisition and acceptance) of the Improvement Area #1 Project. The grant of the permanent easement shall not relieve the Developer of any obligation to grant the City title to property and/or easements related to the Improvement Area #1 Project as required by the Development Agreement or as should in the City's reasonable judgment be granted to provide for convenient access to and routine and emergency maintenance of such Improvement Area #1 Project. The provisions for inspection and acceptance of such Improvement Area #1 Project otherwise provided herein shall apply.

ARTICLE VII
REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 7.01. Representations, Covenants and Warranties of the Developer. The Developer represents and warrants for the benefit of the City as follows:

(a) Organization. The Developer is a limited liability company duly formed, organized and validly existing under the laws of the State of Texas, is in compliance with the laws of the State of Texas, and has the power and authority to own its properties and assets and to fulfill its obligations in this Agreement and the Development Agreement and to carry on its business in the State of Texas as now being conducted as hereby contemplated.

(b) Authority. The Developer has the power and authority to enter into this Agreement and has taken all action necessary to cause this Agreement to be executed and delivered, and this Agreement has been duly and validly executed and delivered by the Developer.

(c) Binding Obligation. This Agreement is a legal, valid and binding obligation of the Developer, enforceable against the Developer in accordance with its terms, subject to bankruptcy and other equitable principles.

(d) Compliance with Law. The Developer shall not commit, suffer or permit any act to be done in, upon or to the lands in the District or the Improvement Area #1 Projects in violation of any law, ordinance, rule, regulation or order of any governmental authority or any covenant, condition or restriction now or hereafter affecting the lands in the District or the Improvement Area #1 Projects.

(e) Requests for Payment. The Developer represents and warrants that (i) it will not request payment from the Project Fund for the acquisition, construction or installation of any improvements that are not part of the Costs associated with the Improvement Area #1 Projects,

and (ii) it will diligently follow all procedures set forth in this Agreement with respect to the Certification for Payments.

(f) Financial Records. For a period of two years after completion of the Improvement Area #1 Projects, the Developer covenants to maintain proper books of record and account for the construction of the Improvement Area #1 Projects and all Costs related thereto. Such accounting books shall be maintained in accordance with generally accepted accounting principles, and shall be available for inspection by the City or its agents at any reasonable time during regular business hours on reasonable notice.

(g) Plans. The Developer represents that it has obtained or will obtain approval of the Plans from all appropriate departments of the City and from any other public entity or public utility from which such approval must be obtained. The Developer further agrees that, subject to the terms hereof, the Improvement Area #1 Projects have been or will be constructed in full compliance with such Plans and any change orders thereto consistent with the Act, this Agreement and the Development Agreement. Developer shall provide as-built plans for all Improvement Area #1 Projects to the City.

(h) Additional Information. The Developer agrees to cooperate with all reasonable written requests for nonproprietary information by the initial purchaser of the Bonds, the City Manager and the City Representative related to the status of construction of the Improvement Area #1 Projects within the District, the anticipated completion dates for future improvements and any other matter that the initial purchaser of the Bonds or City Representative deems material to the investment quality of the Bonds.

(i) Continuing Disclosure Agreement. The Developer agrees to provide the information required pursuant to the Continuing Disclosure Agreement of the Developer executed by the Developer in connection with the Bonds.

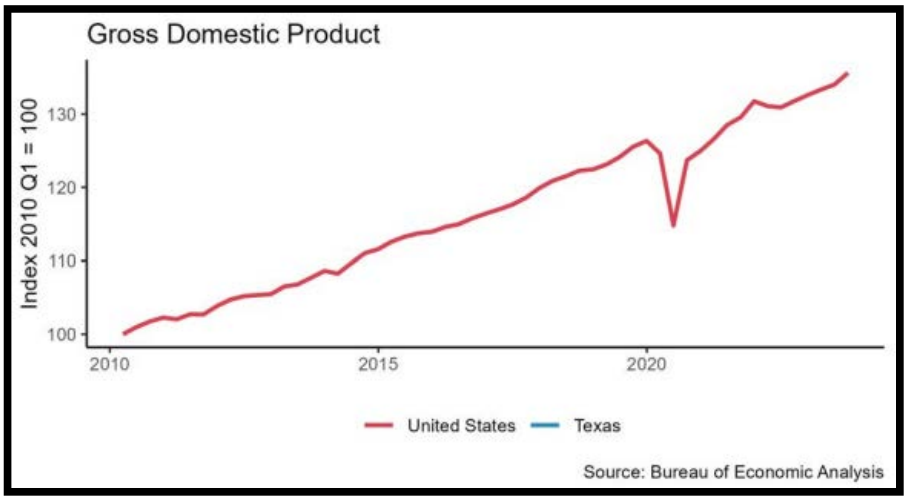
(j) Tax Certificate. The City will deliver a certificate relating to the Bonds (such certificate, as it may be amended and supplemented from time to time, being referred to herein as the "Tax Certificate") containing covenants and agreements designed to satisfy the requirements of 26 U.S. Code Sections 103 and 141 through 150, inclusive, and the federal income tax regulations issued thereunder relating to the use of the proceeds of the Bonds or of any monies, securities or other obligations on deposit to the credit of any of the funds and accounts created by the Indenture or this Agreement or otherwise that may be deemed to be proceeds of the Bonds within the meaning of 26 U.S. Code Section 148 (collectively, "Bond Proceeds").

The Developer covenants to provide, or cause to be provided, such facts and estimates as the City reasonably considers necessary to enable it to execute and deliver its Tax Certificate. The Developer further covenants that (i) such facts and estimates will be based on its reasonable expectations on the date of issuance of the Bonds and will be, to the best of the knowledge of the officers of the Developer providing such facts and estimates, true, correct and complete as of that

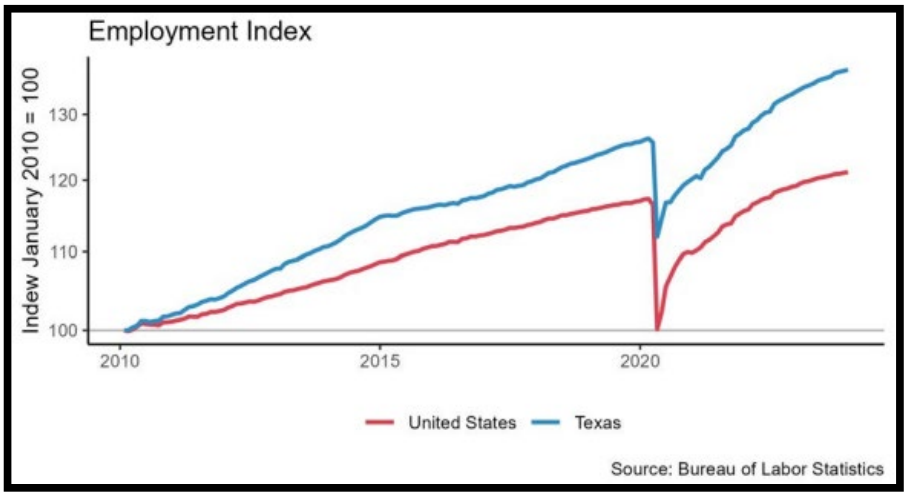
date, and (ii) the Developer will make reasonable inquiries to ensure such truth, correctness and completeness. The Developer covenants that it will not make, or (to the extent that it exercises control or direction) permit to be made, any use or investment of the Bond Proceeds (including, but not limited to, the use of the Improvement Area #1 Projects) that would cause any of the covenants or agreements of the City contained in the Tax Certificate to be violated or that would otherwise have an adverse effect on the tax-exempt status of the interest payable on the Bonds for federal income tax purposes.

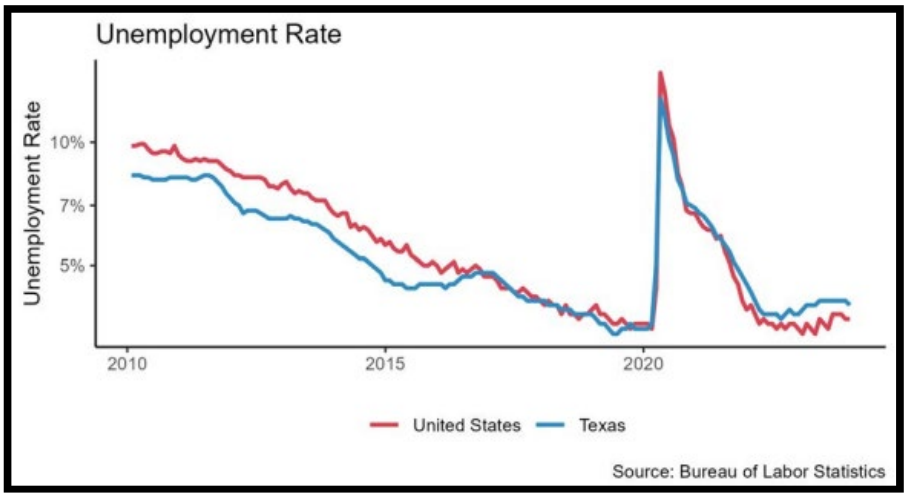
(k) Financial Resources. The Developer represents and warrants that it has the financial resources, or the ability to obtain sufficient financial resources, to meet its obligations under this Agreement, the Service and Assessment Plan and the Development Agreement.

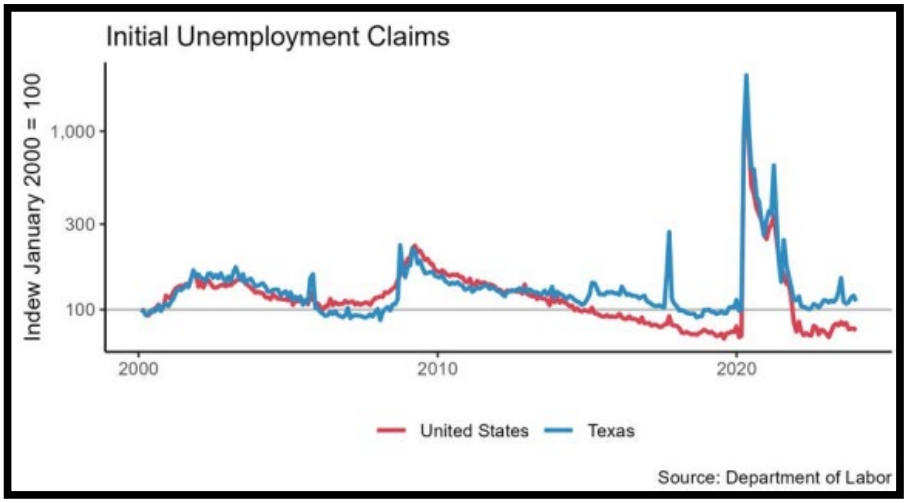
Section 7.02. Indemnification and Hold Harmless. THE DEVELOPER SHALL INDEMNIFY AND HOLD HARMLESS THE CITY INSPECTOR, THE CITY, ITS OFFICIALS, EMPLOYEES, OFFICERS, REPRESENTATIVES AND AGENTS (EACH AN "INDEMNIFIED PARTY"), FROM AND AGAINST ALL ACTIONS, DAMAGES, CLAIMS, LOSSES OR EXPENSE OF EVERY TYPE AND DESCRIPTION TO WHICH THEY MAY BE SUBJECTED OR PUT: (I) BY REASON OF, OR RESULTING FROM THE BREACH OF ANY PROVISION OF THIS AGREEMENT BY THE DEVELOPER; (II) THE NEGLIGENT DESIGN, ENGINEERING, AND/OR CONSTRUCTION BY THE DEVELOPER OR ANY ARCHITECT, ENGINEER OR CONTRACTOR HIRED BY THE DEVELOPER OF ANY OF THE IMPROVEMENT AREA #1 PROJECTS ACQUIRED FROM THE DEVELOPER HEREUNDER; (III) THE DEVELOPER'S NONPAYMENT UNDER CONTRACTS BETWEEN THE DEVELOPER AND ITS CONSULTANTS, ENGINEERS, ADVISORS, CONTRACTORS, SUBCONTRACTORS AND SUPPLIERS IN THE PROVISION OF THE IMPROVEMENT AREA #1 PROJECTS; (IV) ANY CLAIMS OF PERSONS EMPLOYED BY THE DEVELOPER OR ITS AGENTS TO CONSTRUCT THE IMPROVEMENT AREA #1 PROJECTS; OR (V) ANY CLAIMS AND SUITS OF THIRD PARTIES, INCLUDING BUT NOT LIMITED TO DEVELOPER'S RESPECTIVE PARTNERS, OFFICERS, DIRECTORS, EMPLOYEES, REPRESENTATIVES, AGENTS, SUCCESSORS, ASSIGNEES, VENDORS, GRANTEES AND/OR TRUSTEES, REGARDING OR RELATED TO THE IMPROVEMENT AREA #1 PROJECTS OR ANY AGREEMENT OR RESPONSIBILITY REGARDING THE IMPROVEMENT AREA #1 PROJECTS, INCLUDING CLAIMS AND CAUSES OF ACTION WHICH MAY ARISE OUT OF THE SOLE OR PARTIAL NEGLIGENCE OF AN INDEMNIFIED PARTY (THE "CLAIMS"). NOTWITHSTANDING THE FOREGOING, NO INDEMNIFICATION IS GIVEN HEREUNDER FOR ANY ACTION, DAMAGE, CLAIM, LOSS OR EXPENSE DETERMINED BY A COURT OF COMPETENT JURISDICTION TO BE DIRECTLY ATTRIBUTABLE TO THE WILLFUL MISCONDUCT OF ANY INDEMNIFIED PARTY, DEVELOPER IS EXPRESSLY REQUIRED TO DEFEND CITY AGAINST ALL SUCH CLAIMS, AND CITY IS REQUIRED TO REASONABLY COOPERATE AND ASSIST DEVELOPER IN PROVIDING SUCH DEFENSE.

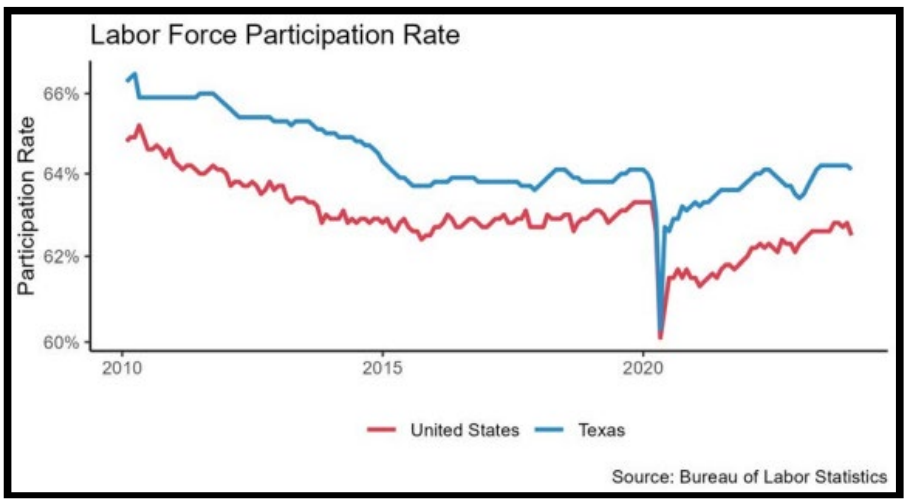

Gross Domestic Product
Index 2010 Q1 = 100
130
120
110
100
2010
2015
2020
United States
Texas
Source: Bureau of Economic Analysis

Job Openings
Index January 2010 = 100
500
400
300
200
100
2010
2015
2020
United States
Texas
Source: Bureau of Labor Statistics

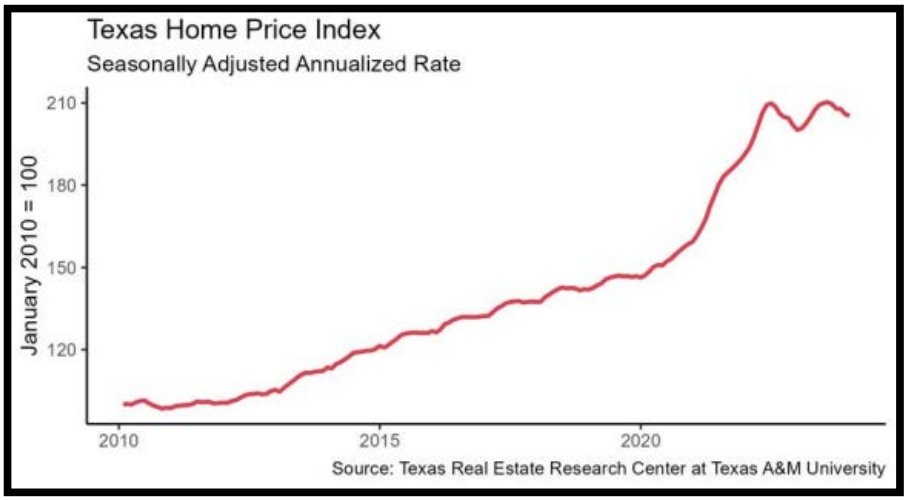

Employment Index
Indew January 2010 = 100
130
120
110
100
2010
2015
2020
United States
Texas
Source: Bureau of Labor Statistics

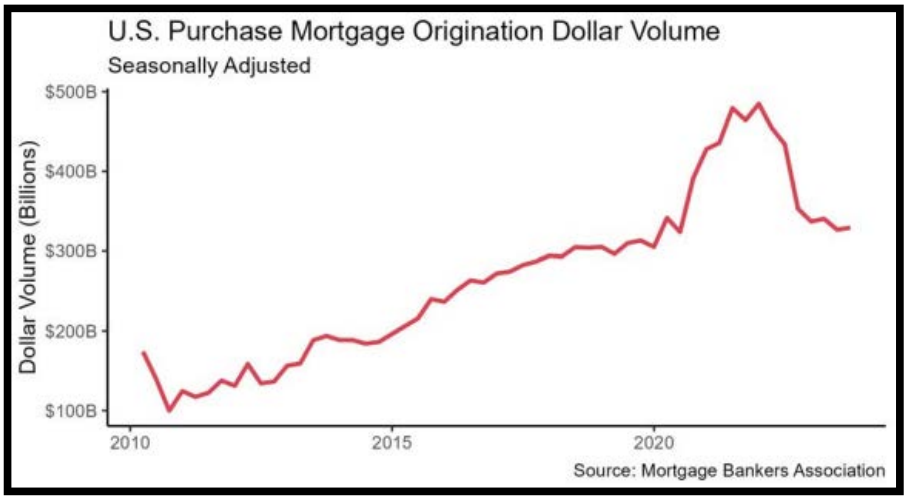

Unemployment Rate
Unemployment Rate
10%
7%
5%
2010
2015
2020
United States
Texas
Source: Bureau of Labor Statistics

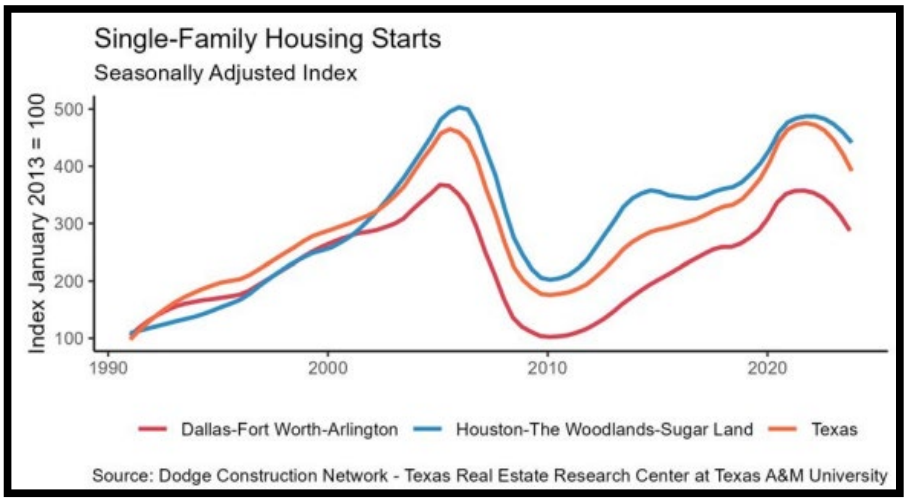

Initial Unemployment Claims
Indew January 2000 = 100
1,000
300
100
2000
2010
2020
United States
Texas
Source: Department of Labor

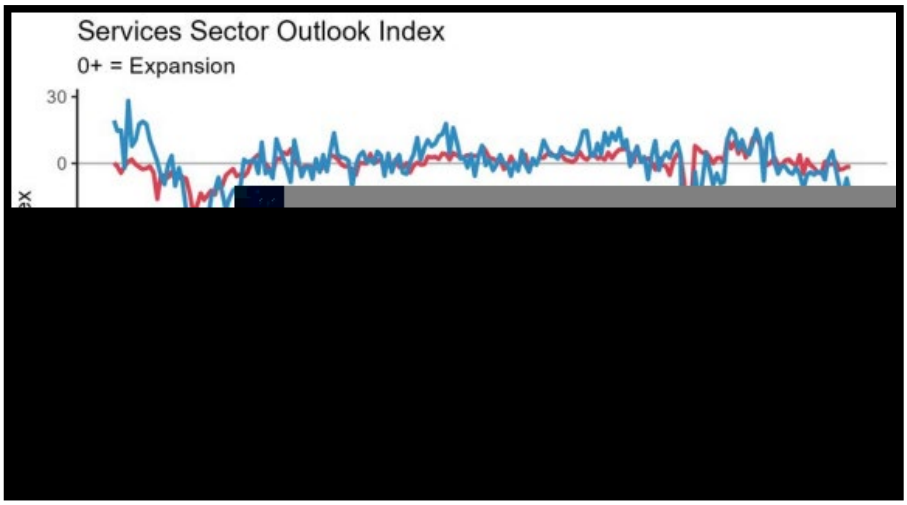

Labor Force Participation Rate
Participation Rate
66%
64%
62%
60%
2010
2015
2020
United States
Texas
Source: Bureau of Labor Statistics

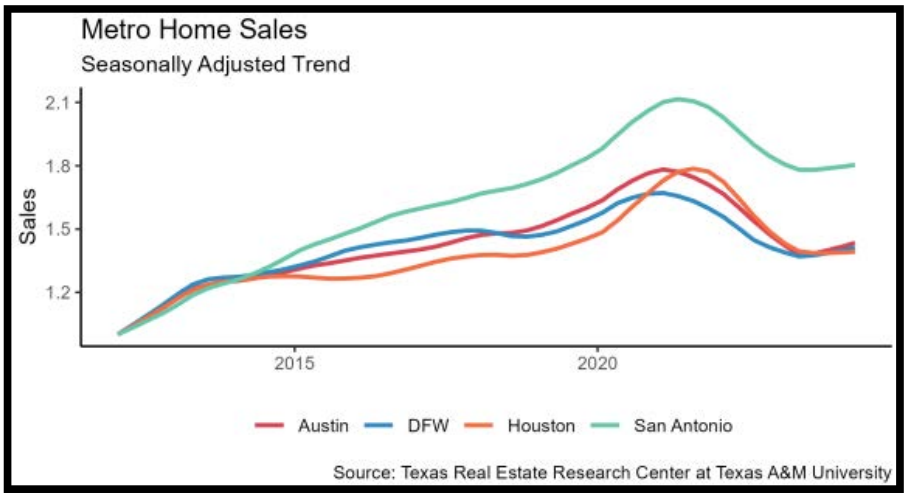
Residential Home Sales
Seasonally Adjusted Annualized Rate
Sales (SAAR)
250
200
150
100
2000
2010
2020
Texas
U.S.
Source: National Association of Realtors - Texas Real Estate Research Center at Texas A&M University

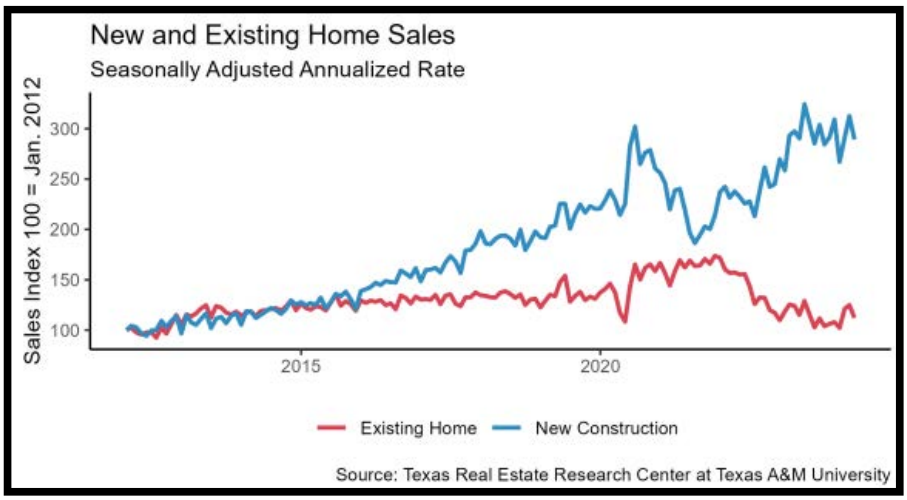

Texas Home Price Index
Seasonally Adjusted Annualized Rate
January 2010 = 100
210
180
150
120
2010
2015
2020
Source: Texas Real Estate Research Center at Texas A&M University

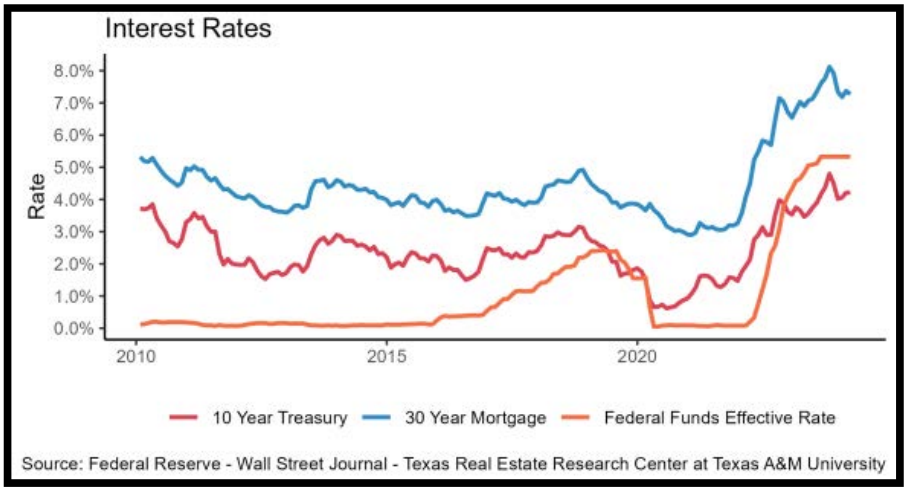

U.S. Purchase Mortgage Origination Dollar Volume
Seasonally Adjusted
Dollar Volume (Billions)
$500B
$400B
$300B
$200B
$100B
2010
2015
2020
Source: Mortgage Bankers Association

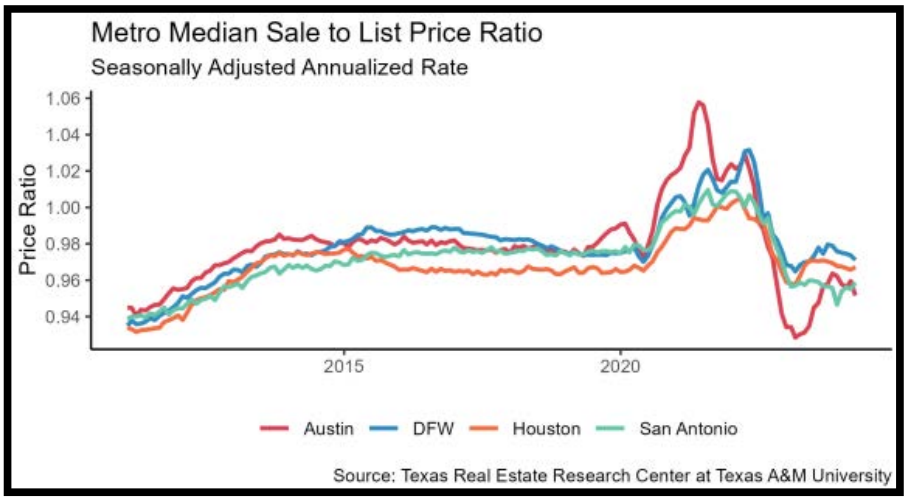

Single-Family Housing Starts
Seasonally Adjusted Index
Index January 2013 = 100
500
400
300
200
100
1990
2000
2010
2020
Dallas-Fort Worth-Arlington
Houston-The Woodlands-Sugar Land
Texas
Source: Dodge Construction Network - Texas Real Estate Research Center at Texas A&M University

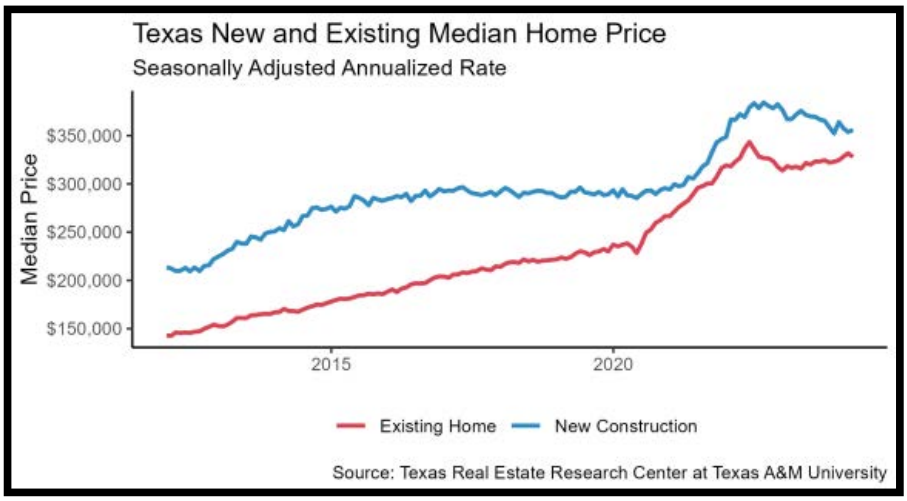

Services Sector Outlook Index
0+ = Expansion
30
0

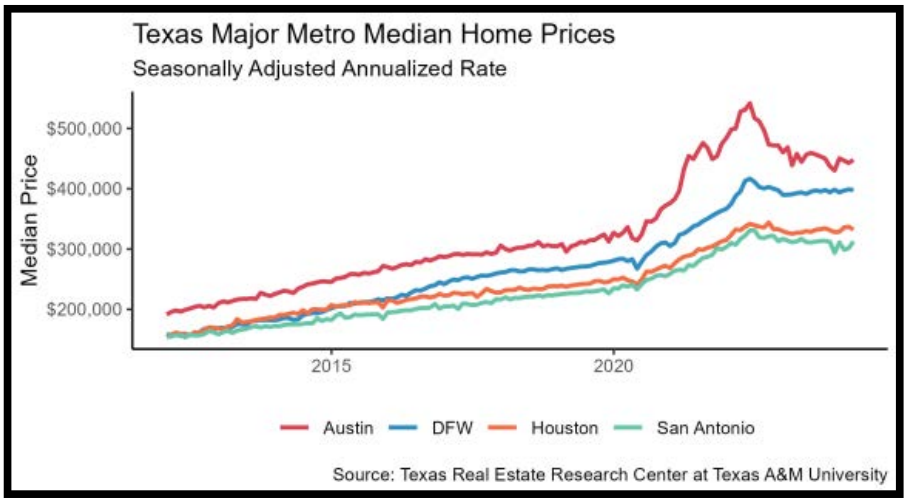

Metro Home Sales
Seasonally Adjusted Trend
Sales
2.1
1.8
1.5
1.2
2015
2020
Austin
DFW
Houston
San Antonio
Source: Texas Real Estate Research Center at Texas A&M University

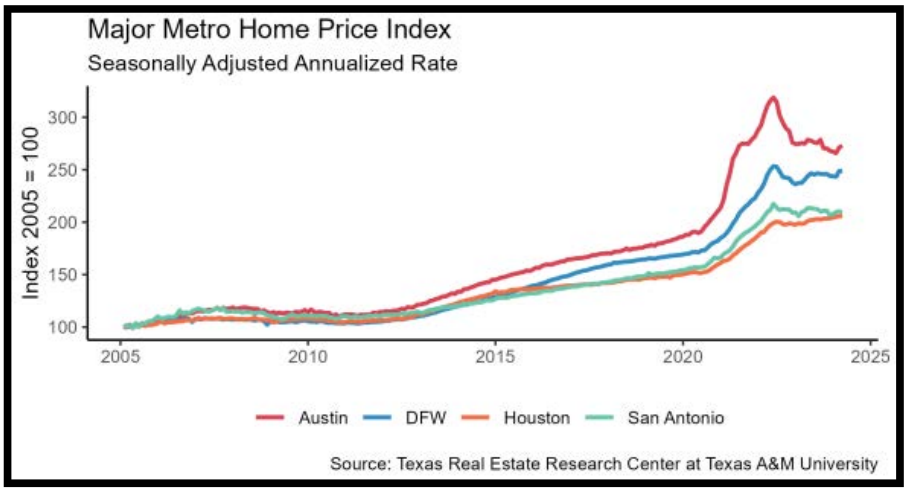

New and Existing Home Sales
Seasonally Adjusted Annualized Rate
Sales Index 100 = Jan. 2012
300
250
200
150
100
2015
2020
Existing Home
New Construction
Source: Texas Real Estate Research Center at Texas A&M University


Interest Rates
Rate
8.0%
7.0%
6.0%
5.0%
4.0%
3.0%
2.0%
1.0%
0.0%
2010
2015
2020
10 Year Treasury
30 Year Mortgage
Federal Funds Effective Rate
Source: Federal Reserve - Wall Street Journal - Texas Real Estate Research Center at Texas A&M University


Metro Median Sale to List Price Ratio
Seasonally Adjusted Annualized Rate
Price Ratio
1.06
1.04
1.02
1.00
0.98
0.96
0.94
2015
2020
Austin
DFW
Houston
San Antonio
Source: Texas Real Estate Research Center at Texas A&M University


Texas New and Existing Median Home Price
Seasonally Adjusted Annualized Rate
Median Price
$350,000
$300,000
$250,000
$200,000
$150,000
2015
2020
Existing Home
New Construction
Source: Texas Real Estate Research Center at Texas A&M University


Texas Major Metro Median Home Prices
Seasonally Adjusted Annualized Rate
Median Price
$500,000
$400,000
$300,000
$200,000
2015
2020
Austin
DFW
Houston
San Antonio
Source: Texas Real Estate Research Center at Texas A&M University

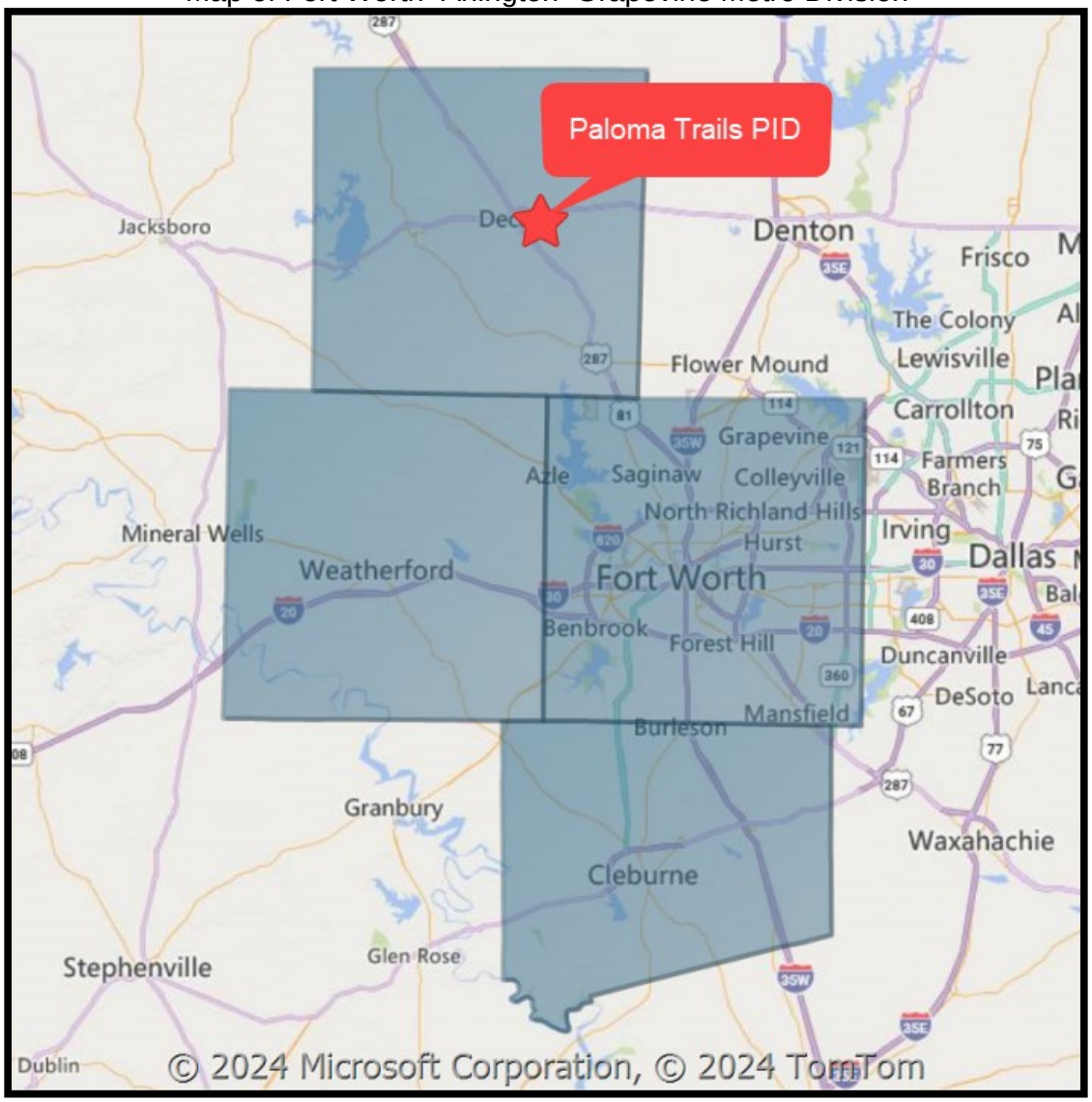

Major Metro Home Price Index
Seasonally Adjusted Annualized Rate
Index 2005 = 100
300
250
200
150
100
2005
2010
2015
2020
2025
Austin
DFW
Houston
San Antonio
Source: Texas Real Estate Research Center at Texas A&M University

FORT WORTH -ARLINGTON- GRAPEVINE METRO DIVISION QUARTERLY HOUSING REPORT
(EXCERPTS)
Texas A&M University – Texas Real Estate Research Center
(First Quarter, 2024)

Executive Summary

‡0HWUR DUHD VDOHV YROXPH GHFUHDVHG WR
WR
‡ 4 PRQWKV LQYHQWRU\ IRU DOO
‡ 0HWUR DUHD UHVLGHQWLDO SURSHUWLHV WLQJDFWLQHVVHG

Map of Fort Worth -Arlington- Grapevine Metro Division



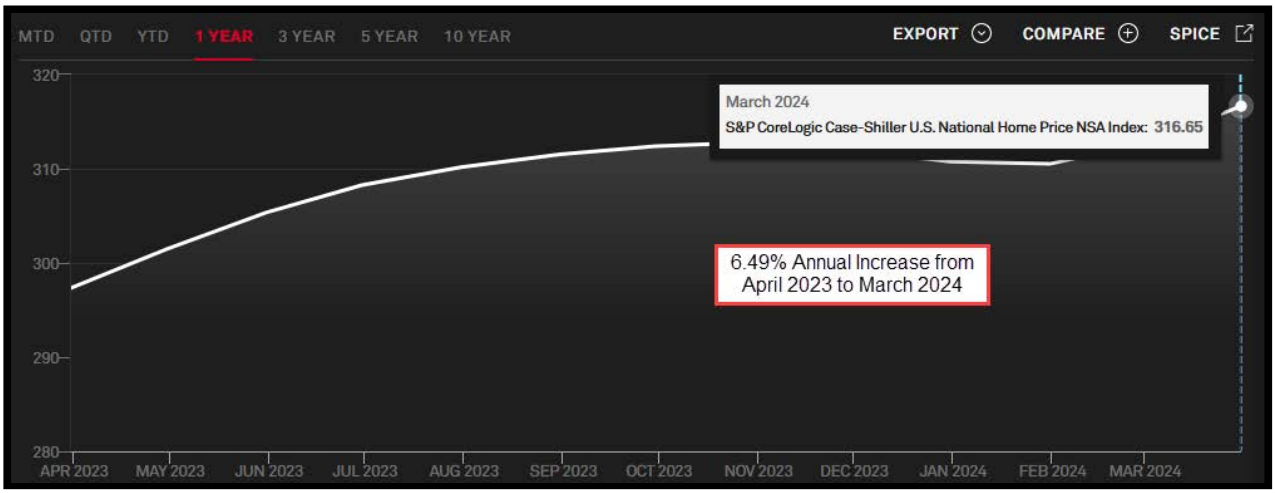
7KH IROORZLQJ FKDUW VKRZV &RKHQ kVR XVLQJ PHWULFV IRU :LVH

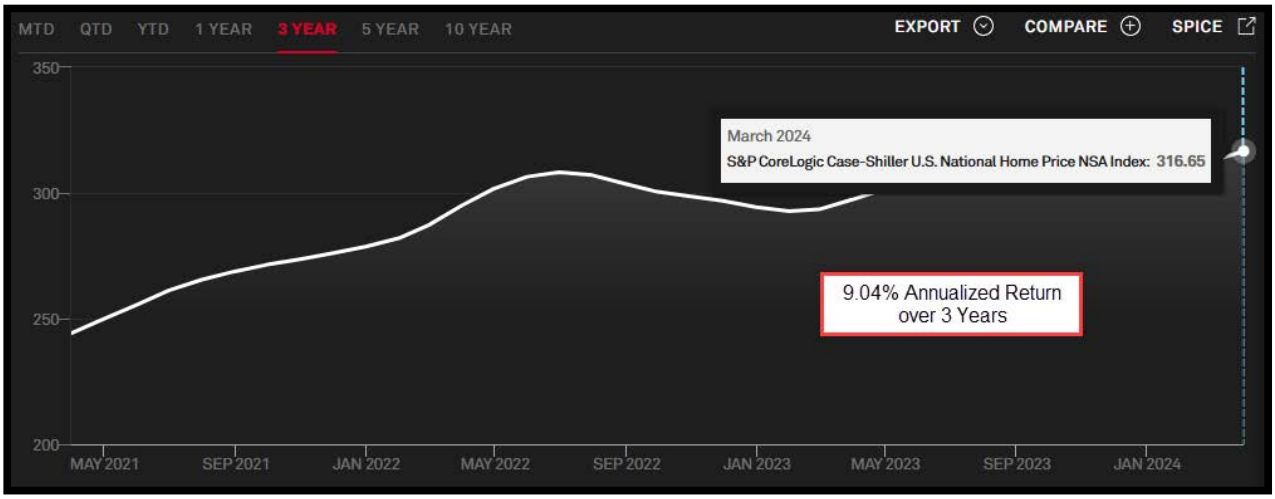
Wise County

Price Cohort	Closed Sales	YoY%	% Sales	Median Price	YoY%	Median Price PSF	YoY%	Active Listings	Months Inventory	Median Square Feet	Median Year Built
$0 < $70k	0	-100%	0%	-	-	-	-	0	0.0	-	-
$70k < $100k	1	0%	0%	***	***	***	***	1	1.5	***	***
$100k < $150k	3	-25%	1%	***	***	***	***	3	2.3	***	***
$150k < $200k	10	0%	4%	$192,000	8%	$157.39	8%	21	4.8	1,223	2005
$200k < $250k	23	44%	9%	$221,000	-4%	$148.69	-7%	22	3.1	1,456	1994
$250k < $300k	39	-5%	15%	$275,000	-4%	$175.47	-1%	61	4.3	1,604	2006
$300k < $400k	65	-16%	25%	$340,000	-1%	$183.79	1%	106	3.9	1,909	2022
$400k < $500k	45	36%	17%	$433,500	-5%	$194.00	-7%	99	6.1	2,291	2023
$500k < $750k	62	82%	24%	$560,000	-6%	$215.07	-9%	143	6.3	2,658	2022
$750k < $1M	7	-22%	3%	$857,500	5%	$261.06	0%	37	13.1	3,064	2017
$1M+	5	67%	2%	$1,350,000	17%	$395.57	14%	29	15.1	3,160	1994

S&P CORELOGIC CASE-SHILLER INDEX
March 2024

Data reported from the Standard & Poor Dow Jones Indices (1-year and 3-year graphs shown below) from end of March 2024 showed that home prices nationally were up 6.49% YoY while the Dallas Metropolitan area increased 3.6%. Prices have increased in mostly the western and northern states; however, the southern region has increased at a slower rate compared to the national average.





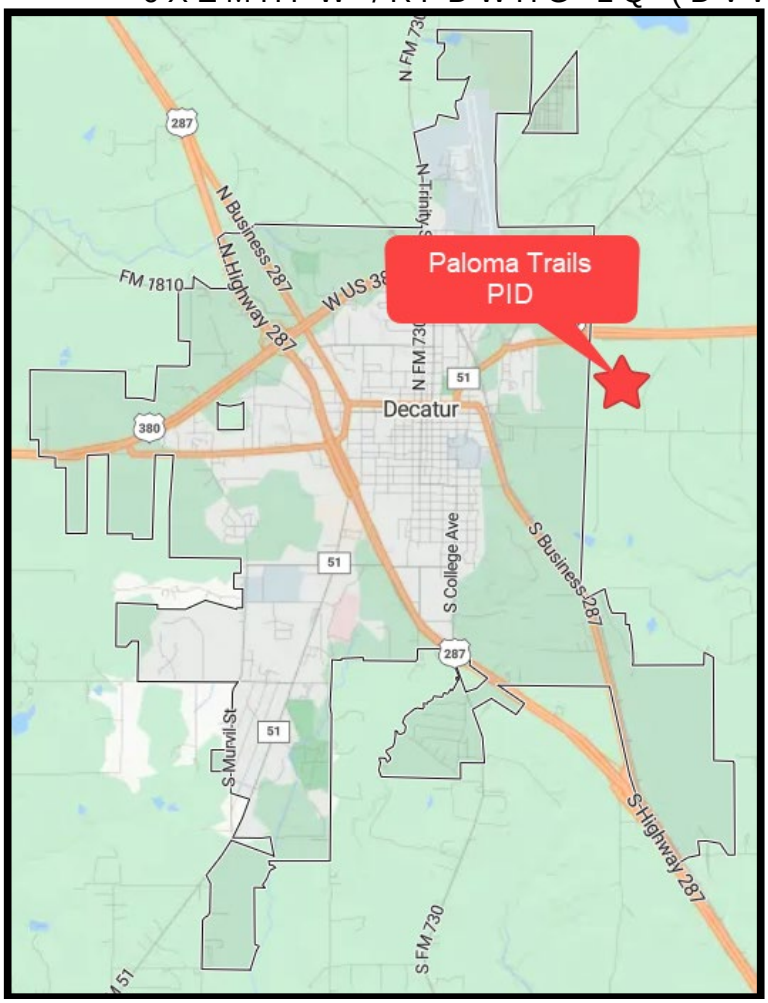
Metropolitan Area	March 2024 Level	March/February Change (%)	February/January Change (%)	1-Year Change (%)
Dallas	295.01	1.2%	0.6%	3.6%
Composite-10	341.75	1.6%	1.0%	8.2%
Composite-20	325.09	1.6%	0.9%	7.4%
U.S. National	316.65	1.3%	0.7%	6.5%

DECATUR OVERVIEW

Decatur, Texas, is the county seat of Wise County, located approximately 25 miles northwest of Fort Worth. Founded in 1857 and named after naval hero Stephen Decatur, the city is known for its rich history and well-preserved architecture. The Wise County Courthouse, built in 1896, is a notable landmark with its impressive Romanesque Revival design, and it serves as a central point of interest in the town square. Decatur's downtown area is a blend of historic buildings and modern amenities, offering a unique shopping and dining experience that attracts both locals and visitors.

In addition to its historical significance, Decatur is a hub for education, healthcare, and community activities. The city is home to Weatherford College Wise County, providing higher education opportunities to residents. Decatur also boasts a robust healthcare system with facilities like Wise Health System, ensuring quality medical care for the community. The city hosts various events throughout the year, such as the Decatur Swap Meet and the Wise County Old Settlers Reunion, which bring together residents and visitors for fun and fellowship. With its blend of history, community spirit, and modern conveniences, Decatur offers a welcoming and vibrant environment for families and individuals alike.

MAP OF THE CITY OF DECATUR
6XEMHFW /RFDWHG LQ (DVW &HQWUDO 'HFDWX



EMPLOYMENT DATA

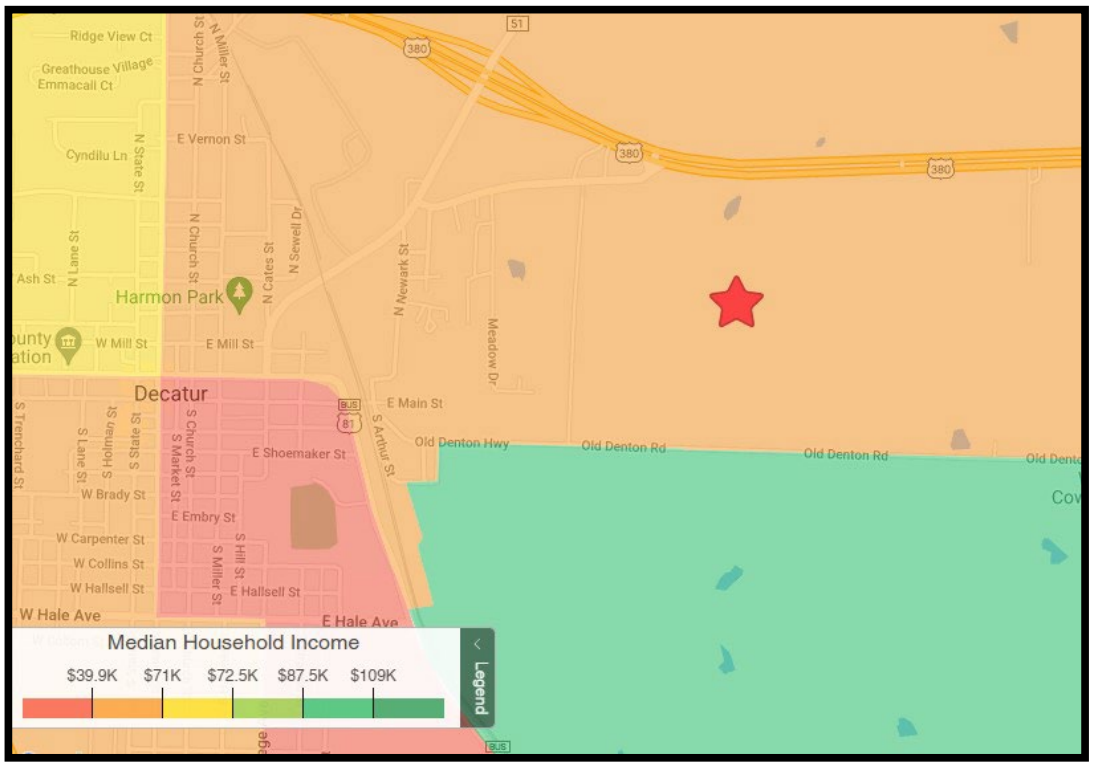
A table of the 2, 5, and 10-mile radius employment figures are shown below. The numbers highlight the area's diverse economy with more employees in the area surrounding the subject in service-producing industries and goods-producing industries.

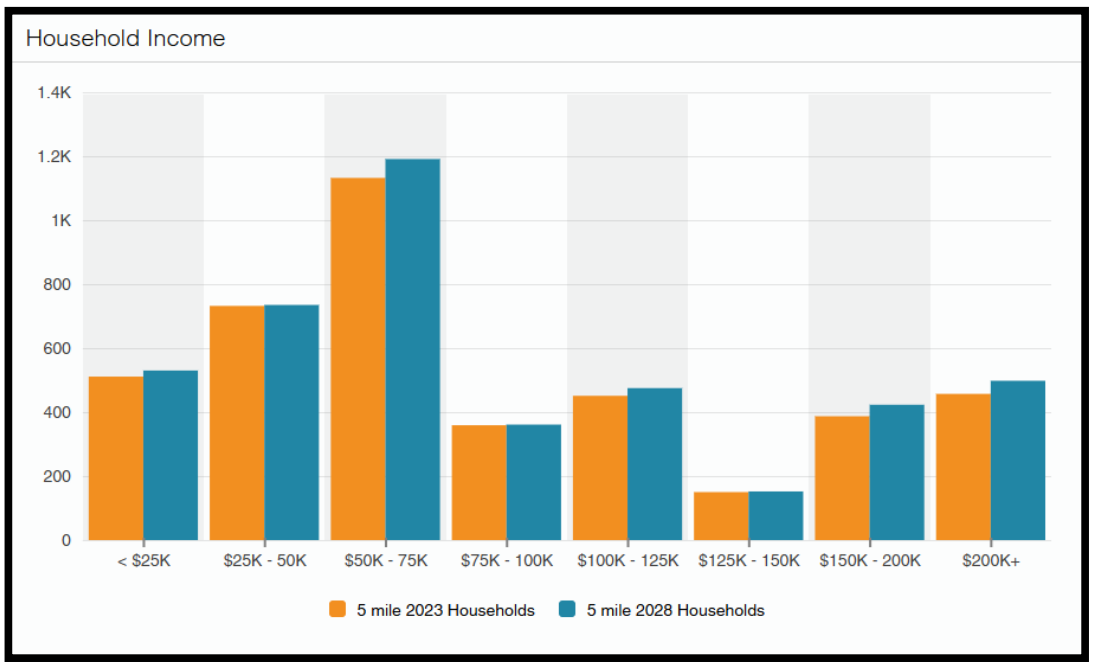
Daytime Employment

Radius	2 mile		5 mile		10 mile	
	Employees	Businesses	Employees	Businesses	Employees	Businesses
Service-Producing Industries	**3,457**	**400**	**9,262**	**1,050**	**10,382**	**1,181**
Trade Transportation & Utilit…	1,160	71	2,586	141	2,784	171
Information	39	4	135	17	136	18
Financial Activities	272	65	587	139	964	161
Professional & Business Se…	226	65	452	121	550	146
Education & Health Services	458	50	3,245	365	3,454	375
Leisure & Hospitality	778	50	1,207	87	1,302	101
Other Services	211	51	432	109	550	135
Public Administration	313	44	618	71	642	74
Goods-Producing Industries	**743**	**36**	**1,179**	**101**	**1,420**	**148**
Natural Resources & Mining	6	2	12	5	27	11
Construction	196	26	539	79	687	109
Manufacturing	541	8	628	17	706	28
Total	**4,200**	**436**	**10,441**	**1,151**	**11,802**	**1,329**

CoStar Analytics – Map of Median Household Income

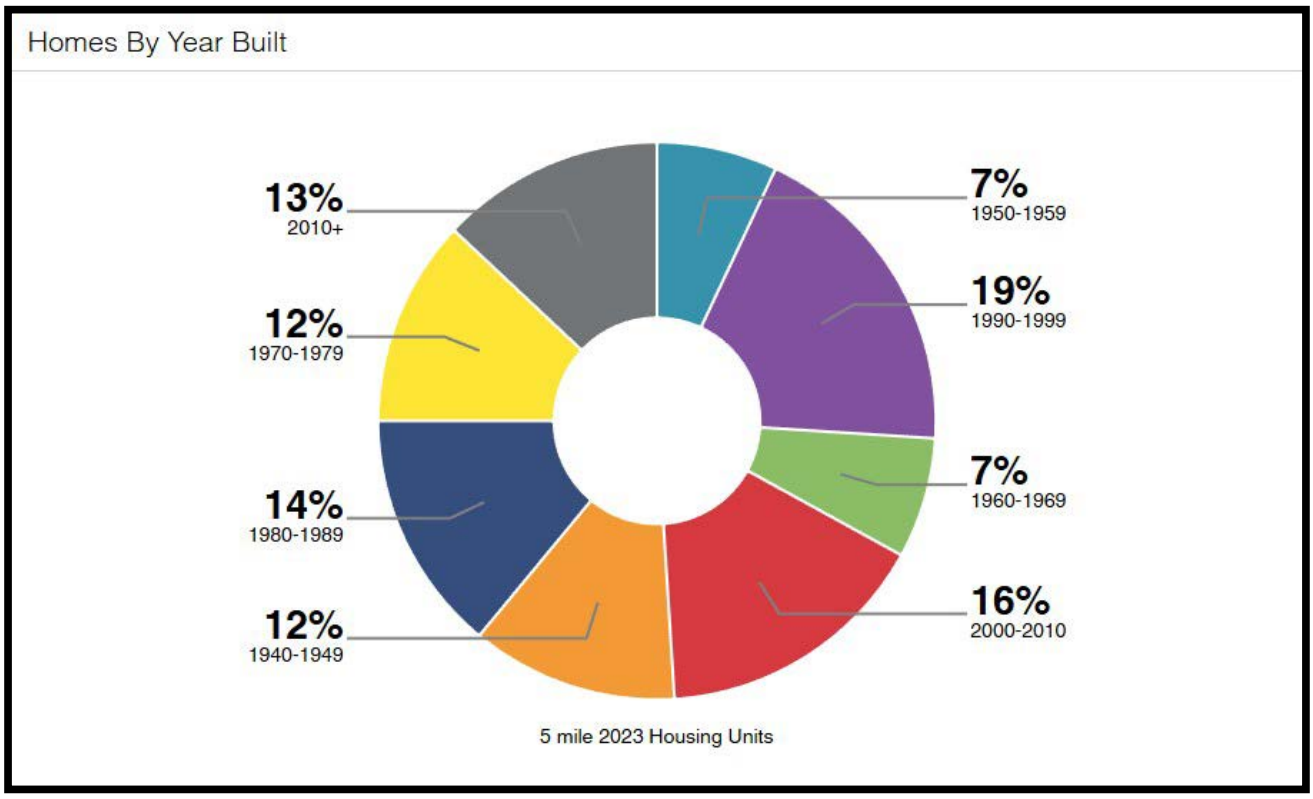
As indicated by the map below, median incomes in the vicinity of the subject property are around $39k-$71k. median incomes in DFW tend to be higher in suburban areas outside the population centers in Dallas, Fort Worth, and Denton. This is especially true in areas north of Fort Worth where affluent communities have concentrated for the past few decades.





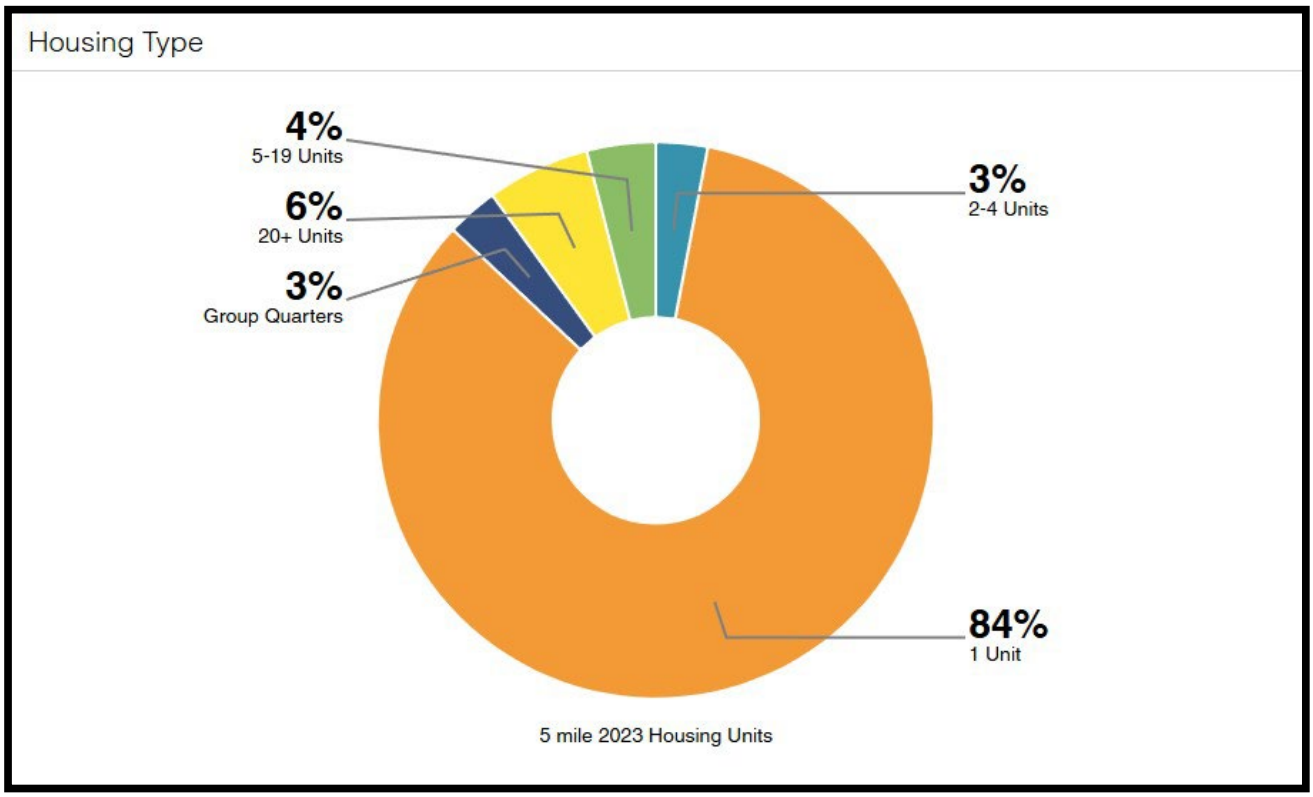
CoStar Analytics – Housing Statistics

Most housing in the area (71%) are homes that were built before 2000. This is subject to change with the projected growth stage of the surrounding area, which has experienced numerous residential subdivision developments in recent years.



CoStar Analytics – Housing Statistics

In addition, the vast majority (84%) of housing in the 5-mile radius consists of single unit housing stock. The subject property is being developed with detached single-family housing that is consistent with the surrounding area.



Decatur 2050 Comprehensive Plan

The Decatur 2050 Comprehensive Plan is a strategic framework designed to guide the growth and development of Decatur, Texas, over the next several decades. This long-term planning document addresses various aspects of urban planning, including land use, transportation, housing, economic development, and environmental sustainability. The plan aims to create a balanced approach to growth, ensuring that development aligns with the community's values and needs while preserving the city's historic character and enhancing the quality of life for its residents. It includes specific goals, policies, and actions to manage future growth, support infrastructure improvements, and foster economic vitality.

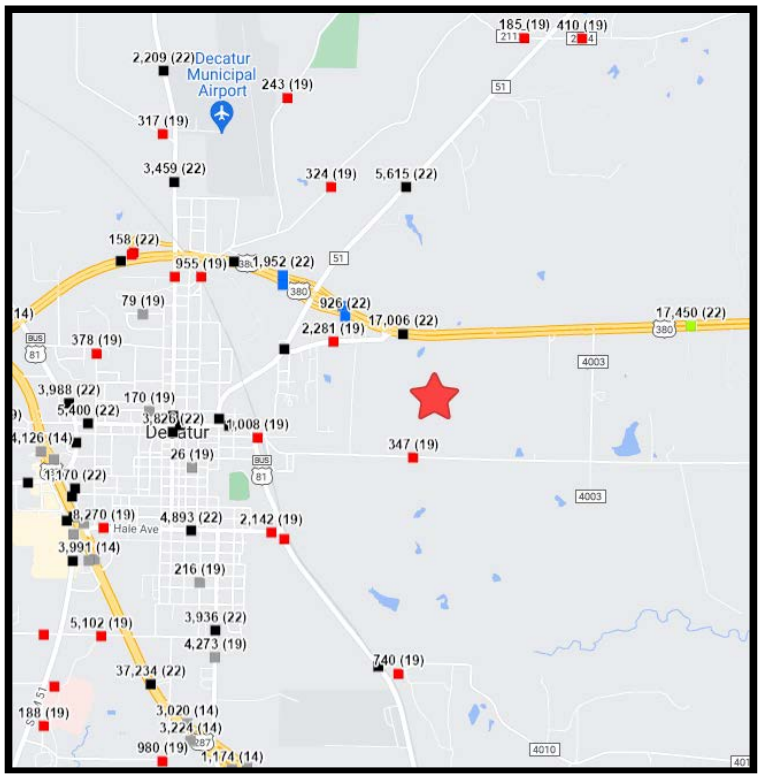
One of the key components of the Decatur 2050 Comprehensive Plan is its emphasis on community engagement and collaboration. The planning process involves input from residents, businesses, and stakeholders to ensure that the plan reflects the collective vision and priorities of the community. This inclusive approach helps build consensus and support for the plan's implementation. Additionally, the plan focuses on sustainable development practices, aiming to balance economic growth with environmental stewardship. By promoting smart growth principles, enhancing transportation networks, and preserving open spaces, the Decatur 2050 Comprehensive Plan seeks to create a resilient, vibrant, and prosperous community for future generations.

ACCESSIBILITY, FRONTAGE, AND STREETS

The subject property is primarily accessed by U.S. Highway 380, which is a primary throughfare located on the north property line of the subject. The subject will also be accessible via Old Denton Road located on the south line of the subject.

A map below from TXDOT shows traffic counts from 2022 near the subject property. US Highway 380, which is the east/west major throughfare reports over 17,000 average daily vehicles while Old Denton Road, which runs along the south border of the subject property reports just under 350 daily vehicles.

TXDOT Traffic Web Viewer



Traffic			
Collection Street	**Cross Street**	**Traffic Volume**	**Count Year**
US Hwy 380	E US Hwy 380 W	11,300	2017
US Hwy 380	Hwy 380F Bus W	14,365	2022
TX 360	Hwy 380F Bus W	15,303	2020
Old Denton Hwy	Old Denton Rd W	159	2022
US Hwy 380F Bus	Vesey St W	2,777	2022
US Hwy 380	FM 51 NW	3,348	2022
FM 51	Gardner St SW	3,200	2017
FM 51	Connecting Rd SW	3,921	2022
FM 51	Pvt Rd 2223 SW	4,690	2022
Farm-to-Market Road 51	Pvt Rd 2223 SW	5,562	2020

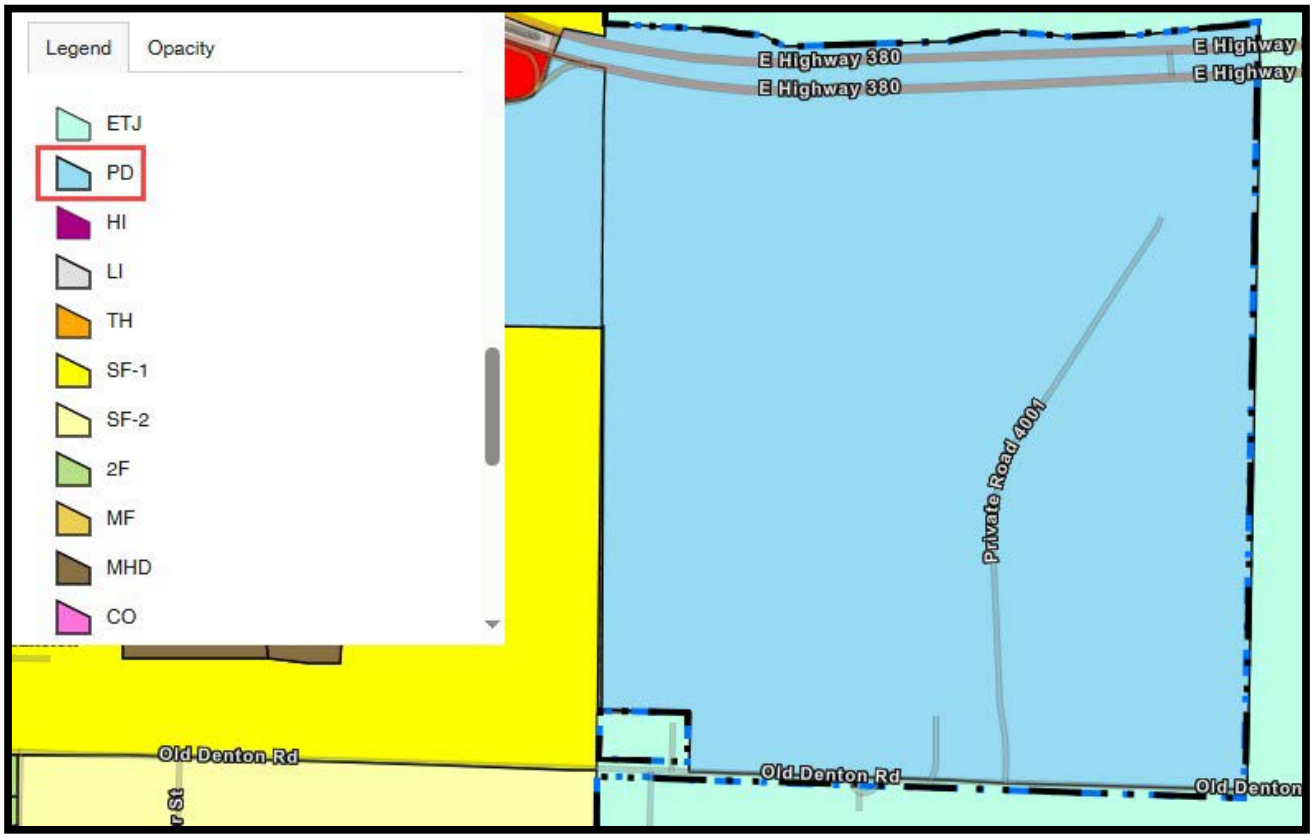
ZONING AND RESTRICTIONS

Development of the subject property is governed by a Development Agreement between Paloma Trails Development, LLC and the City of Decatur. The Development Agreement for the subject property allows for mixed-use development such as commercial, multi-family, and detached single-family residential uses and sets forth requirements and standards for residential development for the subject property.

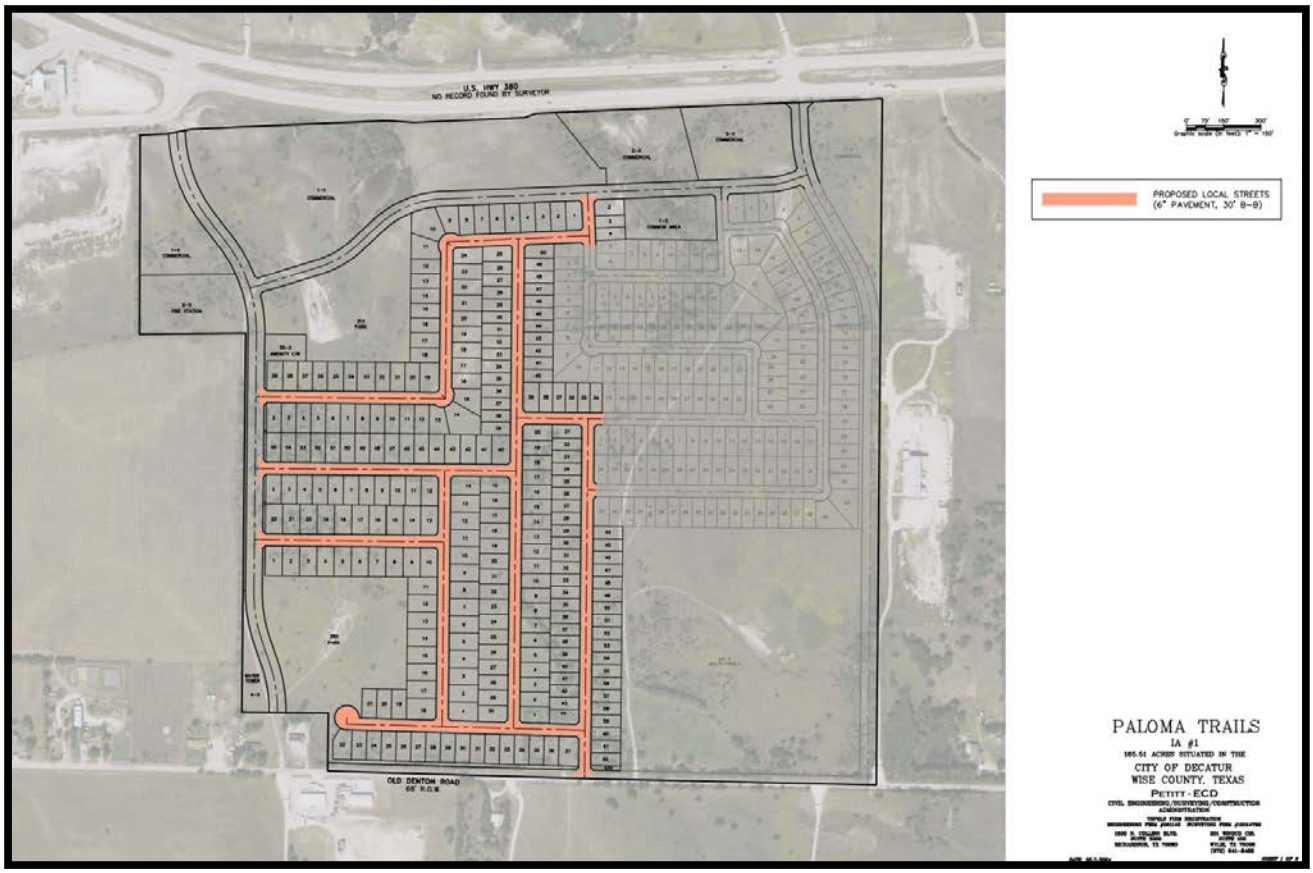
The subject property is zoned Planned Development (PD) by the City of Decatur. The Planned Development zoning in the City of Decatur is intended to provide for combining and mixing of uses to permit flexibility in the use and design of land and buildings.

The subject must adhere to the City of Decatur's ordinance for PD zoning and the Development Agreement between Paloma Trails Development, LLC and the City of Decatur. The proposed lot construction appears to be a conforming land use. The City of Decatur Zoning Map is shown below.

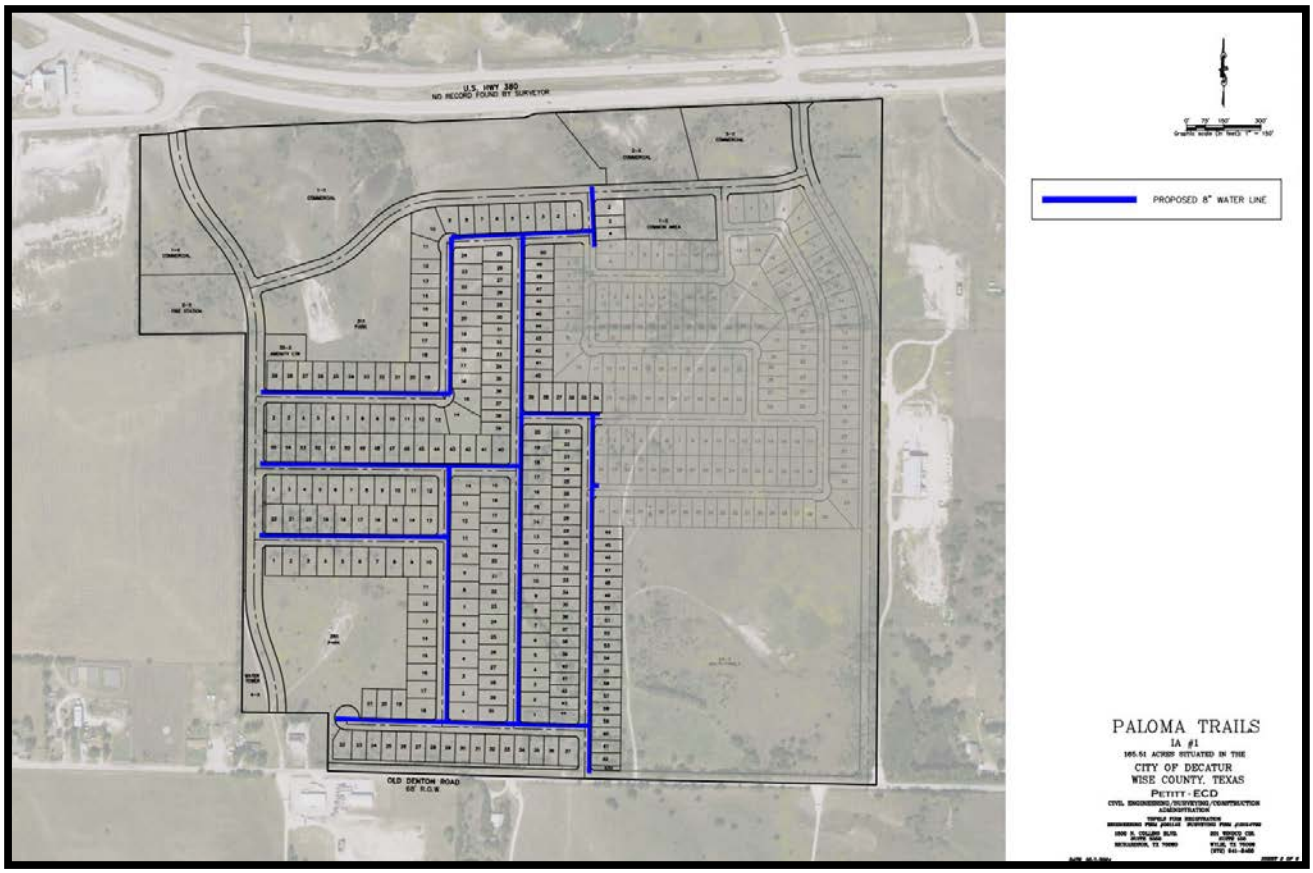
CITY OF DECATUR ZONING MAP



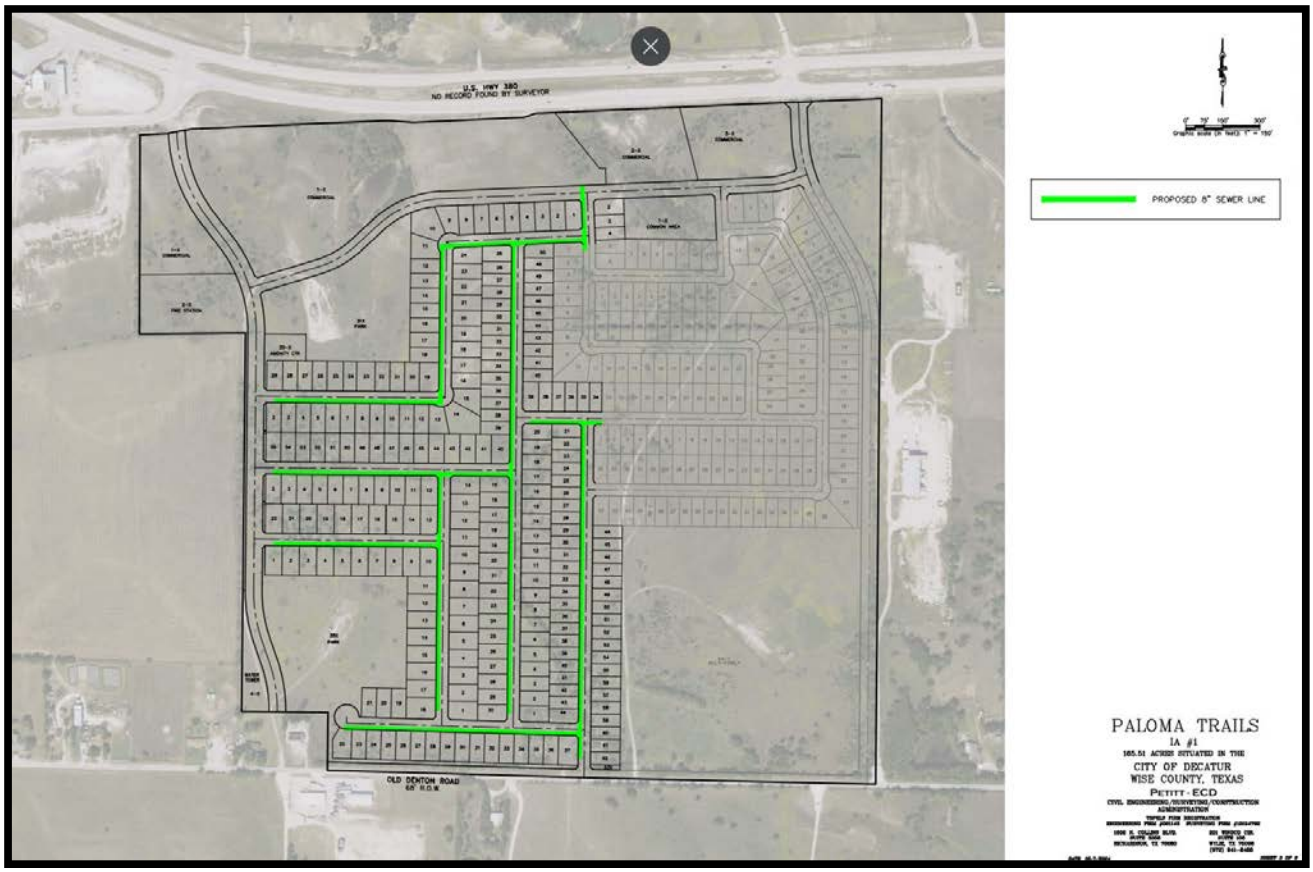
PALOMA TRAILS PID LOCAL STREETS MAP WITHIN IMPROVEMENT AREA #1
BY PETITT – ECD (PROFESSIONAL ENGINEERS)



PALOMA TRAILS PID WATER LINE MAP WITHIN IMPROVEMENT AREA #1
BY PETITT – ECD (PROFESSIONAL ENGINEERS)



PALOMA TRAILS PID SEWER LINE MAP WITHIN IMPROVEMENT AREA #1
BY PETITT – ECD (PROFESSIONAL ENGINEERS)



SUBJECT PHOTOGRAPHS

Subject property

US Highway 380 facing west

US Highway 380 facing east

Subject property

HIGHEST AND BEST USE

The highest and best use may be defined as the most profitable or likely profitable legal use for which a property may be utilized. The opinion of such use may be based on the highest and most profitable continuous use to which the property is adapted and needed, or likely to be in demand in the reasonably near future. Also, that reasonable and probable use that will support the highest present value, as defined, as of the Effective Date of the appraisal.

Alternatively, that use, from among reasonably probable and legal alternative uses, is found to be:

a. Legally Permissible
b. Physically Possible
c. Financially Feasible
d. Maximally Productive

The definition, immediately above, applies specifically to the highest and best use of land. It is to be recognized that in cases where a site has existing improvements on it, the highest and best use may very well be determined to be different from the existing use. The existing use will continue however, unless and until land value in its highest and best use exceeds the total value of the property in its existing use.

There are two distinct types of highest and best use, that being the highest and best use as if the site were vacant, and the highest and best use as improved. Both use determinations require consideration of the physical, legal, financial feasibility and maximal productivity for the site and improvements.

HIGHEST AND BEST USE ANALYSIS

Highest and Best Use "As-Vacant"

Legally Permissible

The subject property is within the City of Decatur and zoned Planned Development (PD) which is mixed-use PD that at the subject property allows for commercial, multi-family, and detached single-family residential use while also being subject to a Development Agreement which allows for commercial, multi-family, and detached single-family residential uses in specified areas, with the requirement of our subject being single-family residential uses.

No private deed restrictions were uncovered during a normal investigation, which would further limit the potential uses of the subject site. No other legal restrictions or covenants were found to be imposed on the subject property at the time of the appraisal which would further restrict development.

Given surrounding land use patterns in the area, no other use besides single-family residential use is given further consideration in determining the highest and best use of the site as vacant.

Physically Possible

Considering the subject's physical characteristics including jurisdiction, location, size, shape, and availability of utilities, the site is capable of numerous uses which are physically possible without being constrained by the property itself.

Financially Feasible

In order to be economically feasible, the improvements should conform to the surrounding land uses. To meet the test of being financially feasible, the project must provide a net return over a reasonable period of time. The area surrounding the subject property is a mix of commercial development and rural land, however, development of the surrounding area has accelerated considerably over the past decade as development north of Dallas and Fort Worth and along major highways has shown almost endless demand. Developers and home builders have moved

further away from the center of the Metroplex to quasi-rural areas of Wise County like those surrounding the subject property are being developed with middle-to-middle-upper class housing stock. Based on review of homes on the market, we would expect home prices between $400,000-$600,000 would be in demand in Paloma Trails PID.

Based on our analysis of the market, it is reasonable to expect a rise in demand for vacant developed lots (VDLs) in 2024 as homebuilders sell more homes when mortgage rates begin to fall precipitously as they have in early 2024; Along with this, due to the lack of supply for VDLs and the long-term prospects of the subject's area, we expect ample demand for single-family lots in the next 2-5 years. When looking at the longer time horizon, it appears that a newly developed single-family residential use on the site is needed and would have a value commensurate with its cost. Therefore, single-family residential use is considered to be financially feasible.

Maximally Productive

There does not appear to be any reasonably probable use of the subject property that would generate a higher residual land value than single-family residential use. Accordingly, it is our opinion that single-family residential developed to the normal market density allowed by the planned development is the maximally productive use of the property.

The resilient business climate in North Texas and the continual development of neighborhoods in Wise County has created increased demand for homes in the area. Coupled with increasing movement into DFW, and northward in the Metroplex in particular, it is our opinion that the highest and best use of the property "As-Vacant" would be for single-family residential community. Thus, the highest and best use of the property "As Vacant" is for development of single-family residential use.

Highest and Best Use "As-Improved"

Development of the subject property, as proposed utilizing our extraordinary assumptions, is the only use that meets the four tests of highest and best use. Therefore, we conclude that the highest and best use of the property "As-Improved" is similar to our conclusion "As-Vacant" which is for single-family residential use.

We believe that the most probable buyer would be a developer of large single-family residential communities, or a large homebuilder who is active in the DFW Metroplex market.

VALUATION – IMPROVEMENT AREA #1

Three approaches to value are typically considered when developing a market value opinion for real property. These are the Cost Approach, the Sales Comparison Approach, and the Income (Subdivision Development) Approach. Use of the approaches in this assignment is summarized as follows:

Approach	Applicability to Subject	Use in Assignment
Cost Approach	1RW $SSURSULDWH LQ WKH 3RUWLRQ RI WKH 6XEMHFW 3URSHUW\ ZLOO EH 'HYHORS	8WLOL]HG 3URSHUW\ 6LQFH
Income (Subdivision Development) Approach	$SSURSULDWH LQ 'HWHUPLQLQJ 6XEGLYLVLRQ 9DOXH	8WLOL]HG
Sales Comparison Approach	$SSHFWV 8VHG LQ 6XEGLYLVLRQ 'HWHUPLQH 5HWDLO 0DUNHW 9DOXH RI WKH)) DQG)) /RWV	3DUWLDOO\

Residential Subdivision (254 Improved Lots)

Cost Approach

The Cost Approach provides information that contrasts with information from the Income and Sales Comparison Approaches. It allows the appraiser to address the feasibility and highest and best use issues inherent in new construction. This approach is most beneficial when appraising a proposed or recently built project and is typically used when units make up a substantial portion of the entire project. Since the subject property is being developed in two phases and there are no major improvements in place, WKH &RVW $SSURDFK LV DSSURSULDWH DQG WKXV ZDV QRW XWLOL]HG IRU ,PSURYHPHQW

Income (Subdivision Development) Approach

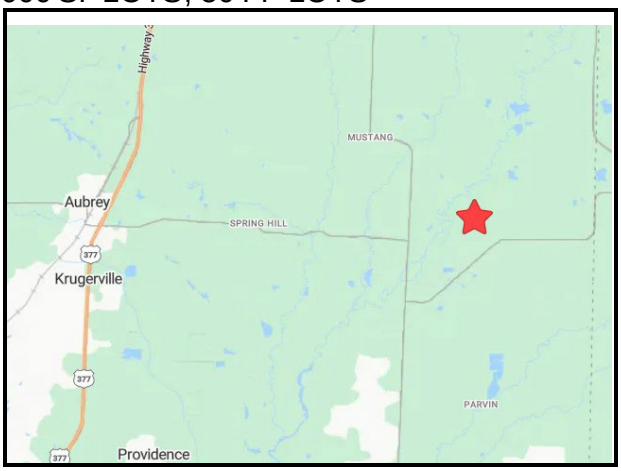
The Income (Subdivision Development) Approach applied in subdivision analysis simulates what occurs in a bulk sale where one buyer purchases a subdivision or large group of lots at a discount. Income capitalization is the primary method used in subdivision valuation because value is determined by future sales over time. Along with discounted cash flow analysis, income capitalization directly measures differences in present value based on future cash flow projections. This approach provides a direct measure of the market value or wholesale value of a group of lots or units, which is different from the sum of the retail lot prices. Since one of the problems to be solved in this assignment is to determine the bulk sale value of 254 lots, as of the Effective Date of July 1, 2025, which is based on the Substantial Completion Date, WKH ,QFRPH 6XEGLYLVLRQ 'HYHORSPHQW DSSURSULDWHDQG ZDV XWLOL]HG

Sales Comparison Approach

The Sales Comparison Approach involves comparing recent sales of entire subdivisions or a large group of lots that involved a single purchaser. The sales are then adjusted for value-related differences. Determining market values for the subdivision or the group of lots is the objective of the analysis, and that determination requires recent and relevant similar bulk sales for the comparison. Finding highly similar and recent sales of improved subdivisions to a single buyer in most markets can be difficult, perhaps impossible. Comparison requires comparable sales with about the same or similar remaining absorption period, a similar mix of lots or unit types, location, home price points, and other characteristics. As Texas is a non-disclosure state, sales data available is limited to sales confirmed by associated parties. Since data on highly similar bulk sales to a single purchaser is difficult to find and verify, WKH 6DOHV &RPSDULVRQ $SSURDFK ZDV QRW IXOO\ Aspects of the Sales Comparison Approach were utilized to determine the retail value of the improved lots for analysis within the Income (Subdivision Development) Approach.

SALE COMPARABLE 2 – 6,000-SF LOTS; 50-FF LOTS

Comparable 2 Aerial



Comparable 2 Map

6,000-SF Sale Comparable 2				
Property Information				
Subdivision Name	Creek View Meadows			
Property Class	Residential Lot			
Address	Northeast quadrant of FM-428 and FM-1385, Pilot Point			
County	Denton			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	5,750	SF	0.13	Acres
Zoning Code	Planned Development			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	Closed			
Sale/Contract Date	March - 2023			
Seller	Centurion American Acquisitions, LLC			
Buyer	DR Horton Homes			
Sale Price	$65,000			
Price per SF Land	**$11.30**			
Comments	N/A			

ANALYSIS OF ADJUSTMENTS –6,000 SF LOTS, 50-FF LOTS

Our research of comparable lot sales leads us to the determination that there are ample recent transactions within the last few years involving similar properties within the subject's general competing area that could reliably and reasonably be verified through our due diligence. The comparable sales for the subject property had unadjusted contracted base prices ranging from $10.58 to $15.00 per square foot with Sales 1, 3, 4, and 5 being 6,000-SF and sale 2 being 5,750-SF.

Data on each of the sales, including sales price, was confirmed with sources considered reliable. Based on analysis of this data and other pertinent information obtained in our research, the following pages are a discussion of the factors which were found to exhibit significant influence on property values in this market.

Factors to be Considered and Summary of Adjustments

Transactional Adjustments

Property Rights, Financing Terms, and Conditions of Sale

Each of the comparable sales were sold as Fee Simple interests, sales were transferred in cash equivalency, and under typical sale conditions; thus, no adjustments are made for these three factors.

Expenditures After Purchase

Typically, in a master-planned residential community like the subject, municipalities will require impact fees paid for water, sewer, and roadway. These fees will be the responsibility of the homebuilder rather than the developer. Since purchasers of other lots would typically be expected to pay water, sewer, and roadway impact/connection fees, these are not considered atypical and are not included in our analysis.

Time/Market Conditions

The residential real estate market increased significantly in 2020 through 2023 but now appears to be cooling following another interest rate decrease by the Federal Home Loan Mortgage Corporation's 30-year fixed-rate which rose by four basis points to 6.82% as of May 2024. Price increases from 2020 to 2023 occurred in improved residential homes as well as in vacant developed lots as there was strong demand for lots and new homes. Homebuilders absorbed lots well above the historical norm during this period. Development costs also rose significantly beginning in 2021 as supply chains were disrupted due to the COVID-19 Pandemic, the cost of labor rose, and inflation hit its highest level in decades. We also considered that according to data from Zonda there is a significant shortage of 6,000-SF (50-FF) vacant developed lots in this market which has driven prices higher even as demand for finished homes has recently diminished.

Considering the residential market data and price increases for recent plated and developed residential lot sales throughout the Metroplex and specifically in Decatur and along the 380 Corridor which were necessitated based off supply and demand as well as development costs, we believe a market conditions adjustment of +3% year-over year (YoY) increase throughout 2021, 2022, 2023, and for the first quarter of 2024 is warranted and supported for residential developed lots for sale in platted subdivisions, due to the time it takes to get entitlements approved and engineer and costs paid. Platted developed lots on the ground have a faster market sale value increase than would raw land sold for this use. Based on the preceding, each of the comparable lot sales have been adjusted positively between +4% and +10% for Market Conditions depending on the sale date.

Physical Adjustments

Location/Access

The subject property is located in the City of Decatur near the modestly expanding quasi-suburban sprawl of residential neighborhoods north of Fort Worth and Dallas. Development in the subject's area has been substantial and consistent throughout the decades. The subject is located within the Decatur City Limits and along U.S. Highway 380. The area around the subject is primarily commercial development and rural land. Also in the area are municipal uses, agricultural uses, and some commercial uses along U.S. Highway 380 and U.S. Highway 287.

South of the subject property, about 2.5 miles, is Decatur High School which is the only high school in Decatur ISD. Decatur ISD is a desirable district with a "B" rating from the Texas Education Agency (TEA). Many future residents looking for a quasi-rural residential neighborhood would likely prefer a smaller and desirable school district than larger school districts more prevalent near DFW. The subject is located on U.S. Highway 380, which is a major four-lane, east/west directional, asphalt paved major throughfare that extends through north DFW and through west Texas into New Mexico. Accessibility is considered average for this area. We have made the following adjustments for Location/Access:

- Sale 1: Similar; Located in Decatur, which has similar access to commercial uses and is removed from the DFW metroplex and is located in Decatur ISD which is the same as the subject; Adjusted 0%
- Sale 2: Superior; Located in Pilot Point with similar access to commercial uses and is located in Celina ISD which has an "A" rating and considered to be a superior ISD; Adjusted -2%
- Sale 3: Superior; Located in the Unincorporated area of Denton County with superior access to commercial uses and is located in Ponder ISD which has a "B" rating and considered to be a similar ISD; Adjusted -4%
- Sale 4: Superior; Located in Rhome with superior access to commercial uses and is located in Northwest ISD which has a "B" rating and considered to be a similar ISD; Adjusted -6%
- Sale 5: Superior; Located in Northlake with superior access to commercial uses and is located in Argyle ISD which has an "A" rating and considered to be a Superior ISD; Adjusted -6%

Amenities

The subject property's amenities will consist of a commercial district, amenity center, parks, green spaces, and trails. According to the site visit, earthwork on the site is underway. The subject's amenities are standard for a master planned community the size of Paloma Trails PID development being built-out with 254 homes in Improvement Area #1. We have made the following adjustments for Amenities:

- Sale 1: Similar; Vista Park, which has similar amenities consisting of commercial space, parks, walking paths, 3 ponds, open spaces; Adjusted 0%
- Sale 2: Similar; Creek View Meadows, which has similar amenities such as a clubhouse, community garden, dog park, orchard, fitness center, and green spaces; Adjusted 0%
- Sale 3: Superior; Tabor Ranch, which has superior amenities such as a lagoon-style water park, a sand volleyball court, a playground, ponds, a walking trail, and green spaces; Adjusted -5%
- Sale 4: Superior; Bluestem Rolling V Ranch, which as superior amenities such as a plaza and event lawn, resort style pool, playground, stocked ponds, dog park, and walking trails; Adjusted -5%
- Sale 5: Superior; Harvest Meadows, which has superior amenities such as an amenity center, resort style pool, a lake with a dock, an event lawn, fitness center, farm with a farmhouse, a greenhouse, parks, and walking trails; Adjusted -5%

Size
Due to economies of scale, smaller lots are expected to sell for a higher price per unit (square footage). Sales 1, 3, 4, and 5 are also 6,000-SF lots and sale 2 is 5,750-SF which can all accommodate the same building pad, so no adjustment is made for Size to those comparable sales.

Utilities
The subject property's improved lots will each have access to electric, water, sewer, natural gas, and high-speed Internet. Sales 1, 2, 4, and 5 will also have access to the same utilities as the subject. Therefore, no adjustment is made for Utilities to those comparable sales. Sale 3 is in the unincorporated area of Denton County and will not have access to city utilities, however, will have access to electric, water, septic system, and gas, thus was adjusted +2%.

Zoning
The subject property is in a planned development and comparable sales 1, 2, 4, and 5 are in planned developments with residential subdivision zoning for similar sized residential lots; thus, no adjustment is made for Zoning. Sale 3 is not within a city, thus does not have to abide by city zoning and has a highest and best use of residential development, therefore no adjustment is made for Zoning.

Conclusion for 6,000-SF (50-FF) Lots – The 6,000-SF (50-FF) Lot Sales have an adjusted range of $11.01/SF to $14.69/SF with an average of $12.39/SF and a median of $11.85/SF. We considered each of the five sales as being reflective of the market and considered increasing development land costs due to increases in material (especially concrete) and labor which has increased the cost to develop a property similar to the subject. We conclude that the retail market value of the improved 6,000' lots (50-FF) is $12.40/SF, or $74,400/Lot.

Lot Type	Total Lots	Projected Completion Date	Concluded Retail Value Per Lot
6,000-SF Detached Lots (50-FF)	42	July 1, 2025	$74,400

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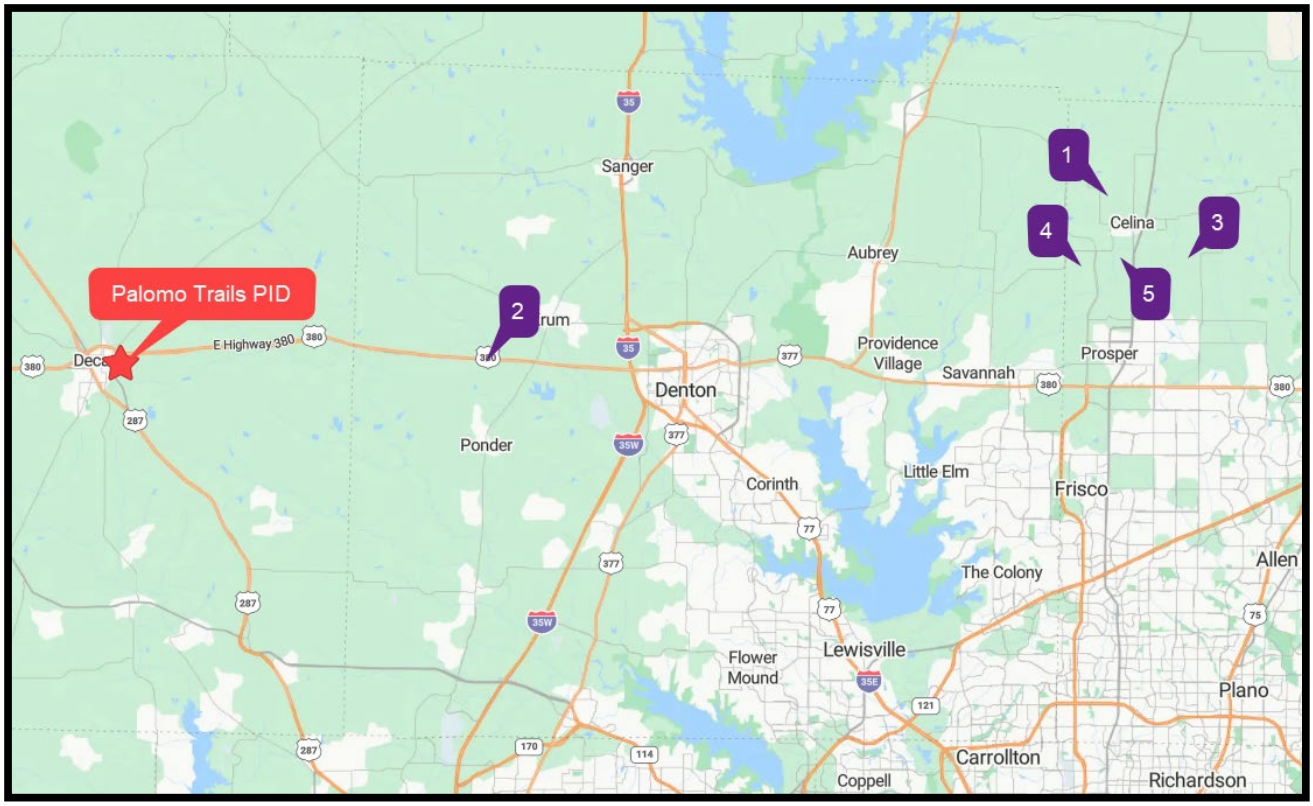
,PSURYHPHQW $UHD RI 3DORPD 7UDLOV 3,'

MAP OF COMPARABLE LOT SALES – 7,200-SF LOTS; 60-FF LOTS



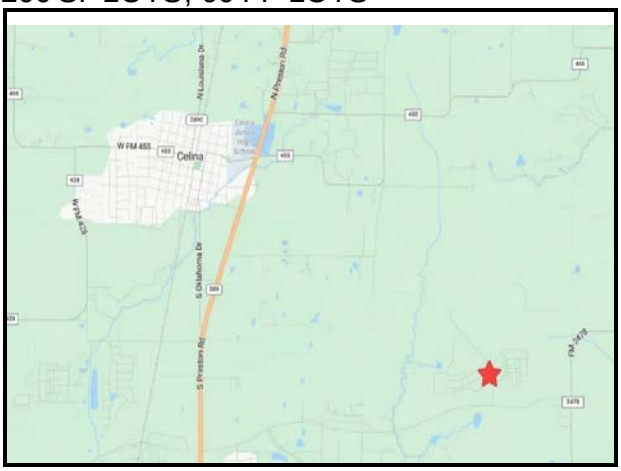
Subject: Paloma Trails PID, Decatur, TX 76234

We selected the best and most recent comparable lot sales for our analysis of the 7,200-SF (60-FF) lots. Our five comparable sales are shown below:

SUMMARY OF LOT SALES - 7,200-SF LOTS								
Sale	Subdivision/Address	City	ISD	Contract Date	Sale Date	Base Lot Price	Square Feet (SF)	$/SF
1	Legacy Hills	Celina	Celina	July -2023	In-Contract	$81,000	7,500	
2	Tabor Ranch	Unincorporated	Ponder	Apr-2023	In-Contract	$89,900	7,200	
3	Parks at Wilson Creek	Celina	Celina	Dec-2022	In-Contract	$102,000	7,800	
4	Cambridge Crossing	Celina	Celina	Sept-2022	Sept-2022	$97,500	7,800	
5	Glen Crossing	Celina	Celina	Oct-2021	Oct-2021	$94,830	7,200	
Subject	Paloma Trails PID IA #1	Decatur	Decatur	-	-	-	7,200	-

SALE COMPARABLE 3 – 7,200-SF LOTS; 60-FF LOTS

Comparable 3 Aerial

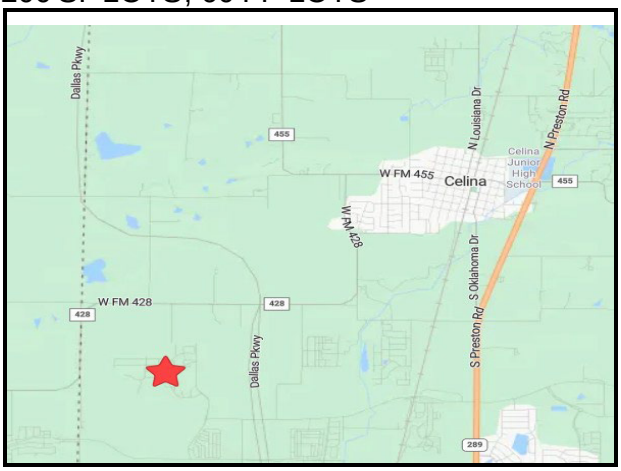


Comparable 3 Map

7,200-SF Sale Comparable 3				
Property Information				
Subdivision Name	Parks at Wilson Creek			
Property Class	Residential Lot			
Address	East/West sides of Roseland Parkway, north of Future Collin County Outer Loop, Celina			
County	Collin			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	7,800	SF	0.18	Acres
Zoning Code	Planned Development			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	Closed			
Sale/Contract Date	December - 2022			
Seller	The Parks at Wilson Creek, LP			
Buyer	Tradition Homes, LLC			
Sale Price	$102,000			
Price per SF Land	**$13.08**			
Comments	N/A			

SALE COMPARABLE 4 – 7,200-SF LOTS; 60-FF LOTS

Comparable 4 Aerial

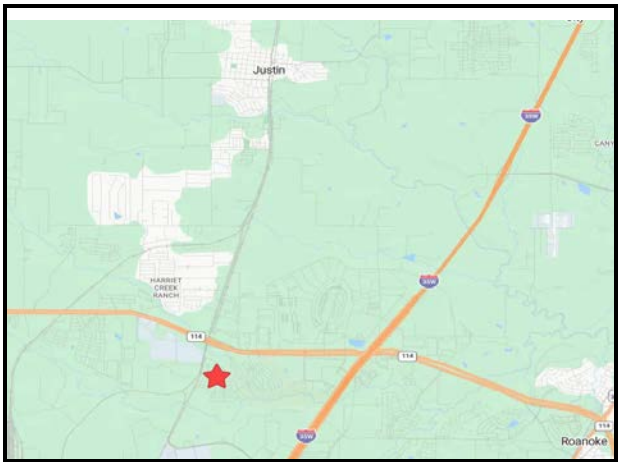


Comparable 4 Map

7,200-SF Sale Comparable 4				
Property Information				
Subdivision Name	Cambridge Crossing			
Property Class	Residential Lot			
Address	Northeast quadrant of Legacy Drive and Punk Carter Parkway			
County	Collin			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	7,800	SF	0.18	Acres
Zoning Code	Planned Development			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	Closed			
Sale/Contract Date	September - 2022			
Seller	Tollway/Outer Loop LP			
Buyer	Highland Homes - Dallas, LLC			
Sale Price	$97,500			
Price per SF Land	**$12.50**			
Comments	N/A			

SALE COMPARABLE 2 – 8,400-SF LOTS; 70-FF LOTS

Comparable 2 Aerial



Comparable 2 Map

8,400-SF Sale Comparable 2				
Property Information				
Subdivision Name	Oak Creek Trail			
Property Class	Residential Lot			
Address	15840 Badger Creek Lane, Fort Worth			
County	Denton			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	9,396	SF	0.22	Acres
Zoning Code	One-Family			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	Closed			
Sale/Contract Date	April - 2023			
Seller	AKC Homes, LLC			
Buyer	Stone, Jerry & Stone, Joy Elaine			
Sale Price	$115,000			
Price per SF Land	**$12.24**			
Comments	N/A			

PALOMA TRAILS PID– DISCOUNT CASH FLOW (DCF) ANALYSIS

The following assumptions are made in our analysis which are supported by other research and analysis found earlier in this report:

- Construction Complete July 1, 2025
- Retail lot values: $74,400 for 50-FF (6,000-SF) lots
- Retail lot values: $87,800 for 60-FF (7,200-SF) lots
- Retail lot values: $99,120 for 70-FF (8,400-SF) lots
- 6% Appreciation/Year (1.5%/Quarter)
- 50-FF (6,000-SF) Lots sell at 12/Quarter for 3Q2025, then 8/quarter
- 60-FF (7,200-SF) Lots sell at 12/Quarter for 3Q2025, then 8/quarter for 4Q2025-3Q2026, then 16/quarter for 4Q2026-3Q2027, then 20/quarter for 4Q2027, then 4/quarter in 1Q2028
- 70-FF (8,400-SF) Lots sell at 12/Quarter for 3Q2025, then 8/quarter
- Discount Rate 15% (3.75%/Quarter)
- Tax Expense on Inventory is 1.813868%/Year, 0.453467%/Quarter, but is discounted 30%
- Sales and Marketing Expense (1.5% of Revenue)

As Substantial Completion on the lots is expected to be complete by July 1, 2025, we believe lot prices will continue to appreciate closer to their historical average which is closer to 6% per year. Thus, we have concluded that current retail lot values will be similar when the lots are finished, and takedowns begin. Therefore, as of the expected Substantial Completion Date (July 1, 2025) the retail lot value for 50' (6,000-SF) lots is $74,400 with a total cumulative value of $5,803,200, the retail lot value for 60' (7,200-SF) lots is $87,800 with a total cumulative value of $11,765,200, the retail lot value for 70' (8,400-SF) lots is $99,120 with a total cumulative value of $4,163,040, with a combined total of $21,731,440 as shown in the following table:

PALOMA TRAILS PID IA #1, DECATUR, TX 76234						
Total Lots	Feet Frontage (FF)	Square Footage (SF)	Retail Price/Lot	Projected Completion Date	Price/SF ($/SF)	Total Retail Value ($)
78	50 FF	6,000-SF	$74,400	July 1, 2025	$12.40/SF	$5,803,200
134	60 FF	7,200-SF	$87,800	July 1, 2025	$12.19/SF	$11,765,200
42	70 FF	8,400-SF	$99,120	July 1, 2025	$11.80/SF	$4,163,040
254						$21,731,440

Discount cash flow analysis was completed on a quarterly and annual basis as a check for reasonableness. The annual DCF is a more rudimentary calculation, and we consider the quarterly analysis to be more accurate. When applying the DCF on a quarterly basis, the discount rate is divided by 4 and a discount rate of 3.75% is applied to each period. Typically, quarters start in January, April, July, and October so we have used those baselines in our analysis. Since the expected Substantial Completion Date is July 1, 2025, we will analyze on a quarterly basis starting July 2025.

DISCOUNT CASH FLOW DATA – PALOMA TRAILS PID IA #1 LOTS (QUARTERLY)

	Jul. 2025			Oct. 2025			Jan. 2026		
Lot Type	Starting Units	Lot Price	Sales	Units Available	Lot Price	Sales	Units Available	Lot Price	Sales
)) / R W	78	$ 74,400	12	66	$ 75,516	8	58	$ 76,649	8
)) / R W	134	$ 87,800	12	122	$ 89,117	8	114	$ 90,454	8
)) / R W	42	$ 99,120	12	30	$ 100,607	8	22	$ 102,116	8
Revenue		$ 3,135,840			$ 2,121,918			$ 2,153,747	
7D[([SHQVH									
6DOHV ([SHQVH									
Net Income		$ 3,019,821			$ 2,030,177			$ 2,067,466	
Factor		0.982681			0.948939			0.916355	
Income Net Present Value (NPV)		$ 2,967,522			$ 1,926,514			$ 1,894,533	

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	Apr. 2026			Jul. 2026			Oct. 2026		
Lot Type	Units Available	Lot Price	Sales	Units Available	Lot Price	Sales	Units Available	Lot Price	Sales
)) / R W	50	$ 77,798	8	42	$ 78,965	7	35	$ 80,150	8
)) / R W	106	$ 91,811	8	98	$ 93,188	9	89	$ 94,586	16
)) / R W	14	$ 103,648	8	6	$ 105,202	6	0	-	-
Revenue		$ 2,186,053			$ 2,022,662			$ 2,154,568	
7D[([SHQVH									
6DOHV ([SHQVH									
Net Income		$ 2,105,417			$ 1,950,802			$ 2,086,624	
Factor		0.884890			0.854506			0.825164	
Income Net Present Value (NPV)		$ 1,863,063			$ 1,666,971			$ 1,721,807	

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	Jan. 2027			Apr. 2027			Jul. 2027		
Lot Type	Units Available	Lot Price	Sales	Available	Lot Price	Sales	Available	Lot Price	Sales
)) / R W	27	$ 81,352	8	19	$ 82,572	8	11	$ 83,811	7
)) / R W	73	$ 96,004	16	57	$ 97,444	16	41	$ 98,906	17
)) / R W	-	-	-	-	-	-	-	-	-
Revenue		$2,186,887			$2,219,690			$2,268,080	
7D[([SHQVH									
6DOHV ([SHQVH									
Net Income		$2,124,865			$2,163,784			$2,218,260	
Factor		0.796831			0.769470			0.743048	
Income Net Present Value (NPV)		$1,693,157			$1,664,966			$1,648,275	

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3DORPD 7UDLOV 3XEOLF ,PSURYHPHQW 'LVWULFW

	Oct. 2027			Jan. 2028		
Lot Type	Available	Lot Price	Sales	Available	Lot Price	Sales
)) / R W	4	$ 85,068	4	0	-	-
)) / R W	24	$ 100,390	20	4	$ 101,895	4
)) / R W	-	-	-	-	-	-
Revenue		$2,348,066			$ 407,582	
7D[([SHQVH						
6DOHV ([SHQVH						
Net Income		$2,304,117			$ 401,037	
Factor		0.717534			0.701013	
Income Net Present Value (NPV)		$1,653,283			$ 281,132	

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Total Net Revenue Over ~11 Quarters	$22,472,368
Net Present Value (As-Is) at 15% Discount Rate	$18,981,224
Rounded	$18,980,00

DISCOUNT CASH FLOW DATA –PALOMA TRAILS PID IA #1 LOTS (ANNUAL)

	2025			2026		
Lot Type	Starting Units	Lot Price	Sales	Units Available	Lot Price	Sales
)) / R W	78	$ 74,400	20	58	$ 78,864	31
)) / R W	134	$ 87,800	20	114	$ 93,068	41
)) / R W	42	$ 99,120	20	22	$ 105,067	22
Revenue		$ 5,226,400			$ 8,572,050	
7D[([SHQVH						
6DOHV ([SHQVH						
Net Income		$ 5,010,041			$ 8,221,330	
Factor		0.965663			0.869565	
Income Net Present Value (NPV)		$ 4,838,011			$ 7,148,983	

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	2027			2028		
Lot Type	Units Available	Lot Price	Sales	Units Available	Lot Price	Sales
)) / R W	27	$ 83,202	27	0	-	-
)) / R W	73	$ 98,652	69	4	$ 101,908	4
)) / R W	0	-	-	-	-	-
Revenue		$ 9,053,435			$ 407,630	
7D[([SHQVH						
6DOHV ([SHQVH						
Net Income		$ 8,797,671			$ 401,085	
Factor		0.756144			0.701013	
Income Net Present Value (NPV)		$ 6,652,303			$ 281,166	

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Total Net Revenue Over ~4 Years	$22,430,126
Net Present Value (As-Is) at 15% Discount Rate	$18,920,462
Rounded	$18,920,00

Note: Annual discount and appreciation calculations are averaged to the middle of the period

DCF Conclusion (Improved 50', 60', and 70' Lots)

Using the Discount Cash Flow analysis on both a quarterly and annual basis suggests the market value for the improved lots in Improvement Area #1 of the Paloma Trails PID in a bulk sale transaction would be between $18,920,462 and $18,981,224, which is approximately $60,762 (-0.32%) different. Both annual and quarterly DCF analyses have relevance and are a check of reasonableness on each other, but we consider the quarterly analysis to be the more accurate and precise calculation. Thus, we have determined that the market value for Paloma Trails PID IA #1 "Upon Completion" with an Effective Date of July 1, 2025, for 254 lots is /Lot).

INCOME (SUBDIVISION DEVELOPMENT) APPROACH CONCLUSIONS

Using the Discount Cash Flow Analysis to determine the net present value as of the expected substantial completion date (July 1, 2025), we have determined the following value for Paloma Trails PID Improvement Area #1 as shown in the table below:

INCOME APPROACH VALUE INDICATION	
Fee Simple Interest, Complete July 1, 2025	
Paloma Trails PID 254 Improved Lots in Improvement Area #1	$18,520,000 ($73,000/Lot Rounde

1H[W ZH ZLOO FRQVLGHU WKH FUHGLWV NRWHG DQG XQGHUZULWWHQ RQ WKH 3DORPD
7UDLOV ZKLFK ZLOO EH VLPLODU WR PXQLFLSDO ORWV 3DSHU /RWV RI YDULR

VALUATION – PAPER LOTS IN MAJOR IMPROVEMENT AREA

Major Improvement Area (164 Paper Lots on 48.260 AC)

1RWH $ SDSHU ORW FRQVLVWV RI D SRUWLRQ RI ODQG ZLWK W
HQWLWOHPHQWV VLWH SODQ DSSURYDOV LQ SODFH EXW ODFN
HURVLRQ FRQWURO GUDLQDJH UHWDLQLQJ ZDOOV DQG ODQGV
VWUHHW DQG XWLOLWLHV WR GHYHORS D ORW ZLWK D UHVLGHQ
KDYH D VWDWXV EHWZHHQ UDZ JURXQG DQG D IXOO\ GHYHORSHG

Cost Approach

The Cost Approach is the most appropriate method of valuing paper residential lots. We concluded the paper lot value by conducting the following steps:

- Estimate the value of the underlying land (6DOHV &RPSDULVRQ) which is then added at
- Gather hard and soft costs associated to develop the raw ground to paper lot status which includes engineering, zoning costs, and any infrastructure to the site
- Apply appropriate entrepreneurial incentive that a developer would expect to undertake the project
- Subtract depreciation from the project

Income Approach

Since paper lots are not yet improved to a state where they are available for sale to builders or other end users, the Income Approach is not applicable for the Major Improvement Area and was not developed.

Sales Comparison Approach

Sales of paper lots are relatively infrequent in the market. Our due diligence could not uncover sufficient reliable sales to develop the Sales Comparison Approach for the paper lots, so we did not develop this approach for the residential paper lots in the Major Improvement Area. Aspects of the Sales Comparison Approach were utilized to determine the market value of the vacant land prior to any development.

Use of the approaches for the valuation of the paper lots on 48.260 acres in the Major Improvement Area is summarized as follows:

Approach	Applicability to Subject	Use in Assignment
Cost Approach	$SSURSULDWH 6LQFH WKH 3 IURP DQ 8QGHYHORSHG 6WD	8WLOL]HG
Income (Subdivision Development) Approach	1RW $SSURSULDWH 6LQFH V *HQHUDWH ,QFRPH DQG H	1RW8WLOL]HG
Sales Comparison Approach	$VSHFWV 8VHG LQ &RVW $S 9DOXH RI WKH /DQG 3URU	3DUWLDOO\

COST APPROACH: PAPER LOTS IN MAJOR IMPROVEMENT AREA

The Cost Approach is based on the principle of substitution, which states that a prudent buyer would not pay more for a property than the cost to acquire a similar site and construct the equivalent improvements without undue delay. This approach is most beneficial when appraising a proposed or recently developed project. The methodology provides information that contrasts with information from the income capitalization and sales comparison approaches. It allows the appraiser to address the feasibility and highest and best use issues inherent in new construction.

The Cost Approach include three basic elements:

1. Land Value – Raw Land Sales
2. Reproduction Cost – Engineering, Platting, Zoning, Major Improvements/Development Costs
3. Accrued Depreciation

Paloma Trails PID has a total of 165.510-AC in size. Thus far in our analysis, the 254 improved single-family residential lots in Improvement Area #1 (on 66.220-AC) has been separately valued. This leaves approximately 99.29-AC, of which 51.02-AC will be utilized for commercial and multifamily use, which is outside the scope of this reports, leaving 48.260-AC for the 164 paper lots in the Major Improvement Area.

127($ SDSHU ORW FRQVLVWV RI D SRUWLRQ RI ODQG ZLWK WKH HQWLWOHPHQWV VLWH SODQ DSSURYDOV LQ SODFH EXW ODFN HURVLRQ FRQWURO GUDLQDJH UHWDLQLQJ ZDOOV DQG ODQGV VWUHHW DQG XWLOLWLHV WR GHYHORS D ORW ZLWK D UHVLGHQ KDYH D VWDWXV EHWZHHQ UDZ JURXQG DQG D IXOO\ GHYHORSHG

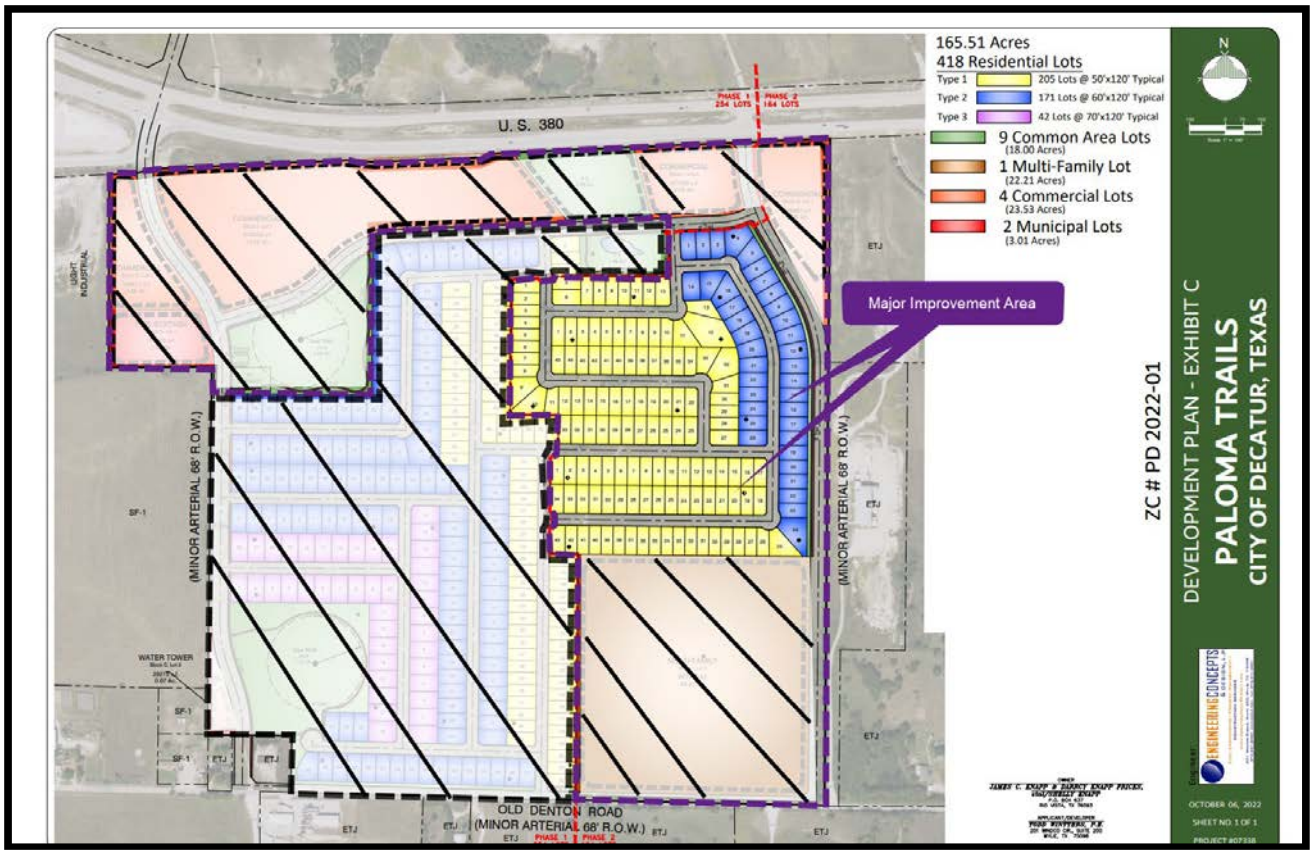
The first step in the Cost Approach is to develop a value opinion of the underlying land involved. The land valuation is really a separate appraisal of the land of the subject property, under the assumption that no improvement has been performed. Therefore, we have elected to treat the site valuation as a separate component of the appraisal process. After we reach an opinion of value for the subject site, that value will be transferred to the calculation of the Cost Approach in the following section of this report.

We have utilized the Sales Comparison Approach to determine the market value of the land. Based on research, buyers in the market typically rely heavily on the following unit of comparison for land valuation of over 40 acres:

Sales Price Per Acre 7KLV QXPEHU LV REWDLQHG E\ GLYLGLQJ WKH VD

An exhibit of the Major Improvement Area is shown on the following page followed by a map of the subject property with similar, nearby, recent comparable sales is shown below, in addition to a summary of the land sales. Following the map and table there is an adjustment grid as well as an analysis explaining how we adjusted the comparable sales to arrive at a value indication for the subject site's land. Comparable sale data sheets follow the comparable sale map.

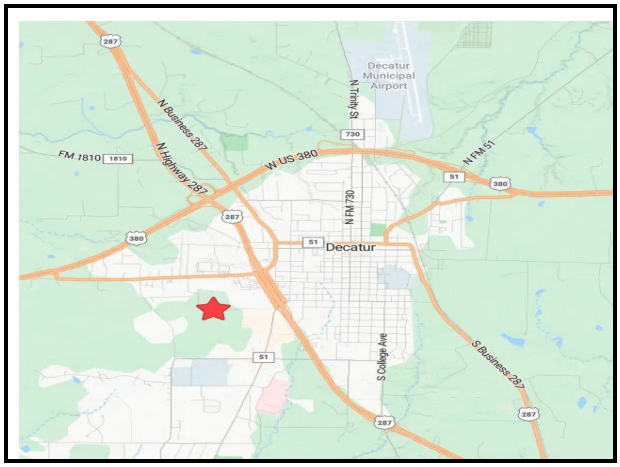
PALOMA TRAILS DEVELOPMENT PLAN OF MAJOR IMPROVEMENT AREA
ENGINEERING CONCEPTS & DESIGN, L.P. (PROFESSIONAL ENGINEERS)



8QVKDGHG \HOORZ DQG EOXH SDUFHOV UHSUHVHQW 0DMRU ,PSU

LAND SALE COMPARABLE 4

Comparable 4 Aerial



Comparable 4 Map

Land Sale Comparable 4				
Property Information				
Property Name	90.16-AC - Vista Park PID			
Property Class	Land			
County	Grayson			
Property Type	Undeveloped Acreage			
Site Information				
Site Size	3,927,370	SF	90.16	Acres
Zoning Code	Planned Development			
Shape	Irregular			
Topography	Gently Sloping; Floodplain X			
Available Utilities	All Available			
Transaction Information				
Sale Status	Closed			
Sale Date	6/1/2022			
Seller	Marsha Gage Rodden			
Buyer	Decatur VP, LLC			
Sale Price	$3,700,000			
Price per SF Land	$0.94			
Price per Acre	**$41,038**			
Comment	No Easements			

In accordance with our correspondence, the scope of this assignment will require Peyco to consider all relevant and applicable approaches to value as determined during the course of our research, Subject Property analysis, and preparation of the report. **The report will include an opinion of the fee simple market value of the following:**

- **Phase 1 with approximately 254 improved residential lots to be sold in bulk in the Paloma Trails PID. We will report the estimated retail value of the lots during the sellout period consisting of:**
  - **78 lots of 50-FF sizes,**
  - **134 lots of 60-FF sizes, and**
  - **42 lots of 70-FF sizes**
- **Major Improvement Area (MIA) Entitled Paper Lots – estimated at 164 lots of various sizes on ~99.29-AC to be sold in bulk in the major improvement area.**

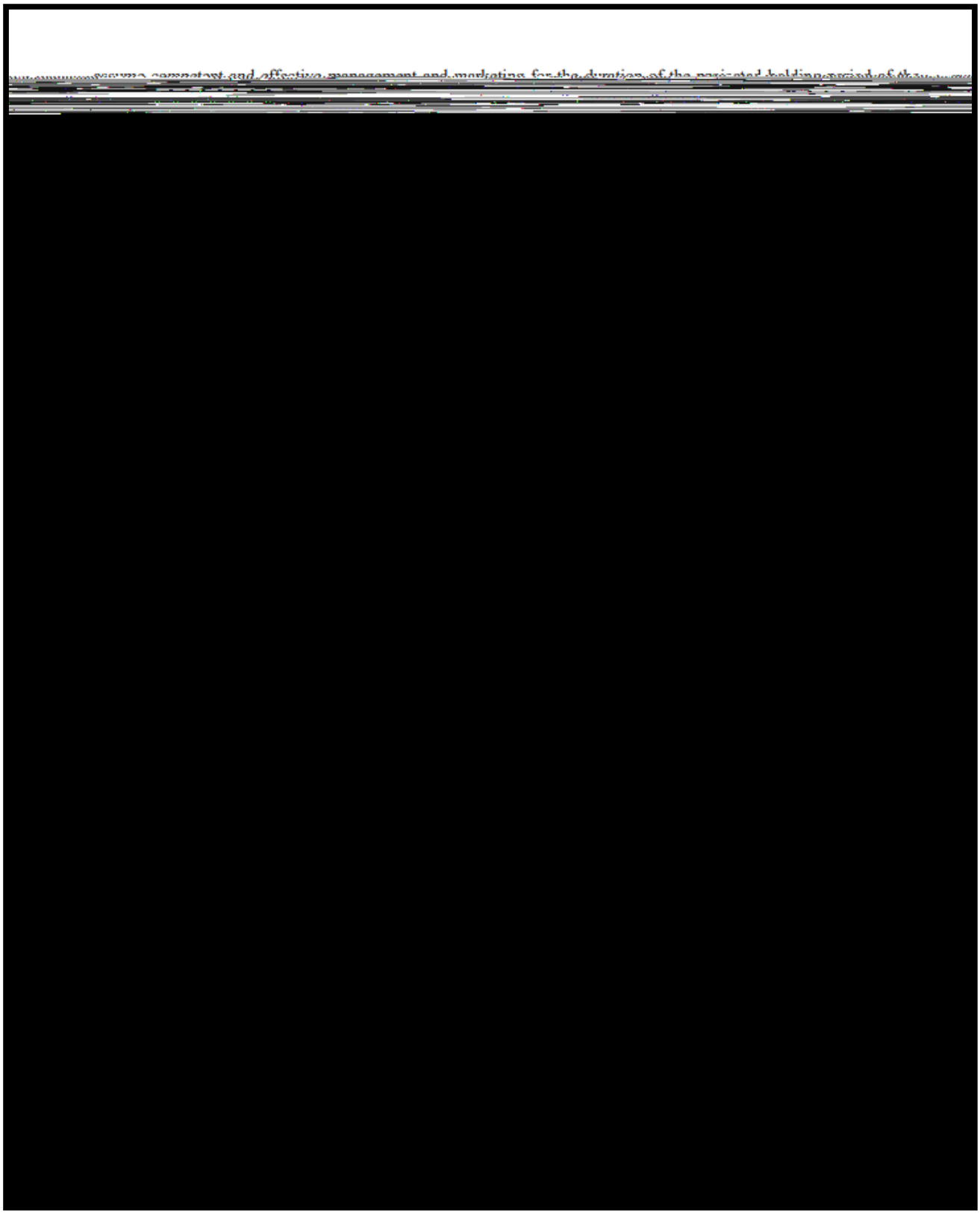
Federal banking regulations require banks and other lending institutions to engage appraisers where FIRREA compliant appraisals must be used in connection with mortgage loans or other transactions involving federally regulated lending institutions. Given that requirement, this appraisal may not be accepted by a federally regulated financial institution.

The appraisal will be communicated in an Appraisal Report-Standard Format Report. All work will be performed under the direct supervision of the undersigned, together with other staff members. The appraisal and this letter agreement will be subject to our standard assumptions and limiting conditions, a copy of which is attached as Attachment 1.

The total fee for this assignment will be $17,000 which will be paid for by the Developer, but payment may be reimbursed to the developer as a qualified creation and issuance cost of the "Public Improvement District". Please note that the full fee must be received in our office before the commencement of this appraisal. The delivery date will be within 30 days from your signed acceptance of this letter agreement, receipt of the fee and receipt of requested documents from the developer, but subject to extension based upon late delivery of the requested data and scheduled access for inspection. **We will require the full fee of $17,000 prior to the commencement of this appraisal assignment.** If the assignment is cancelled by either party prior to completion, you agree to pay us for all our expenses and our time to date based upon the percentage of work completed.

Two hard copies of the appraisal report will be provided upon request. Digital copies, in PDF format, will be delivered upon completion via email or other file transfer as client requests. Additionally, we confirm our permission to use the final appraisal report in the offer and sale of public securities secured by the special assessments levied on property within the PID for the "Project"; and we confirm that we will execute, subject to our approval of the same.

13. If the Subject Property is subject to one or more leases, any estimate of residual value contained in the appraisal may be particularly affected by significant changes in the condition of the economy, of the real estate industry, or of the Subject Property at the time these leases expire or otherwise terminate.
14. Unless otherwise stated in the report, no consideration has been given to personal property located on the Subject Property or to the cost of moving or relocating such personal property; only the real property has been considered.
15. The current purchasing power of the dollar is the basis for the value stated in the appraisal; we have assumed that no extreme fluctuations in economic cycles will occur.
16. The values found herein are subject to these and to any other assumptions or conditions set forth in the body of this report but which may have been omitted from this list of Assumptions and Limiting Conditions.
17. The analyses contained in the report necessarily incorporate numerous estimates and assumptions regarding property performance, general and local business and economic conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will vary from our estimates, and the variations may be material.
18. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific survey or analysis of the Subject Property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. We claim no expertise in ADA issues and render no opinion regarding compliance of the Subject Property with ADA regulations. Inasmuch as compliance matches each owner's financial ability with the cost to cure the non-conforming physical characteristics of a property, a specific study of both the owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.
19. The appraisal report is prepared for the exclusive benefit of you, your subsidiaries and/or affiliates. It may not be used or relied upon by any other party. All parties who use or rely upon any information in the report without our written consent do so at their own risk.
20. No studies have been provided to us indicating the presence or absence of hazardous materials on the Subject Property or in the improvements, and our valuation is predicated upon the assumption that the Subject Property is free and clear of any environment hazards including, without limitation, hazardous wastes, toxic substances, and mold. No representations or warranties are made regarding the environmental condition of the Subject Property. Peyco and/or any of its officers, owners, managers, directors, agents, subcontractors, or employees (the "Peyco Parties") shall not be responsible for any such environmental conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because we are not experts in the field of environmental conditions, the appraisal report cannot be considered as an environmental assessment of the Subject Property.
21. The persons signing the report may have reviewed available flood maps and may have noted in the appraisal report whether the Subject Property is located in an identified Special Flood Hazard Area. However, we are not qualified to detect such areas and therefore do not guarantee such determinations. The presence of flood plain areas and/or wetlands may affect the value of the Subject Property, and the value conclusion is predicated on the assumption that wetlands are nonexistent or minimal.
22. We are not a building or environmental inspector. Peyco does not guarantee that the Subject Property is free of defects or environmental problems. Mold may be present in the Subject Property and a professional inspection is recommended.
23. The appraisal report and value conclusions for an appraisal assumes the satisfactory completion of construction, repairs, or alterations in a workmanlike manner.
24. Peyco is an independently owned and operated company, which has prepared the appraisal for the specific intended use stated elsewhere in the report. The use of the appraisal report by anyone other than the Client is prohibited except as otherwise provided. Accordingly, the appraisal report is addressed to and shall be solely for the Client's use and benefit unless we provide our prior written consent. We expressly reserve the unrestricted right to withhold our consent to your disclosure of the appraisal report or any other work product related to the engagement (or any part thereof including, without limitation, conclusions of value and our identity), to any third parties. Stated again for clarification, unless our prior written consent is obtained, no third party may rely on the appraisal report (even if their reliance was foreseeable).
25. The conclusions of this report are estimates based on known current trends and reasonably foreseeable future occurrences. These estimates are based partly on property information, data obtained in public records, interviews, existing trends, buyer-seller decision criteria in the current market, and research conducted by third parties, and such data are not always completely reliable. Peyco is not responsible for these and other future occurrences that could not have reasonably been foreseen on the effective date of this assignment. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance. While we are of the opinion that our findings are reasonable based on current market conditions, we do not represent that these estimates will actually be achieved, as they are subject to considerable risk and uncertainty. Moreover, we



LEGAL DESCRIPTION
PALOMA TRAILS PID MIA

LEGAL DESCRIPTION
PHASE ONE MIA
99.29 ACRES

BEING a 99.29-acre tract of land situated in the H.D. Donald Survey, Abstract No. 1158 and the John C. Logan Survey, Abstract 494, Wise County, Texas, being a portion of called 150.672-acre tract as described in deed to Darcy Lee Knapp Frick, Shelly Lynn Knapp and James Christopher Knapp, recorded in Volume 720, Page 487, Deed Records Wise County, Texas (D.R.W.C.T.) and a portion of the Mildred Knapp tract, called 15.00-acre tract as described in Volume 355, Page 49 (D.R.W.C.T.):

BEGINNING at the southeast corner of said 150.672-acre tract, in the center of Old Denton Highway;

THENCE North 88 degrees 45 minutes 07 seconds West with the south line of said 150.672-acre tract, a distance of 964.81 feet;

THENCE North 88 degrees 37 minutes 27 seconds West, a distance of 74.23 feet;

THENCE departing said south line over and across said 150.672-acre tract the following courses:

North 00 degrees 34 minutes 31 seconds East, a distance of 1025.42 feet;

North 89 degrees 25 minutes 29 seconds West, a distance of 120.00 feet;

North 00 degrees 34 minutes 31 seconds East, a distance of 110.00 feet;

North 45 degrees 34 minutes 31 seconds East, a distance of 14.14 feet;

South 89 degrees 25 minutes 29 seconds East, a distance of 15.00 feet;

North 00 degrees 34 minutes 31 seconds East, a distance of 50.00 feet;

North 89 degrees 25 minutes 29 seconds West, a distance of 15.00 feet;

North 44 degrees 25 minutes 29 seconds West, a distance of 14.14 feet;

North 00 degrees 34 minutes 31 seconds East, a distance of 220.00 feet;

North 45 degrees 34 minutes 31 seconds East, a distance of 14.14 feet;

South 89 degrees 25 minutes 29 seconds East, a distance of 21.59 feet;

North 00 degrees 34 minutes 31 seconds East, a distance of 170.00 feet;

North 89 degrees 25 minutes 29 seconds West, a distance of 201.59 feet;

North 00 degrees 34 minutes 31 seconds East, a distance of 563.55 feet;

North 87 degrees 32 minutes 32 seconds East, a distance of 109.22 feet;

South 47 degrees 27 minutes 28 seconds East, a distance of 14.14 feet to the beginning of a non-tangent curve to the right;

Z:\PROJECTS\07338 - Decatur 166AC South of US 380\dwg\Exhibits\PID\PID Legals\PID MIA-99.29 AC Desc.docx

Southeasterly with said curve which has a central angle of 03 degrees 01 minutes 59 seconds, a radius of 300.00 feet, a chord that bears South 00 degrees 56 minutes 28 seconds East with a chord distance of 15.88 feet, and an arc length of 15.88 feet to the end of said curve;

South 89 degrees 25 minutes 29 seconds East, a distance of 50.00 feet to the beginning of a non-tangent curve to the left;

Northwesterly with said curve which has a central angle of 03 degrees 01 minutes 59 seconds, a radius of 350.00 feet, a chord that bears North 00 degrees 56 minutes 28 seconds West with a chord distance of 18.53 feet, and an arc length of 18.53 feet to the end of said curve;

North 02 degrees 27 minutes 28 seconds West, a distance of 14.92 feet;

North 87 degrees 32 minutes 32 seconds East, a distance of 121.45 feet;

South 89 degrees 25 minutes 29 seconds East, a distance of 370.95 feet;

North 02 degrees 27 minutes 28 seconds West, a distance of 174.70 feet;

North 47 degrees 27 minutes 28 seconds West, a distance of 14.14 feet;

South 87 degrees 32 minutes 32 seconds West, a distance of 1101.20 feet to the beginning of a tangent curve to the left;

Southwesterly with said curve which has a central angle of 19 degrees 23 minutes 11seconds, a radius of 370.00 feet, a chord that bears South 77 degrees 50 minutes 57 seconds West with a chord

BROOKE CLOCK – LICENSED RESIDENTIAL APPRAISER

TECHNICAL TRAINING:

McKissock Learning Appraisal Courses:

- Advanced Residential Applications and Case Studies
- Residential Report Writing and Case Studies
- Statistics, Modeling and Finance
- Appraisal Subject Matter Electives
- Residential Appraiser Site Valuation and Cost Approach
- Residential Market Analysis and Highest and Best Use
- Residential Sales Comparison and Income Approaches
- Basic Appraisal Procedures
- 2020-2021 National USPAP Course
- Short Sales and Foreclosures
- Fair Housing
- Characteristics of Real Estate Title Insurance

APPRAISAL EXPERIENCE:

April 2024 – Present

Licensed Residential Appraiser with Peyco Southwest Realty, Arlington, TX

- Written Reports on Commercial Industrial, Commercial Office, Vacant Land.
- Property Tax Consultant.
- Business Personal Property.
- April 2023-April 2024

Licensed Residential Appraiser with RSDS Appraisal Diversity, Irving, TX

- Residential Real Estate Appraisals – area of expertise in the North Texas Region.

March 2022-February 2023

Real Estate Appraiser Trainee with Aloft Appraisal

- Residential Real Estate Appraisals – area of expertise in the North Texas Region.

April 2021-February2022

Real Estate Appraiser Trainee with ASI, Inc.

- Residential Real Estate Appraisals – area of expertise in the North Texas Region.

January 2009 – August 2021

Licensed Real Estate Agent with Elite Real Estate

- Real Estate Agent with a focus on lead generation, appointment setting, and follow-up. Concentrating on client's needs and providing solutions to assist in closing transactions. Proficient at negotiating deals, listing properties, and finding buyers.
- Develop Broker Price Opinions for lenders in real estate transactions.

TALCB

TEXAS APPRAISER LICENSING & CERTIFICATION BOARD

Licensed Residential Real Estate Appraiser

Appraiser: **Brooke Marie Clock**

License #: **TX 1350743 L**

License Expires: **03/31/2025**

Having provided satisfactory evidence of the qualifications required by the Texas Appraiser Licensing and Certification Act, Occupations Code, Chapter 1103, authorization is granted to use this title: Licensed Residential Real Estate Appraiser

For additional information or to file a complaint please contact TALCB at www.talcb.texas.gov.

Chelsea Buchholtz
Commissioner

BRANDON L. LAWSON – APPRAISER TRAINEE

EDUCATION:
Bachelor of Arts - Communication, 2021 - University of Arkansas (3.97 GPA)
Master of Arts - Communication, 2023 - University of Arkansas (4.0 GPA)
Graduate $UOLQJWRQ 0DU, Arlington, Texas, 2017 K RRO

TECHNICAL TRAINING:
- 0F.LVVRFN / 79 hours of qualifying education for Appraiser Trainee License
- 2024-2025 7 Hour National USPAP Course (QE) – 7 Hours
- General Appraiser Sales Comparison Approach – 30 Hours
- The Discount Cash Flow Model: Concepts, Issues, and Apps. – 5 Hours
- Business Practice and Ethics – 6 Hours
- &KDPSLRQV 6FKRRO – 180 hours of qualifying education for the Texas Real Estate License
- Real Estate Brokerage (SAE) – 30 Hours
- Affiliate Member, Appraisal Institute – since 2023

PROFESIONAL AFFILIATIONS:
7H[DV $SSUDLVHU /LFHQVLQJ DQG Certified Trainee No. TX-1343865 RQ %RDUG – Apprais
7H[DV 5HDO (VWDWH &RPPLVVLRQ – Sales Agent No. 818593

APPRAISER EXPERIENCE
July 2023-Present
Appraiser Trainee with 3H\FR 6RXWKZHVW 5HDOW\ , Arlington, TX
- Commercial Appraisals – throughout that state of Texas

TALCB

TEXAS APPRAISER LICENSING & CERTIFICATION BOARD

Appraiser Trainee

Trainee: **Brandon L Lawson**

Authorization #: **TX 1343865 Trainee** Expires: **11/30/2025**

Review the list of the above Trainee's Supervisors on the License Holder Search at www.talcb.texas.gov.

Having provided satisfactory evidence of the qualifications required by the Texas Appraiser Licensing and Certification Act, Occupations Code, Chapter 1103, authorization is granted to use this title: Appraiser Trainee

For additional information or to file a complaint please contact TALCB at www.talcb.texas.gov.

Chelsea Buchholtz
Commissioner

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