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.

$4,469,000*
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 MAJOR IMPROVEMENT AREA 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 Major Improvement Area 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 Major Improvement Area Projects, (ii) paying the District Formation Costs allocable to the Major Improvement Area, 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 Major Improvement Area Projects, and other costs related to the issuance of the Bonds. See "THE MAJOR IMPROVEMENT AREA 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 the Major Improvement Area 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 LP. 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)]

$4,469,000*
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 MAJOR IMPROVEMENT AREA 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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* *Preliminary, subject to change.*

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:

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City Manager
City of Decatur, Texas
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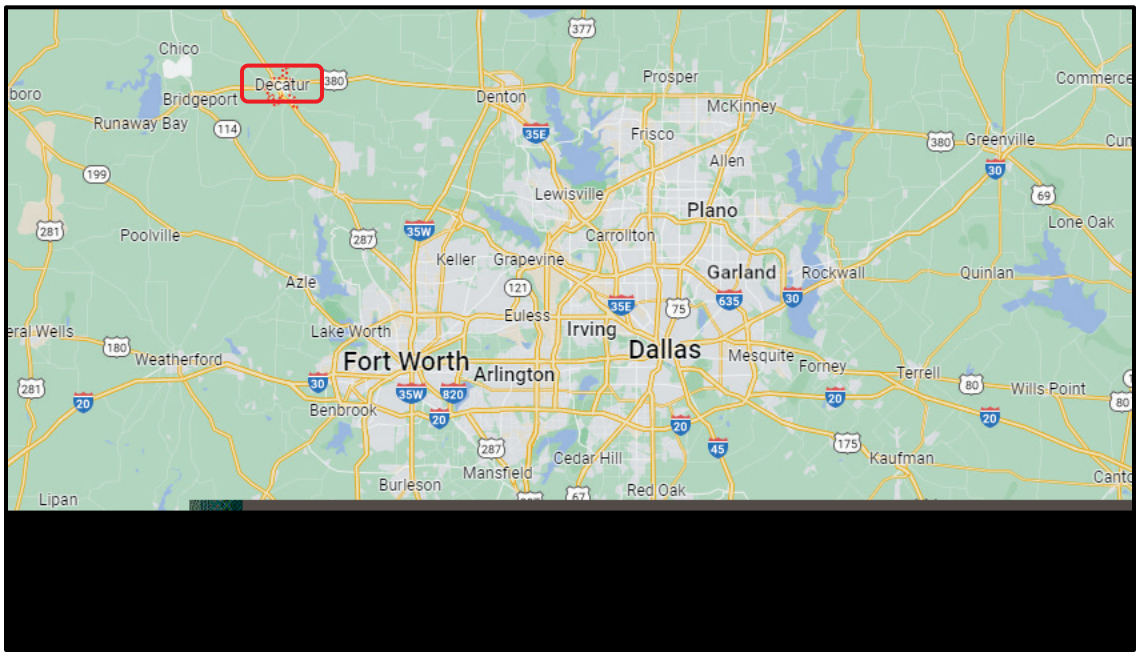
Decatur, Texas 76234
(940) 393-0200
nmara@decaturtx.org

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



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

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

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

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

"Substantial Amount Redemption" means an extraordinary optional redemption of a principal amount of a series of Bonds that is greater than or equal to 10% of the Outstanding principal amount of such series of Bonds.

"Minor Amount Redemption" means an extraordinary optional redemption of a principal amount of a series of Bonds that is less than 10% of the Outstanding principal amount of such series of Bonds.

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

BOOK-ENTRY ONLY SYSTEM

This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by DTC while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Limited Offering Memorandum. The information in this section concerning DTC and DTC's book-entry-only system has been obtained from sources that the City believes to be reliable, but none of the City, the City's Financial Advisor or the Underwriter takes any responsibility for the accuracy or completeness thereof.

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

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies,

clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its registered subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

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

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

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

responsibility of the Trustee, the Paying Agent/Registrar or the City, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

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

Use of Certain Terms in Other Sections of this Limited Offering Memorandum. In reading this Limited Offering Memorandum it should be understood that while the Bonds are in the Book-Entry-Only System, references in other sections of this Limited Offering Memorandum to registered owners should be read to include the person for which the participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System and (ii) except as described above, notices that are to be given to registered owners under the Indenture will be given only to DTC.

SECURITY FOR THE BONDS

General

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.

The principal of, premium, if any, and interest on the Bonds are secured by a first lien on and pledge of Pledged Revenues, consisting primarily of Assessments expected to be levied against the Assessed Property within the Major Improvement Area of the District, and other assets comprising the Trust Estate, all to the extent and upon the conditions described in the Indenture. See "APPENDIX B – Form of Indenture." In accordance with the PID Act, the City has caused the preparation of a preliminary Service and Assessment Plan in connection with the levy of the Assessments and expects to adopt a final Service and Assessment Plan in connection with the authorization of the issuance of the Bonds. The Service and Assessment Plan describes the special benefit received by the Assessed Property within the District, including the Major Improvement Area, provides the basis and justification for the determination of special benefit on such property, establishes the methodology for the levy of Assessments and provides for the allocation of Pledged Revenues for payment of principal of, premium, if any, and interest on the Bonds. The Service and Assessment Plan is reviewed and updated annually for the purpose of determining the annual budget for improvements and the Annual Installments of Assessments due in a given year. The determination by the City of the assessment methodology set forth in the Service and Assessment Plan is the result of the discretionary exercise by the City Council of its legislative authority and governmental powers and is conclusive and binding on all current and future landowners within the District. See "APPENDIX C – Form of Service and Assessment Plan."

In connection with the pricing of the Bonds expected to occur on February 10, 2025, and as provided in the Assessment Ordinance, the City expects to approve the Service and Assessment Plan, which will reflect the actual interest rate on the Bonds, as well as the Additional Interest to be collected pursuant to Section 372.018(a) of the PID Act. APPENDIX C will be updated in the final Limited Offering Memorandum to include the final Service and Assessment Plan.

Pledged Revenues

The City is authorized by the PID Act, the Assessment Ordinance, and other provisions of law to finance the Major Improvement Area Projects by levying Assessments upon Assessed Property in the Major Improvement Area. For a description of the assessment methodology and the amounts of Assessments expected to be levied in the Major Improvement Area of the District, see "ASSESSMENT PROCEDURES" and "APPENDIX C – Form of Service and Assessment Plan."

The Bonds are secured by a pledge of and a lien upon the Pledged Revenues, consisting primarily of Assessment Revenue, and other funds comprising the Trust Estate, all to the extent and upon the conditions described herein and in the Indenture. Pursuant to the Indenture:

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

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

"Annual Collection Costs" mean the actual or budgeted costs and expenses related to the operation of the District, including, but not limited to, costs and expenses for: (1) the Administrator; (2) City staff; (3) legal counsel, engineers, accountants, financial advisors, and other consultants engaged by the City; (4) calculating, collecting, and maintaining records with respect to Assessments and Annual Installments; (5) preparing and maintaining records with respect to the Major Improvement Area Assessment Roll and Annual Service Plan Updates; (6) paying and redeeming the Bonds; (7) investing or depositing Assessments and Annual Installments; (8) complying with the Service and Assessment Plan, the PID Act, and the Indenture with respect to the Bonds, including the City's continuing disclosure requirements; and (9) the paying agent/registrar and Trustee in connection with the Bonds, including their respective legal counsel. Annual Collection Costs collected but not expended in any year shall be carried forward and applied to reduce Annual Collection Costs for subsequent years.

"Annual Installment" means, with respect to each Assessed Parcel, each annual payment of the Assessments (including both principal of and interest on the Assessments) as shown on the Major Improvement Area Assessment Roll attached to the Service and Assessment Plan as Exhibit G-1 and related to the Major Improvement Area Projects and as summarized on Exhibit G-2; which annual payment includes the Annual Collection Costs and the Additional Interest collected on each annual payment of the Assessments as described in the Indenture and as defined and calculated in the Service and Assessment Plan or in any Annual Service Plan Update.

"Annual Service Plan Update" means an update to the Service and Assessment Plan prepared no less frequently than annually by the Administrator and approved by the City Council as required by the PID Act and the Service and Assessment Plant.

"Assessed Parcel" means each parcel of land located within the Major Improvement Area of the District against which an Assessment is levied by the Assessment Ordinance in accordance with the Service and Assessment Plan.

"Assessed Property" means, collectively, all Assessed Parcels.

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

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

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

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

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

"Pledged Funds" mean the Pledged Revenue Fund, the Bond Fund, the Project Fund, the Reserve Fund, and the Redemption Fund.

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

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

"Trust Estate" means all Pledged Revenues and all moneys and investments held in the Pledged Funds, including any and all proceeds thereof and any contract or any evidence of indebtedness related thereto or other rights of the City to receive any of such moneys or investments, whether now existing or hereafter coming into existence, and whether now or hereafter acquired; and any and all other property or money of every name and nature which is, from time to time hereafter by delivery or by writing of any kind, conveyed, pledged, assigned, or transferred to the Trustee as additional security under the Indenture by the City or by anyone on its behalf or with its written consent.

The PID Act provides that the Assessments (including any reassessment, with interest, the expense of collection and reasonable attorney's fees, if incurred) are a first and prior lien (the "Assessment Lien") against the Assessed Property, superior to all other liens or claims, except liens and claims for State, county, school district, or

municipality ad valorem taxes and are a personal liability of and charge against the owners of Assessed Property, regardless of whether the owners are named, and runs with the land. Pursuant to the PID Act, the Assessment Lien is effective from the date of the Assessment Ordinance until the Assessments are paid (or otherwise discharged), and is enforceable by the City Council in the same manner that an ad valorem property tax levied against real property may be enforced by the City Council. See "ASSESSMENT PROCEDURES."

The Assessment Lien is superior to any homestead rights of a property owner that were properly claimed after the adoption of the Assessment Ordinance. However, an Assessment Lien may not be foreclosed upon if any homestead rights of a property owner were properly claimed prior to the adoption of the Assessment Ordinance ("Pre-existing Homestead Rights") for as long as such rights are maintained on the Assessed Property. See "BONDHOLDERS' RISKS – Assessment Limitations."

Collection and Enforcement of Assessments

For so long as any Bonds are Outstanding, the City covenants, agrees, and warrants that it will take and pursue all actions permissible under Applicable Laws to cause the Assessments to be collected and the liens thereof enforced continuously, in the manner and to the maximum extent permitted by Applicable Laws, and, to the extent permitted by Applicable Laws, to cause no reduction, abatement, or exemption in the Assessments. See "SECURITY FOR THE BONDS – Pledged Revenue Fund," "APPENDIX B – Form of Indenture," and "APPENDIX C – Form of Service and Assessment Plan."

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

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

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

Unconditional Levy of Assessments

The City will impose Assessments on the Assessed Property within the Major Improvement Area of the District to pay the principal of and interest on the Bonds as described in the Indenture and in the Service and Assessment Plan and coming due during each Fiscal Year. The Assessments shall be effective on the date, and strictly in accordance with the terms, of the Assessment Ordinance. Each Assessment may be paid immediately in full or in periodic Annual Installments over a period of time equal to the term of the Bonds, which installments shall include interest on the portion of the Assessments assessed to pay debt service on the Bonds. Pursuant to the Assessment Ordinance, interest on the portion of the Assessments assessed to pay debt service on the Bonds will be calculated at the rate of interest on the Bonds plus 0.50%, calculated on the basis of a 360-day year of twelve 30-day months. Such rates may be adjusted as described in the Service and Assessment Plan. Each Annual Installment, including the interest

on the unpaid amount of an Assessment, shall be billed on or about October 1 of each year. Each Annual Installment together with interest thereon shall be delinquent if not paid prior to February 1 of the following year. The initial Annual Installments will be due when billed on or about October 1, 2025, and will be delinquent if not paid prior to February 1, 2026. The interest due on the Bonds prior to March 15, 2027, will be paid from amounts deposited into the Capitalized Interest Account of the Bond Fund. See "– Bond Fund."

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

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

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

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

Perfected Security Interest

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

Pledged Revenue Fund

A Pledged Revenue Fund will be created under the Indenture to be held by the Trustee. On or before March 1 of each year while the Bonds are Outstanding, and beginning March 1, 2026, the City shall deposit or cause to be deposited the Pledged Revenues into the Pledged Revenue Fund. From amounts deposited into the Pledged Revenue Fund, the City shall deposit or cause to be deposited Pledged Revenues as follows: (i) first, to the Bond Pledged Revenue Account of the Pledged Revenue Fund in an amount sufficient to pay debt service on the Bonds next coming due in such calendar year, (ii) second, to the Reserve Account of the Reserve Fund in an amount to cause the amount in the Reserve Account to equal the Reserve Account Requirement, (iii) third, to the Additional Interest Reserve Account of the Reserve Fund in an amount equal to Additional Interest collected, if any, in accordance with the Indenture, (iv) fourth, to pay Actual Costs of the Major Improvement Area Projects, and (v) fifth, to pay other costs permitted by the PID Act.

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

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

Notwithstanding the deposits described in (i) through (v) of the first paragraph of this subsection, the Trustee shall transfer Prepayments to the Pledged Revenue Fund and as soon as practicable after such deposit shall transfer such Prepayments to the Redemption Fund.

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

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

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

Bond Fund

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

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

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

Date	**Amount**
September 15, 2025	$
March 15, 2026	
September 15, 2026	

Any amounts on deposit in the Capitalized Interest Account after the payment of interest on the dates and in the amounts listed above shall be transferred to the Major Improvement Area Projects Account of the Project Fund, pursuant to directions provided in a City Certificate, or if the Major Improvement Area Projects Account of the Project Fund has been closed as provided in the Indenture, such amounts shall be transferred to the Redemption Fund to be used to redeem Bonds and the Capitalized Interest Account shall be closed.

Project Fund

Money on deposit in the Project Fund shall be used for the purposes described in "PLAN OF FINANCE – The Bonds." Money on deposit in the Major Improvement Area Projects Account of the Project Fund shall only be used to pay Actual Costs of Major Improvement Area Projects.

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

Disbursements from the Major Improvement Area Projects Account of the Project Fund to pay Actual Costs of the Major Improvement Area Projects shall be made by the Trustee upon receipt by the Trustee of either a properly executed and completed Certification for Payment or written direction from the City or its designee approving the disbursement to the Developer or the Developer's designee. The disbursement of funds from the Major Improvement Area Projects Account of the Project Fund pursuant to a Certification for Payment shall be pursuant to and in accordance with the disbursement procedures described in the Major Improvement Area Construction, Funding, and Acquisition Agreement. Such provisions and procedures related to such disbursements contained in the Major Improvement Area Construction, Funding, and Acquisition Agreement, are herein incorporated by reference and deemed set forth herein in full.

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

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

Upon the filing of a City Certificate stating that all Major Improvement Area Projects have been completed and that all Actual Costs of the Major Improvement Area Projects have been paid, or that any such Actual Costs of the Major Improvement Area Projects are not required to be paid from the Major Improvement Area Projects Account of the Project Fund pursuant to a Certification for Payment or written direction from the City or its designee, the Trustee (i) shall transfer the amount, if any, remaining within the Major Improvement Area Projects Account of the Project Fund to the Principal and Interest Account of the Bond Fund or to the Redemption Fund to be used to redeem Bonds as directed by the City Representative in a City Certificate filed with the Trustee, and (ii) shall close the Major Improvement Area Projects Account. If the Major Improvement Area Projects Account has been closed as provided above and the Cost of Issuance Account of the Project Fund has been closed pursuant to the Indenture, the Project Fund shall be closed.

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

Certificate filed with the Trustee, and the Costs of Issuance Account shall be closed. See "APPENDIX B – Form of Indenture" and "APPENDIX G – Form of Major Improvement Area Construction, Funding and Acquisition Agreement."

Reserve Account of the Reserve Fund

A Reserve Account will be created within the Reserve Fund and held by the Trustee for the benefit of the Bonds. The Reserve Account will be funded initially with proceeds of the Bonds in the amount of the initial Reserve Account Requirement. Pursuant to the Indenture, the "Reserve Account Requirement" for the Bonds shall be an amount equal to the least of (i) Maximum Annual Debt Service on the Bonds as of the Closing Date for the Bonds, (ii) 125% of average Annual Debt Service on the Bonds as of the Closing Date for the Bonds, or (iii) 10% of the lesser of the principal amount of the Outstanding Bonds or the original issue price of the Bonds. As of the Closing Date for the Bonds, the Reserve Account Requirement is $___[*], which is the [Maximum Annual Debt Service] on the Bonds as of the Closing Date.

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

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

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

Additional Interest Reserve Account of the Reserve Fund

Pursuant to the Indenture, an Additional Interest Reserve Account has been created within the Reserve Fund and held by the Trustee for the benefit of the Bonds. The Trustee, if needed, will transfer from the Bond Pledged Revenue Account of the Pledged Revenue Fund to the Additional Interest Reserve Account on March 15 and September 15 of each year, commencing March 15, 2026, an amount equal to the Additional Interest collected, if any, as shown in the Major Improvement Area Assessment Roll attached to the Service and Assessment Plan or an Annual Service Plan Update, until the Additional Interest Reserve Requirement has been accumulated in the Additional Interest Reserve Account. If the amount on deposit in the Additional Interest Reserve Account shall at any later time

[*] To be completed upon pricing of the Bonds.

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

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

The Additional Interest Reserve Requirement is an amount equal to 5.5% of the principal amount of the Outstanding Bonds to be funded from Assessment Revenues to be deposited to the Pledged Revenue Fund and transferred to the Additional Interest Reserve Account. See "APPENDIX B – Form of Indenture" and "APPENDIX C – Form of Service and Assessment Plan."

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

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

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

Administrative Fund

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

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

Bonds Deemed Paid

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

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

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

Events of Default

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

1. The failure of the City to deposit the Pledged Revenues to the Bond Pledged Revenue Account of the Pledged Revenue Fund;

2. The failure of the City to enforce the collection of the Assessments, including the prosecution of foreclosure proceedings;

3. The failure to make payment of the principal of or interest on any of the Bonds when the same becomes due and payable and such failure is not remedied within 30 days; provided, however, that the payments are to be made only from Pledged Revenues or other funds currently available in the Pledged Funds and available to the City to make any such payments; and

4. Default in the performance or observance of any covenant, agreement, or obligation of the City under the Indenture and the continuation thereof for a period of 90 days after written notice to the City by the Trustee, or by the Owners of at least 25% of the aggregate Outstanding principal of the Bonds with a copy to the Trustee, specifying such default and requesting that the failure be remedied.

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

Remedies in Event of Default

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

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

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

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

Restriction on Owner's Actions

No Owner shall have any right to institute any action, suit, or proceeding at law or in equity for the enforcement of the Indenture or for the execution of any trust thereof or any other remedy thereunder unless (i) a default has occurred and is continuing of which the Trustee has been notified in writing, (ii) such default has become

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

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

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

Application of Revenues and Other Moneys After Event of Default

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

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

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

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

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

Investment of Funds

Except as otherwise described in the Indenture, money in any Fund or Account established pursuant to the Indenture shall be invested by the Trustee as directed by the City pursuant to a City Certificate filed with the Trustee at least 2 days in advance of the making of such investment. The money in any Fund or Account shall be invested in time deposits or certificates of deposit secured in the manner required by law for public funds, or be invested in direct obligations of, including obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America, in obligations of any agencies or instrumentalities thereof, or in such other investments as are permitted under the PFIA, or any successor law, as in effect from time to time; provided that all such deposits and investments shall be made in such manner (which may include repurchase agreements for such investment with any primary dealer of such agreements) that the money required to be expended from any Fund will be available at the proper time or times.

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

Against Encumbrances

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

So long as Bonds are Outstanding under the Indenture, and except as described below in "– Additional Obligations or Other Liens," the City shall not issue any bonds, notes, or other evidences of indebtedness other than the Bonds and Refunding Bonds, if any, secured by any pledge of or other lien or charge on the Trust Estate, except for other indebtedness incurred in compliance with the Indenture.

Additional Obligations or Other Liens

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

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

Notwithstanding any contrary provisions of the Indenture, the City shall not issue additional bonds, notes, or other obligations under the Indenture secured by any pledge of or other lien or charges on the Pledged Revenues or other property of the Trust Estate pledged under the Indenture other than Refunding Bonds. The City reserves the right to issue Refunding Bonds, the proceeds of which would be utilized to refund all or any portion of the Outstanding Bonds or Outstanding Refunding Bonds and to pay all costs incident to the Refunding Bonds, as authorized by the laws of the state of Texas.

The City reserves the right to issue or incur Additional Obligations to finance the cost of future improvements specifically benefiting property in the Major Improvement Area as the development proceeds. For the avoidance of doubt, the conditions set forth in this paragraph do not apply to the issuance of the Improvement Area #1 Bonds. Such Additional Obligations for the Major Improvement Area will be secured by separate assessments levied on the assessed property within the Major Improvement Area. The City may, but is under no obligation to, issue or incur Additional Obligations, for any purpose permitted by the PID Act; provided, however, that no Additional Obligations secured by assessments levied against property within the Major Improvement Area shall be issued unless such Additional Obligations are made to mature on September 15 in each of the years in which they are scheduled to mature, and the below conditions have been met:

(i) The Trustee shall receive a certificate from the City Representative certifying (A) that the City is not in default in the performance and observance of any of the terms, provisions and conditions applicable to the City contained in the Indenture or in any indenture of trust authorizing the issuance of Additional Obligations, and (B) the Developer is not delinquent with respect to fees or any other funds or commitments to be paid to the City in accordance with the Development Agreement;

(ii) The Trustee and the City shall receive a certificate from the Developer, through an authorized representative, certifying that the Developer is not in default beyond any applicable notice and cure period in the performance and observance of any of the terms, provisions and conditions applicable to the Developer contained in the Development Agreement or any continuing disclosure agreement entered into by the Developer relating to any Additional Obligations (including those relating to the Improvement Area #1 Bonds), unless any defaults under the foregoing agreements (except for defaults under any continuing disclosure agreements entered into by the Developer which defaults shall be cured) are disclosed in a certificate from the Developer to the City and the City elects to proceed with the issuance of the Additional Obligations regardless of the existence of such default or defaults;

(iii) The Trustee and the City shall receive a certificate from the Administrator certifying that the Developer is not delinquent with respect to the payment of special assessments and ad valorem taxes (other than any ad valorem taxes being contested in good faith) on the assessed parcels owned by the Developer in the Major Improvement Area;

(iv) The Trustee and the City shall receive:

(A) an Independent Appraisal evidencing that the Value to Lien Ratio of each individual assessed parcel in the Major Improvement Area for which assessments (including the Assessments) have been or will be levied is not less than 1.5:1; or

(B) a certificate from the Developer certifying that property representing at least seventy-five percent (75%) of the parcels to be assessed in the Major Improvement Area for which such Additional Obligations will be issued are under contract with merchant builder(s) or real estate developer(s) for sale to end users; and either:

(1) Building permits for homes have been issued and vertical construction has commenced, which means framing on the main structure has begun, for at least fifty percent (50%) of the total lots or residential units, as applicable, in the preceding phase of the District for which bonds (not including the Bonds) have been issued, in part or whole, to fund local improvements within such phase; or

(2) Certificates of occupancy for completed homes, or the equivalent, have been issued for at least twenty-five percent (25%) of the total lots or residential units, as applicable, in the preceding phase(s) of the District for which bonds (not including the Bonds) have been issued, in part or whole, to fund local improvements within such phase.

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

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SOURCES AND USES OF FUNDS*

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

Sources of Funds:	
Principal Amount	$
Total Sources	$
Uses of Funds:	
Deposit to Major Improvement Area Projects Account of the Project Fund	$
Deposit to Capitalized Interest Account of the Bond Fund	
Deposit to Reserve Account of the Reserve Fund	
Deposit to District Administration Account of the Administrative Fund	
Deposit to Costs of Issuance Account of the Project Fund	
Underwriter's Discount [(1)]	
Total Uses	$

[(1)] Includes Underwriter's Counsel's fee.

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* To be completed upon pricing of the Bonds.

DEBT SERVICE REQUIREMENTS*

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

Year Ending (September 30)	Principal	Interest	Total
2025	–	$	$
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
2051			
2052			
2053			
2054			
2055			
Total			

(1) A portion of the proceeds of the Bonds will be used to pay interest due on the Bonds on September 15, 2025, March 15, 2026, and September 15, 2026. See "SOURCES AND USES OF FUNDS."

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* To be completed upon pricing of the Bonds.

OVERLAPPING TAXES AND DEBT

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

The City, Wise County, Texas (the "County"), the Decatur Independent School District ("Decatur ISD"), Wise County Water Supply District, Wise County Water Control and Improvement District #1, Wise County FM Lateral Road District, and Wise County Branch Maintenance District may each levy ad valorem taxes upon portions of land in the Major Improvement Area of the District for payment of debt incurred by such governmental entities and/or for payment of maintenance and operations expenses. The City has no control over the level of ad valorem taxes or special assessments levied by such other taxing authorities.

The following tables reflect the estimated overlapping ad valorem tax rates levied on property located in the portions of the Major Improvement Area that are and are not, respectively, within the boundaries of Wise County Water Control and Improvement District #1. The Major Improvement Area is located entirely within the corporate limits of the City and within the County and Decatur ISD.

Overlapping Taxes in portion of the Major Improvement Area in Wise County Water Control and Improvement District #1

Taxing Entity	Tax Year 2025 Ad Valorem Tax Rate [1]
The City	$0.577551
Wise County, Texas	0.227500
Decatur Independent School District	0.929690
Wise County Water Supply District	0.032219
Wise County Water Control and Improvement District #1	0.007563
Wise County FM/Lateral Road District	0.047500
Wise County Branch Maintenance District	0.032500
Total Existing Tax Rate	$1.854523
Estimated Average Annual Installment in the Major Improvement Area of the District as a tax rate equivalent [2]	$0.628256
Estimated Total Tax Rate and Average Annual Installment in the Major Improvement Area of the District as a tax rate equivalent [2]	**$2.482779**

Overlapping Taxes in portion of the Major Improvement Area NOT in Wise County Water Control and Improvement District #1

Taxing Entity	Tax Year 2025 Ad Valorem Tax Rate [1]
The City	$0.577551
Wise County, Texas	0.227500
Decatur Independent School District	0.929690
Wise County Water Supply District	0.032219
Wise County FM/Lateral Road District	0.047500
Wise County Branch Maintenance District	0.032500
Total Existing Tax Rate	$1.846960
Estimated Average Annual Installment in the Major Improvement Area of the District as a tax rate equivalent [2]	$0.628256
Estimated Total Tax Rate and Average Annual Installment in the Major Improvement Area of the District as a tax rate equivalent [2]	**$2.475216**

[1] As reported by the taxing entities. Per $100 in taxable assessed value.

[2] *Preliminary, subject to change.* Derived from information presented in the Service and Assessment Plan. See "APPENDIX C – Form of Service and Assessment Plan." Assumes completion of homes at values estimated by the Developer.

Source: Wise County Appraisal District and the City.

As noted above, the Major Improvement Area of the District includes territory located in other governmental entities that may issue or incur debt secured by the levy and collection of ad valorem taxes or assessments. Set forth below are overlapping debt tables showing the outstanding indebtedness payable from ad valorem taxes with respect to property within portions of the Major Improvement Area of the District that are and are not, respectively, within the boundaries of Wise County Water Control and Improvement District #1, as of December 31, 2024, and City debt to be secured by the Assessments:

Overlapping Debt in portion of the Major Improvement Area in Wise County Water Control and Improvement District #1

Taxing or Assessing Entity	Gross Outstanding Debt as of December 31, 2024	Estimated Percentage Applicable [1]	Direct and Estimated Overlapping Debt [1]
The City (The Bonds) [2]	$ 4,469,000	100.00%	$4,469,000
The City (General Obligation)	46,545,000	0.65%	301,942
Wise County	13,495,000	0.06%	8,724
Wise County Water Supply District	1,110,000	0.64%	7,140
Wise County Water Control and Improvement District #1	–	0.07%	–
Decatur ISD	40,234,846	0.25%	101,827
TOTAL	$105,853,846		$4,888,633

Overlapping Debt in portion of the Major Improvement Area NOT in Wise County Water Control and Improvement District #1

Taxing or Assessing Entity	Gross Outstanding Debt as of December 31, 2024	Estimated Percentage Applicable [1]	Direct and Estimated Overlapping Debt [1]
The City (The Bonds) [2]	$ 4,469,000	100.00%	$4,469,000
The City (General Obligation)	46,545,000	0.65%	301,942
Wise County	13,495,000	0.06%	8,724
Wise County Water Supply District	1,110,000	0.64%	7,140
Decatur ISD	40,234,846	0.25%	101,827
TOTAL	$105,853,846		$4,888,633

[1] Based on the "As Complete" Appraisal for the Major Improvement Area of the District and the Tax Year 2024 Net Taxable Assessed Valuations for the taxing entities. The Appraisal assumes completion of the Major Improvement Area Projects. See "APPRAISAL."

[2] *Preliminary, subject to change.*

Sources: Wise County Appraisal District, the Municipal Advisory Council of Texas, and the Appraisal

Homeowners' Association Dues

In addition to the Assessments and overlapping taxes and assessments described above, the Developer anticipates that each lot owner in the Major Improvement Area of the District will pay a homeowner's association fee annually to a homeowner's association (the "HOA") of approximately $1,200 per year.

ASSESSMENT PROCEDURES

General

As required by the PID Act, when the City determined to defray a portion of the costs of the Major Improvement Area Projects through Assessments, it adopted a resolution generally describing the Major Improvement Area Projects and the land within the Major Improvement Area of the District to be subject to Assessments to pay the cost therefor. The City has caused the Major Improvement Area Assessment Roll to be prepared, which shows the land within the Major Improvement Area of the District to be assessed, the amount of the benefit to and the Assessment

against each parcel of Assessed Property and the number of Annual Installments into which the Assessment is divided. The Major Improvement Area Assessment Roll was filed with the City Secretary and made available for public inspection. Statutory notice was given to the owners of the property to be assessed and a public hearing will be conducted to hear testimony from affected property owners as to the propriety and advisability of undertaking the Major Improvement Area Projects and funding a portion of the same with Assessments. The City Council intends to consider a levy of the Assessments and adoption of the Assessment Ordinance on February 10, 2025. After adoption of the Assessment Ordinance, the Assessments will become legal, valid, and binding liens upon the Assessed Property.

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

Assessment Methodology

The Service and Assessment Plan describes the special benefit to be received by each parcel of Assessed Property as a result of the Major Improvement Area Projects, provides the basis and justification for the determination that such special benefit exceeds the Assessments being levied, and establishes the methodology by which the City allocates the special benefit of the Major Improvement Area Projects to parcels of Assessed Property in a manner that results in equal shares of costs being apportioned to parcels similarly benefited. As described in the Service and Assessment Plan, a portion of the costs of the Major Improvement Area Projects are being funded with proceeds of the Bonds, which are payable from Pledged Revenues, including Assessment Revenues, and other assets comprising the Trust Estate. As set forth in the Service and Assessment Plan, the City Council has determined that the Actual Costs associated with the Major Improvement Area Projects will be allocated to each Parcel of Assessed Property by spreading the entire Assessment across all Assessed Property within the Major Improvement Area of the District based on the ratio of Estimated Buildout Value of each Parcel in the Major Improvement Area to the Estimated Buildout Value of all Assessed Property within the Major Improvement Area. Currently the Major Improvement Area consists of a single Parcel to which 100% of the Assessments is allocated.

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

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

Collection of Assessment Amounts

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

The City covenants in the Indenture to collect, or cause to be collected, Assessments as provided in the Assessment Ordinance. No less frequently than annually, City staff or a designee of the City shall prepare, and the City Council shall approve, an Annual Service Plan Update to allow for the billing and collection of Annual Installments. Each Annual Service Plan Update shall include an updated the Major Improvement Area Assessment Roll and a calculation of the Annual Installment for each parcel of Assessed Property. Annual Collection Costs shall

be allocated among all parcels of Assessed Property in proportion to the amount of the Annual Installments for such parcels.

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

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

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

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

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

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

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

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

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Assessment Amounts

Assessment Amounts. The maximum amounts of the Assessments will be established by the methodology described in the Service and Assessment Plan. The Major Improvement Area Assessment Roll sets forth for each year the Annual Installment for each Assessed Property consisting of (i) the annual portion allocable to the payment of principal of and interest on the Bonds, (ii) the annual portion to fund the Additional Interest Reserve Account of the Reserve Fund, and (iii) the annual portion allocable to Annual Collection Costs. The Annual Installments for the Assessments may not exceed the amounts shown on the Major Improvement Area Assessment Roll. The Assessments will be levied against the parcels comprising the Assessed Property as indicated on the Major Improvement Area Assessment Roll. See "APPENDIX C – Form of Service and Assessment Plan" and "APPENDIX G – Form of the Major Improvement Area Construction, Funding, and Acquisition Agreement."

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

If the debt service on issued and Outstanding Bonds is reduced as the result of a refunding of the Bonds, the Prepayment of the Assessments, or the redemption of the Bonds, then there would be a corresponding reduction in the Assessments and the Annual Installments. See "APPENDIX C – Form of Service and Assessment Plan." In such case, the reduced Assessment and Annual Installment, as shown on the Major Improvement Area Assessment Roll, shall be reflected in the next Annual Service Plan Update and approved by City Council.

Method of Apportionment of Assessments. For purposes of the Service and Assessment Plan, the City Council has determined that the Assessments shall be initially allocated to the parcels of Assessed Property based on the ratio of the Estimated Buildout Value of each parcel of Assessed Property in the Major Improvement Area to the Estimated Buildout Value of all parcels of Assessed Property in the Major Improvement Area.

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

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

Where the terms have the following meanings:

A = the Assessment for the newly divided Assessed Property

B = the Assessment for the Assessed Property prior to division

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

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

The calculation of the Assessment of an Assessed Property shall be performed by the Administrator and shall be based on the Estimated Buildout Value of that Assessed Property, relying on information from homebuilders, market studies, appraisals, official public records of the County, and any other relevant information regarding the Assessed Property. The calculation as confirmed by the City Council shall be conclusive and binding.

The sum of the Assessments for all newly divided Assessed Properties shall equal the Assessment for the Assessed Property prior to subdivision. The calculation shall be made separately for each newly divided Assessed Property. The reallocation of an Assessment for an Assessed Property that

is a homestead under Texas law may not exceed the Assessment prior to the reallocation. Any reallocation shall be reflected in the next Annual Service Plan Update and approved by the City Council.

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

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

Where the terms have the following meanings:

A = the Assessment for the newly subdivided Lot

B = the Assessment for the Parcel prior to subdivision

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

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

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

Prior to the recording of a subdivision plat, the Developer shall provide the City an Estimated Buildout Value for each Lot to be created after recording the subdivision plat as of the date the subdivision plat is anticipated to be recorded. The calculation of the Assessment for a Lot shall be performed by the Administrator and confirmed by the City Council based on Estimated Buildout Value information provided by the Developer, homebuilders, third party consultants, and/or the official public records of the County regarding the Lot. The calculation as confirmed by the City Council shall be conclusive and binding.

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

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

For further information about apportionment of the Assessments, See "APPENDIX C – Form of Service and Assessment Plan."

Prepayment of Assessments

Pursuant to the PID Act and the Indenture, the owner of any Assessed Property may voluntarily prepay (a "Prepayment"), at any time, all or part of an Assessment levied against such owner's Assessed Property, together with accrued interest to the date of payment. Upon receipt of such Prepayment, such amounts will be applied towards the redemption or payment of the Bonds. Amounts received at the time of a Prepayment which represent a payment of

principal, interest, or penalties on a delinquent installment of an Assessment are not to be considered a Prepayment, but rather are to be treated as payment of regularly scheduled Assessments.

Priority of Lien

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

Foreclosure Proceedings

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

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

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."

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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.

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 Major Improvement Area 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.

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 Major Improvement Area Projects, the Development, the Developer, and the Lender generally and, in particular, the information included in the sections captioned "THE MAJOR IMPROVEMENT AREA PROJECTS," "THE DEVELOPMENT," "THE DEVELOPER," "BONDHOLDERS' RISKS" (only as it pertains to the Developer, the Major Improvement Area 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.

Source: Texas Workforce Commission, Department of Economic Research and Analysis.

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

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

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

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

"Closing Date" means the date of the initial delivery of and payment for the Bonds.

"Closing Disbursement Request" means a certificate substantially in the form of Exhibit A attached to the Major Improvement Area Construction, Funding, and Acquisition Agreement or otherwise approved by the Developer and a City Representative executed by a City Representative or a Person approved by a City Representative, delivered to a City Representative and the Trustee on the Closing Date, specifying the costs incurred in the establishment, administration, and operation of the District or issuing the Bonds, and requesting payment for such costs from money on deposit in the Project Fund, as further described in Section 6.5 herein.

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

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

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

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

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

“Developer” means Paloma Trails Development, LLC, a Texas limited liability company, and its successors and assigns.

“Development Agreement” means that certain Paloma Trails Development Agreement by and among the City and TWS Land Partners, LP approved by the City on November 8, 2022, and related to development of the property within the District, as the same may be amended from time to time, as assigned to the Developer.

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

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

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

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

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

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

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

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

“Improvement Area #1 Bond Indenture” means the Indenture of Trust dated as of March 1, 2025 between the City and Wilmington Trust, National Association, securing the City's bonds entitled “City of Decatur, Texas, Special Assessment Revenue Bonds, Series 2025 (Paloma Trails Public Improvement District Improvement Area #1 Project)”.

“Improvement Area #1 Bonds” means bonds issued pursuant to the Improvement Area #1 Bond Indenture or any supplemental indenture thereto.

“Improvement Area #2” means the construction phase of the District to be developed subsequent to the development of Improvement Area #1 and which is currently part of the Major Improvement Area.

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

"Independent Appraisal" means, in establishing the appraised value, (i) the appraised value of a specific assessed parcel or assessed parcels, as applicable, in Improvement Area #2 for which the Additional Obligations are to be issued as established by publicly available data from the City appraisal district or (ii) an "as complete" appraisal delivered by an independent appraiser licensed in the State, which appraisal shall assume completion of the improvements to be funded with the proceeds of such series of Additional Obligations.

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

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

"Interest Payment Date" means the date or dates upon which interest on any series of Bonds is scheduled to be paid until their respective dates of maturity or prior redemption, such dates being on March 15 and September 15 of each year and commencing September 15, 2025.

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

"Major Improvements" means the Authorized Improvements which benefit all of the property within the District, subject to assessments, as more particularly described in Section III.A of the Service and Assessment Plan.

"Major Improvement Area" means the property within the Major Improvement Area as identified and depicted in Exhibit A-3 in the Service and Assessment Plan.

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

"Major Improvement Area Construction, Funding, and Acquisition Agreement" means the "Paloma Trails Public Improvement District Major Improvement Area Construction, Funding, and Acquisition Agreement" by and between the City and the Developer dated as of February 10, 2025, which provides, in part, for the deposit of proceeds from the issuance and sale of the Bonds and the payment of costs of Major Improvement Area Projects within the District, the issuance of bonds, and other matters related thereto.

"Major Improvement Area Projects" means the pro rata portion of the Major Improvements allocable to the Major Improvement Area, as more particularly described in Section III of the Service and Assessment Plan.

"Major Improvement Area Projects Account" means the Account of such name established pursuant to Section 6.1.

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

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

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

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

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

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

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

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

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

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

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

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

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

"Purchaser" means the initial purchaser of the Bonds.

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

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

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

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

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

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

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

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

"Reserve Account Requirement" means the least of: (i) Maximum Annual Debt Service on the Bonds as of the Closing Date, (ii) 125% of average Annual Debt Service on the Bonds as of the Closing Date, or (iii) 10% of the lesser of the principal amount of the Outstanding Bonds or the original issue price of the Bonds. As of the Closing Date, the Reserve Account Requirement is $_____, which is an amount equal to the [Maximum Annual Debt Service on the Bonds as of the Closing Date].

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

"Service and Assessment Plan" means the "Paloma Trails Public Improvement District Service and Assessment Plan" dated February 10, 2025, including the Major Improvement Area Assessment Roll, as hereinafter amended, updated, and/or restated by an Annual Service Plan Update or otherwise.

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

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

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

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

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

"Trust Estate" means the Trust Estate described in the granting clauses of Section 2.1 of this Indenture.

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

"Value to Lien Ratio" means the ratio of the appraised value of a specific assessed parcel or assessed parcels, as applicable, in Improvement Area #2, based on an Independent Appraisal, to the sum of (i) the assessments levied or to be levied on a specific parcel or parcels, as applicable, within Improvement Area #2 and (ii) the outstanding Assessments for the Bonds and any other assessments levied on such parcel or parcels within the District securing other obligations of the City, as applicable, within Improvement Area #2.

Section 1.2. Findings.

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

Section 1.3. Table of Contents, Titles and Headings.

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

Section 1.4. Interpretation.

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

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

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

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

ARTICLE II

THE BONDS

Section 2.1. Granting Clauses

(a) In order to secure the payment of debt service on all Bonds, and the performance and observance by the City of all the covenants expressed or implied herein, the City does hereby grant to the Trustee, as good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, a security interest in, mortgage, create a first lien on, and pledge to the Trustee, all of its right, title, and interest, whether now owned or hereafter acquired, in, to, and under the following (the "Trust Estate"):

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

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

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

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

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

Section 2.2. Security for the Bonds.

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

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

Section 2.3. Limited Obligations.

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

Section 2.4. Authorization for Indenture.

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

Section 2.5. Contract with Owners and Trustee.

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

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

ARTICLE III

AUTHORIZATION; GENERAL TERMS AND PROVISIONS REGARDING THE BONDS

Section 3.1. Authorization.

The Bonds are hereby authorized to be issued and delivered in accordance with the Constitution and laws of the State of Texas, including particularly the PID Act, as amended. The Bonds shall be issued in the aggregate principal amount of $_____ for the purpose of (i) paying a portion of the Actual Costs of the Major Improvement Area Projects; (ii) paying the District Formation Costs allocable to the Major Improvement Area; 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 Major Improvement Area Projects, and other costs related to the issuance of the Bonds.

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

(a) The Bonds shall be dated March 6, 2025 and shall be issued in Authorized Denominations. The Bonds shall be in fully registered form, without coupons, and shall be numbered separately from R-1 upward, except the Initial Bond, which shall be numbered T-1.

(b) Interest shall accrue and be paid on each Bond from the later of the Closing Date or the most recent Interest Payment Date to which interest has been paid or provided for, at the rate per annum set forth below until the principal thereof has been paid on the maturity date specified below or otherwise provided for. Such interest shall be payable semiannually on March 15 and September 15 of each year, commencing September 15, 2025 computed on the basis of a 360-day year of twelve 30-day months.

(c) The Bonds shall mature on September 15 in the years and in the principal amounts and shall bear interest as set forth below:

Year	Principal Amount ($)	Interest Rate (%)

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

Section 3.3. Conditions Precedent to Delivery of Bonds.

(a) The Bonds shall be executed by the City and delivered to the Trustee, whereupon the Trustee shall authenticate the Bonds and, upon payment of the purchase price of the Bonds, shall deliver the Bonds upon the order of the City, but only upon delivery (which delivery may be via electronic mail in portable document (PDF) or similar format) to the Trustee of:

(i) a certified copy of the Assessment Ordinance;

(ii) a certified copy of the Bond Ordinance;

(iii) a copy of the executed Major Improvement Area Construction, Funding, and Acquisition Agreement;

(iv) a copy of this Indenture executed by the Trustee and the City; and

(v) a City Certificate directing the authentication and delivery of the Bonds, describing the Bonds to be authenticated and delivered, designating the purchasers to whom the Bonds are to be delivered, stating the purchase price of the Bonds and stating that all items required by this Section are therewith delivered to the Trustee in form and substance satisfactory to the City.

Section 3.4. Medium, Method and Place of Payment.

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

(b) Interest on the Bonds shall be payable to the Owners thereof as shown in the Register at the close of business on the relevant Record Date; provided, however, that in the event of nonpayment of interest on a scheduled Interest Payment Date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Trustee, if and when funds for the payment of such interest have been received from or on behalf of the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "Special Payment Date," which shall be 15 days after the Special Record Date) shall be sent at least five Business Days prior to the Special Record Date by United States mail, first-class, postage prepaid, to the address of each Owner of a Bond appearing on the books of the Trustee at the close of business on the last Business Day preceding the date of mailing such notice.

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

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

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

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

Section 3.5. Execution and Registration of Bonds.

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

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

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

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

Section 3.6. Ownership.

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

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

Section 3.7. Registration, Transfer and Exchange.

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

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

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

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

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

(f) No service charge shall be made to the Owner for the initial registration, subsequent transfer, or exchange for a different Authorized Denomination of any of the Bonds. The Paying Agent/Registrar, however, may require the Owner to pay a sum sufficient to cover

any tax or other governmental charge that is authorized to be imposed in connection with the registration, transfer, or exchange of a Bond.

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

Section 3.8. Cancellation.

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

Section 3.9. Temporary Bonds.

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

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

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

Section 3.10. Replacement Bonds.

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

(b) In the event that any Bond is lost, apparently destroyed or wrongfully taken, the Trustee, pursuant to the applicable laws of the State of Texas and in the absence of notice or

knowledge that such Bond has been acquired by a bona fide purchaser, shall authenticate and deliver a replacement Bond of like tenor and principal amount bearing a number not contemporaneously outstanding, provided that the Owner first complies with the following requirements:

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

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

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

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

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

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

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

Section 3.11. Book-Entry Only System.

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

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

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

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

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

Section 3.13. Payments to Cede & Co.

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

ARTICLE IV

REDEMPTION OF BONDS BEFORE MATURITY

Section 4.1. Limitation on Redemption.

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

Section 4.2. Mandatory Sinking Fund Redemption.

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

Term Bonds Maturing September 15, 20__

Redemption Date	Sinking Fund Installment ($)
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__*	

* maturity

Term Bonds Maturing September 15, 20__

Redemption Date	Sinking Fund Installment ($)
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	
September 15, 20__	

September 15, 20__
September 15, 20__
September 15, 20__
September 15, 20__*

* maturity

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

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

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

Section 4.3. Optional Redemption.

The City reserves the right and option to redeem the Bonds maturing on or after September 15, 20__, before their respective scheduled maturity dates, in whole or in part, on any date on or after September 15, 20__, such redemption date or dates to be fixed by the City, at the Redemption Price.

Section 4.4. Extraordinary Optional Redemption.

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

Section 4.5. Partial Redemption.

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

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

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

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

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

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

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

Section 4.6. Notice of Redemption to Owners.

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

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

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

(d) The City has the right to rescind any optional redemption or extraordinary optional redemption described in Section 4.3 or 4.4 by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of redemption shall be cancelled and annulled if for any reason

funds are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under this Indenture. The Trustee shall mail notice of rescission of redemption in the same manner notice of redemption was originally provided.

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

Section 4.7. Payment Upon Redemption.

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

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

Section 4.8. Effect of Redemption.

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

ARTICLE V

FORM OF THE BONDS

Section 5.1. Form Generally.

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

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

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

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

Section 5.2. CUSIP Registration.

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

Section 5.3. Legal Opinion.

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

ARTICLE VI

FUNDS AND ACCOUNTS

Section 6.1. Establishment of Funds and Accounts.

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

(i) Pledged Revenue Fund;

(ii) Bond Fund;

(iii) Project Fund;

(iv) Reserve Fund;

(v) Redemption Fund;

(vi) Rebate Fund; and

(vii) Administrative Fund.

(b) Creation of Accounts.

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

(A) Bond Pledged Revenue Account.

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

(A) Capitalized Interest Account; and

(B) Principal and Interest Account.

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

(A) Major Improvement Area Projects Account; and

(B) Costs of Issuance Account.

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

(A) Reserve Account; and

(B) Additional Interest Reserve Account.

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

(A) District Administration Account.

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

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

Section 6.2. Initial Deposits to Funds and Accounts.

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

(i) to the Capitalized Interest Account of the Bond Fund: $_____;

(ii) to the Major Improvement Area Projects Account of the Project Fund: $_____;

(iii) to the Costs of Issuance Account of the Project Fund: $_____;

(iv) to the Reserve Account of the Reserve Fund: $_____; and

(v) to the District Administration Account of the Administrative Fund: $_____.

Section 6.3. Pledged Revenue Fund.

(a) On or before March 1 of each year while the Bonds are Outstanding and beginning March 1, 2026, the City shall deposit or cause to be deposited the Pledged Revenues into the Pledged Revenue Fund. From amounts deposited into the Pledged Revenue Fund, the City shall deposit or cause to be deposited Pledged Revenues as follows: (i) first, to the Bond Pledged Revenue Account of the Pledged Revenue Fund in an amount sufficient to pay debt service on the Bonds next coming due in such calendar year, (ii) second, to the Reserve Account of the Reserve Fund in an amount to cause the amount in the Reserve Account to equal the Reserve Account Requirement, in accordance with Section 6.7(a) hereof, (iii) third, to the Additional Interest Reserve Account of the Reserve Fund in an amount equal to the Additional Interest collected, if any, in accordance with Section 6.7(b) hereof, (iv) fourth, to pay Actual Costs of the Major Improvement Area Projects, and (v) fifth, to pay other costs permitted by the PID Act.

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

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

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

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

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

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

Section 6.4. Bond Fund.

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

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

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

Date	**Amount ($)**

Any amounts on deposit in the Capitalized Interest Account after the payment of interest on the dates and in the amounts listed above shall be transferred to the Major Improvement Area Projects Account of the Project Fund, pursuant to directions provided in a City Certificate, or if the Major Improvement Area Projects Account of the Project Fund has been closed as provided herein, such amounts shall be transferred to the Redemption Fund to be used to redeem Bonds and the Capitalized Interest Account shall be closed.

Section 6.5. Project Fund.

(a) Money on deposit in the Project Fund shall be used for the purposes specified in Section 3.1 hereof.

(b) Disbursements from the Costs of Issuance Account of the Project Fund shall be made by the Trustee to pay costs of issuance of the Bonds pursuant to one or more City Certificates or an executed, completed, and accepted Closing Disbursement Request.

(c) Disbursements from the Major Improvement Area Projects Account of the Project Fund to pay Actual Costs of the Major Improvement Area Projects shall be made by the Trustee upon receipt by the Trustee of either a properly executed and completed Certification for Payment or written direction from the City or its designee approving the disbursement to the Developer or the Developer's designee. The disbursement of funds from the Major Improvement Area Projects Account of the Project Fund pursuant to a Certification for Payment shall be

pursuant to and in accordance with the disbursement procedures described in the Major Improvement Area Construction, Funding, and Acquisition Agreement. Such provisions and procedures related to such disbursements contained in the Major Improvement Area Construction, Funding, and Acquisition Agreement, are herein incorporated by reference and deemed set forth herein in full.

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

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

(f) Upon the filing of a City Certificate stating that all Major Improvement Area Projects have been completed and that all Actual Costs of the Major Improvement Area Projects have been paid, or that any such Actual Costs of the Major Improvement Area Projects are not required to be paid from the Major Improvement Area Projects Account of the Project Fund pursuant to a Certification for Payment or written direction from the City or its designee, the Trustee (i) shall transfer the amount, if any, remaining within the Major Improvement Area Projects Account of the Project Fund to the Principal and Interest Account of the Bond Fund or to the Redemption Fund to be used to redeem Bonds pursuant to Section 4.4 as directed by the City Representative in a City Certificate filed with the Trustee, and (ii) shall close the Major Improvement Area Projects Account. If the Major Improvement Area Projects Account has been closed as provided above and the Cost of Issuance Account of the Project Fund has been closed pursuant to the provisions of Section 6.5(g), the Project Fund shall be closed.

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

Section 6.6. Redemption Fund.

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

Section 6.7. Reserve Fund.

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

(b) The Trustee, if needed, will transfer from the Bond Pledged Revenue Account of the Pledged Revenue Fund to the Additional Interest Reserve Account on March 15 and September 15 of each year, commencing March 15, 2026, an amount equal to the Additional Interest collected, if any, and as shown on the Major Improvement Area Assessment Roll attached to the Service and Assessment Plan or an Annual Service Plan Update, until the Additional Interest Reserve Requirement has been accumulated in the Additional Interest Reserve Account. If the amount on deposit in the Additional Interest Reserve Account shall at any later time be less than the Additional Interest Reserve Requirement, the Trustee shall notify the City, in writing, of the amount of such shortfall, and the City shall resume collecting the Additional Interest and shall file a City Certificate with the Trustee instructing the Trustee to resume depositing the Additional Interest from the Bond Pledged Revenue Account of the Pledged Revenue Fund into the Additional Interest Reserve Account until the Additional Interest Reserve Requirement has been accumulated in the Additional Interest Reserve Account; provided, however, that the City shall not be required to replenish the Additional Interest Reserve Account in the event funds are transferred from the Additional Interest Reserve Account to the Redemption Fund as a result of an extraordinary optional redemption of Bonds from the proceeds of a Prepayment pursuant to Section 4.4 of this Indenture. In the event the amount on deposit in the Additional Interest Reserve Account is less than the Additional Interest Reserve Requirement, then the deposits described in the immediately preceding sentence shall continue until the Additional Interest Reserve Account has been fully replenished to the Additional Interest Reserve Requirement. If, after such deposits, there is surplus Additional Interest remaining, the Trustee shall transfer such surplus Additional Interest to the Redemption Fund, and shall notify the City of such transfer in writing. In calculating the amounts to be transferred pursuant to this Section, the Trustee may conclusively rely on the Annual Installments as shown on the Major Improvement Area Assessment Roll in the Service and Assessment Plan or an Annual Service Plan Update, unless and until it receives a City Certificate directing that a different amount be used.

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

(d) Whenever Bonds are to be redeemed with the proceeds of Prepayments pursuant to Section 4.4, the Trustee shall transfer, on the Business Day prior to the redemption date (or on such other date as agreed to by the City and the Trustee), from the Reserve Account of the Reserve Fund to the Redemption Fund, an amount specified in a City Certificate to be applied to the redemption of the Bonds. The amount so transferred from the Reserve Account of the Reserve Fund shall be equal to the principal amount of Bonds to be redeemed with Prepayments multiplied by the lesser of: (i) the amount required to be in the Reserve Account of the Reserve Fund divided by the principal amount of Outstanding Bonds prior to the redemption, and (ii) the

amount actually in the Reserve Account of the Reserve Fund divided by the principal amount of Outstanding Bonds prior to the redemption. If after such transfer, and after applying investment earnings on the Prepayments toward payment of accrued interest, there are insufficient funds in the Redemption Fund to pay the principal amount plus accrued and unpaid interest to the date fixed for redemption of the Bonds to be redeemed, as identified in a City Certificate, as a result of such Prepayments and as a result of the transfer from the Reserve Account under this Section 6.7(d), the Trustee shall transfer an amount equal to the shortfall, and/or any additional amounts necessary to permit the Bonds to be redeemed in minimum principal amounts of $1,000, from the Additional Interest Reserve Account to the Redemption Fund to be applied to the redemption of the Bonds.

(e) Whenever, on any Interest Payment Date, or on any other date at the written request of a City Representative, the amount in the Reserve Account exceeds the Reserve Account Requirement, the Trustee shall provide written notice to the City Representative of the amount of the excess. Such excess shall be transferred to the Principal and Interest Account to be used for the payment of debt service on the Bonds on the next Interest Payment Date in accordance with Section 6.4 hereof, unless within 30 days of such notice to the City Representative, the Trustee receives a City Certificate instructing the Trustee to apply such excess: (i) to pay amounts due under Section 6.8 hereof, (ii) to a specified Account of the Project Fund if such application and the expenditure of funds is expected to occur within three years of the Closing Date, or (iii) for such other use specified in such City Certificate if the City receives a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that such alternate use will not adversely affect the exemption from federal income tax of the interest on any Bond.

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

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

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

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

Section 6.8. Rebate Fund: Rebate Amount.

(a) There is hereby established a special fund of the City to be designated “City of Decatur, Texas, Rebate Fund” (the “Rebate Fund”) to be held by the Trustee in accordance with the terms and provisions of this Indenture. Amounts on deposit in the Rebate Fund shall be used

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

(b) In order to assure that Rebate Amount is paid to the United States rather than to a third party, investments of funds on deposit in the Rebate Fund, as directed by the City in a written instruction to the Trustee, shall be made in accordance with the Code and the Tax Certificate.

(c) The Trustee conclusively shall be deemed to have complied with the provisions of this Section and Section 7.5(h) and shall not be liable or responsible if it follows the instructions of the City and shall not be required to take any action under this Section and Section 7.5(h) in the absence of written instructions from the City.

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

Section 6.9. Administrative Fund.

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

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

Section 6.10. Investment of Funds.

(a) Money in any Fund or Account established pursuant to this Indenture shall be invested by the Trustee as directed by the City pursuant to a City Certificate filed with the Trustee at least two days in advance of the making of such investment. The money in any Fund or Account shall be invested in time deposits or certificates of deposit secured in the manner required by law for public funds, or be invested in direct obligations of, including obligations the principal and interest on which are unconditionally guaranteed by, the United States of America, in obligations of any agencies or instrumentalities thereof, or in such other investments as are permitted under the Public Funds Investment Act, Texas Government Code, Chapter 2256, as amended, or any successor law, as in effect from time to time; provided that all such deposits and investments shall be made in such manner (which may include repurchase agreements for such investment with any primary dealer of such agreements) that the money required to be expended from any Fund will be available at the proper time or times. Notwithstanding the preceding sentence, amounts in the Additional Interest Reserve Account may not be invested above the Yield (as defined in Section 7.5(a) hereof) on the Bonds, unless and until the City receives a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that such investment and/or the failure to comply with such yield restriction will not adversely affect the exemption from federal income tax of the interest on any Bond. Investments shall be valued each year in terms of current market value as of September 30. For purposes of maximizing investment returns, to the extent permitted by law, money in such Funds or Accounts may be invested in common investments of the kind described above, or in a common pool of such investment which shall be kept and held at an official depository bank, which shall not be

deemed to be or constitute a commingling of such money or funds provided that safekeeping receipts or certificates of participation clearly evidencing the investment or investment pool in which such money is invested and the share thereof purchased with such money or owned by such Fund or Account are held by or on behalf of each such Fund or Account. If necessary, such investments shall be promptly sold to prevent any default. If the City does not give the Trustee written or timely instructions, with respect to investments of funds, the Trustee is hereby directed to hold such funds uninvested and shall have no obligation to invest or reinvest such funds.

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

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

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

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

(f) If, following an annual calculation of the Rebate Amount in accordance with Sections 6.8 and 7.5(h) hereof, it is determined that a Rebate Amount is owed with respect to the Bonds, the City shall direct the Trustee, pursuant to a City Certificate, to transfer to the Rebate Fund an amount equal to the Rebate Amount owed by the City from investment earnings derived from the investment of the amount on deposit in Pledged Funds. The City Certificate shall specify the amount to be transferred and identify the Pledged Fund or Pledged Funds from which the investment earnings shall be transferred.

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

Section 6.11. Security of Funds.

All Funds or Accounts heretofore created, to the extent not invested as herein permitted, shall be secured in the manner and to the fullest extent required by law for the security of public

funds, and such Funds or Accounts shall be used only for the purposes and in the manner permitted or required by this Indenture.

ARTICLE VII

COVENANTS

Section 7.1. Confirmation of Assessments.

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

Section 7.2. Collection and Enforcement of Assessments.

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

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

Section 7.3. Against Encumbrances.

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

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

Section 7.4. Records, Accounts, Accounting Reports.

The City hereby covenants and agrees that so long as any of the Bonds or any interest thereon remain Outstanding and unpaid, and/or the obligation to the Developer to pay it for funds it has contributed to pay Actual Costs of the Major Improvement Area Projects in accordance with the Major Improvement Area Construction, Funding and Acquisition Agreement remain outstanding and unpaid, it will keep and maintain a proper and complete system of records and accounts pertaining to the Assessments. The Trustee and the Owners of any Bonds or any duly authorized agent or agents of such Owners shall have the right at all reasonable times, to inspect all such records, accounts, and data relating thereto, upon written request to the City by the Trustee or duly authorized representative, as applicable. The City shall provide the Trustee or duly authorized representative, as applicable, an opportunity to inspect such books and records relating to the Bonds during the City's regular business hours and on a mutually agreeable date not later than 30 days after the City receives such request.

Section 7.5. Covenants to Maintain Tax-Exempt Status.

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

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

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

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

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

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

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

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

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

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

(c) No Private Use or Private Payments. Except as permitted by Section 141 of the Code and the Regulations and rulings thereunder, the City shall at all times prior to the last Stated Maturity of Bonds:

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

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

(d) No Private Loan.

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

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

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

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

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

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

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

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

(iii) As additional consideration for the purchase of the Bonds by the Purchasers and the loan of the money represented thereby and in order to induce such purchase by measures designed to insure the excludability of the interest thereon from the gross income of the owners thereof for federal income tax purposes, the City shall, pursuant to a City Certificate, direct the Trustee to transfer to the Rebate Fund from the funds or subaccounts designated in such City Certificate and direct the Trustee to pay to the United States from the Rebate Fund the amount that when added to the future value of previous rebate payments made for the Bonds equals (i) in the case of a Final Computation Date as defined in Section 1.148-3(e)(2) of the Regulations, 100% of the Rebate Amount on such date; and (ii) in the case of any other Computation Date, 90% of

the Rebate Amount on such date. In all cases, the rebate payments shall be made at the times, in the installments, to the place and in the manner as is or may be required by Section 148(f) of the Code and the Regulations and rulings thereunder, and shall be accompanied by Form 8038-T or such other forms and information as is or may be required by Section 148(f) of the Code and the Regulations and rulings thereunder.

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

(i) Not to Divert Arbitrage Profits. Except to the extent permitted by Section 148 of the Code and the Regulations and rulings thereunder, the City shall not, at any time prior to the earlier of the Stated Maturity or final payment of the Bonds, enter into any transaction that reduces the amount required to be paid to the United States pursuant to Subsection (h) of this Section because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the Yield of the Bonds not been relevant to either party.

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

ARTICLE VIII

LIABILITY OF CITY

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

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

No provision of this Indenture, the Bonds, the Assessment Ordinance, or any agreement, document, instrument, or certificate executed, delivered or approved in connection with the issuance, sale, delivery, or administration of the Bonds (the "Bond Documents"), shall require the City to expend or risk its own general funds or otherwise incur any financial liability (other than

with respect to the Trust Estate and the Annual Collection Costs) in the performance of any of its obligations hereunder, or in the exercise of any of its rights or powers, if in the judgment of the City there are reasonable grounds for believing that the repayment of such funds or liability is not reasonably assured to it.

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

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

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

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

ARTICLE IX

THE TRUSTEE

Section 9.1. Trustee as Paying Agent/Registrar.

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

Section 9.2. Trustee Entitled to Indemnity.

The Trustee shall be under no obligation to spend its own funds, to institute any suit, or to undertake any proceeding under this Indenture, or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of the trusts hereby created or in the enforcement of any rights and powers hereunder, until it shall be indemnified by the Owners, to the extent permitted by law and the provisions of this Indenture, to its satisfaction against any and all costs and expenses, outlays, and counsel fees and other reasonable disbursements, and against all liability except to the extent the same shall have been finally adjudicated by a court of competent jurisdiction to have been directly caused by the Trustee's own negligence or willful misconduct; provided, however, that in no event shall the Trustee request or require indemnification as a condition to making any deposits, payments, or transfers (provided such payment or transfer is prior to an Event of Default) when required hereunder, or to delivering any notice when required hereunder. Nevertheless, the Trustee may begin suit, or appear in and defend suit, or do anything else in its judgment proper to be done by it as the Trustee, without indemnity, and in such case the Trustee may, to the extent permitted pursuant to the provisions of this Indenture, make transfers from the District Administration Account of the Administrative Fund, and to the extent moneys in the District Administration Account of the Administrative Fund are insufficient, from the Pledged Revenue Fund, to pay all costs and expenses, outlays, and counsel fees and other reasonable disbursements properly incurred in connection therewith and shall, to the extent permitted by law, be entitled to a preference therefor over any Bonds Outstanding hereunder.

Section 9.3. Responsibilities of the Trustee.

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

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

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

(ii) the Trustee may request and rely conclusively, as to the due execution, the truth of the statements, and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture, and shall incur no liability and shall be fully protected in acting or refraining from

acting in accordance therewith; but in the case of any such certificates or opinions which by any provision hereof are required specifically to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform on their face to the requirements of this Indenture.

(b) In case an Event of Default has occurred and is continuing hereunder (of which the Trustee has been notified in writing, or is deemed to have notice), the Trustee shall exercise those rights and powers vested in it by this Indenture and shall use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

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

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

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

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

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

(d) The recitals contained in this Indenture and in the Bonds shall be taken as the statements of the City and the Trustee assumes no responsibility for the correctness of the same. The Trustee makes no representations as to the validity or sufficiency of the offering documents, this Indenture, or the Bonds or with respect to the security afforded by this Indenture, and the Trustee shall incur no liability with respect thereto. Except as otherwise expressly provided in this Indenture, the Trustee shall have no responsibility or duty with respect to: (i) the issuance of Bonds for value; (ii) the application of the proceeds thereof, except to the extent that such proceeds are received by it in its capacity as Trustee; (iii) the application of any moneys paid to the City or others in accordance with this Indenture, except as to the application of any moneys paid to it in its capacity as Trustee; or (iv) any calculation of arbitrage or rebate under the Code. The Trustee has the right to act through agents and attorneys and shall have no liability for the acts or omissions of any of the agents and attorneys appointed by it with due care.

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

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

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

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

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

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

(iii) the filing, execution, delivery, recording, or authorization of any financing statements, amendments thereto or continuation statements,

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

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

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

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

(j) The Trustee, as an Annual Collection Cost, may request, conclusively rely on and shall be protected in acting upon any resolution, statement, instrument, opinion, report, notice, request, direction, consent, certificate, order, judgment, affidavit, letter, telegram or other paper or document believed by it to be genuine and correct and to have been signed or sent by the proper Person or Persons, not only as to due execution, validity, and effectiveness, but also as

to the truth and accuracy of any information contained therein. Any action taken by the Trustee pursuant to this Indenture upon the direction, request, authority or consent of any Person who is the Owner of any Bonds at the time of making the request or giving the authority or consent, shall be conclusive and binding upon all future Owners of the same Bond and of Bonds issued in exchange therefor or in place thereof.

(k) The Trustee shall not be required to take notice, and shall not be deemed to have notice, of any events or information, default or Event of Default, except Events of Default described in Section 11.1(a)(i), unless the Trustee has actual knowledge thereof or shall be notified specifically of the default or Event of Default in a written instrument or document delivered to it by the City or by the Owners of more than 66-2/3% of the aggregate outstanding principal amount of Bonds. In the absence of delivery of a notice satisfying those requirements, the Trustee may assume conclusively that there is no Event of Default, except as noted above.

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

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

(n) The Trustee shall be entitled to file proofs of claim in bankruptcy at the direction of no less than 66-2/3% of the Owners. Ordinary trustee and paying agent/registrar fees and expenses and extraordinary fees and expenses of the Trustee and the Paying Agent/Registrar incurred hereunder are intended to constitute administrative expenses in bankruptcy.

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

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

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

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

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

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

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

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

Section 9.4. Property Held in Trust.

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

Section 9.5. Trustee Protected in Relying on Certain Documents.

The Trustee may, as an Annual Collection Cost, request, conclusively rely on and shall be protected in acting or refraining from acting upon any resolution, instrument, opinion, report,

direction, order, notice, judgment, request, consent, waiver, certificate, statement, affidavit, requisition, bond, debenture, note or other document provided to the Trustee in accordance with the terms of this Indenture that it shall in good faith believe to be genuine and to have been adopted or signed by the proper board or Person or to have been prepared and furnished pursuant to any of the provisions of this Indenture, or for any action taken or omitted to be taken upon the advice or written opinion of any counsel, architect, engineer, insurance consultant, management consultant, accountant or other professional retained or consulted by the Trustee, and the Trustee shall be under no duty to make any investigation or inquiry into any statements contained or matters referred to in any such instrument. Subject to Section 9.1 and 9.3 hereof, the Trustee may consult with counsel, selected by the Trustee with due care, who may or may not be Bond Counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of, and the Trustee shall not be liable for, any action taken, suffered, or omitted to be taken by it in good faith and in accordance therewith.

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

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

Section 9.6. Compensation.

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

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

Section 9.7. Permitted Acts.

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

Section 9.8. Resignation of Trustee.

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

Section 9.9. Removal of Trustee.

The Trustee may be removed at any time on 30 days advance written notice to the Trustee by (i) the Owners of at least a majority of the aggregate Outstanding principal of the Bonds by an instrument or concurrent instruments in writing signed and acknowledged by such Owners or by their attorneys-in-fact, duly authorized and delivered to the City, or (ii) the City, so long as the City

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^D i}/Œi‰Œ}À uŒvšv vµ /ov•š oo uuvšv_•šZ vvµ /ov•š oo}µ(švZšD i}Œ /u‰Œ}À uŒvš•• ••u vš o µo šÇšZ u]v]•šŒvš}%‰Œ}Çšz]šÇ }µv š‹oZ]šv oµ ~•W‰Œ]v ~]%}vš VŒ~•šWvµ o}oo š]}•vš•V ~ð•]š]}v o /vš ŒŒ•šo šš}šZD i}/Œi‰Œ}À uŒv š]v •U•Z}Á}vv ÆZ]'ñšX

^D i}/Œi‰Œ}À uŒvš•• ••WŒ}‰uŒvš•Çv_ÇW ŒÁ]šZš]ZŽD i}/Œi‰Œ}À u vš Œ P]vÁ•šZ] ZD i}/Œi‰Œ}À uŒvš• ••u]v•šo À] •U }všZ•‰] vo (]š }v(Œ ŒÇšZD i}/Œi‰Œ}À uŒvWšV Œ}iµ%‰}•vµ ZV Œ oX

^ D i}/Œ‰Œ}À uŒvš•• ••u vuš_v•v •• ••u vÆ‰ šš} o À] P]v•š W Œ}(Do i}/Œ‰Œ}À uŒvš•• •• W Œ}‰}šŒZšŒZUEZ}v v (]šW Œ}‰vŒšÇ E}v •• •• W Œ}‰šŒZšŒ‰}Œš][švZ šμ o•š}(šZ D i}/Œ‰Œ}À uŒvš μšZ}Œ]/ìu‰Œ}À u vš}•U‰}•‰μŒ•μš}vš •• ••u vKŠŒ]v vv šZ ‰Œ}À]Z]Œv•]•vUZ}Á}vvšZ D i}/Œ‰Œ}À u všE •• ••u vZš}o ovU]••μ i šš} Œ oo}μš}švZ•μ]À]•}(}μ ZW Œ}Œ μ š}μvŒ•šμ}švZš‰Œ}À]••]š}vŒšZ]v^ š]švZ Œ]vv]všZW/ šX

^ D i}/Œ‰Œ}À uŒvš •• ••u vZš}o ou_v•šZ •• ••u vZš}o(o}Œš Z D i}Œ /u‰Œ}À uŒvš•• •• W Œ}‰ •Œ‰ÇUšu}U](] }Œu v (Œ}šu]u š}š]u]v }Œ vÁ]šZZ‰Œ} μŒš(}•ŒZZŒ]w]všZW/ šUv o μ]vPμ‰ š • ‰Œ ‰]vŒ}v v š]Á}vššZZ]••μ v}(W/ }v •}Œv Çvvμ ^o ŒÀW/ohv‰ šd•ZX D i}/Œ‰Œ}À uŒvš•• ••u vZš}o]v o μ]všZ]^• ŒÀ]v •• ••u vWšo v ÆZ]'íX

^ D i}/Œ‰Œ}À uŒvš μšZ}Œ]/ìu‰Œ}À u uvšv•_U}oo š]Àíš Ç UD i}Œ /u‰Œ}À uŒvWŒ}i~šš•}V /••μ v}•š]•v μŒ]Œ}v v š]Á}vššZZ]••μ v}(šZ D i}/Œ‰Œ}À uŒvš}v •Vw ~ïšZ(]ŒÇ•šŒ[•vμ o oo š]}•vš•Œ o š} šZ D i}/Œ‰Œ}À uŒvš•• ••u vš•X

^ D i}/Œ‰Œ}À uŒvš}v •_u v•šZ}• Œš ^]v]š}Ç(šμŒUÆ ^•‰] o •• ••u vZšÀ vμ}v •U Œ]îì•îñ~W o}duŒ]vμ d]μ‰Œ}À u]•vššŒD] š}Œ /u‰Œ}À uŒvWŒ}i šZ•šE• μŒ ÇD i}/Œ‰Œ}À uŒvš•• ••u vš•X

^ D i}/Œ‰Œ}À uŒvšv]š]WoŒ uo_v•o}o(šZ D i}/Œ‰ÀE u všE •• •• W Œ}‰PŒ]švÁÇZ] šZZ vš]D i}/Œ‰Œ}À uŒvš•• ••u v•š} o À] •UZ}Áv }vD i}/Œ‰Œ}À uŒvš•• ••u vZš}o v ÆZ]'íX

^ D i}/Œ‰Œ}À uŒvšW Œ}i uš•v•šZ‰ŒE} š‰}Œš][švZ D i}/Œ‰Œ}À u vš• oo} šoš Z D i}/Œ‰Œ}À uŒvš•• •• W Œ}‰ Œš ÇX

^ D i}/Œ‰Œ}À všu•u_v•šZ}•μšZ}Œ/]ìu‰Œ}À uš Zvš}•v(Œ•‰] v (]šš} o}o(šZ •• •• W Œ}‰vŒš}Ç •• •• W Œ}‰Á]ŒZšŒZ]•šŒ]•(šμUŒ šZ•Œ]]v^ š]]/v/X vU ‰] š}v ÆZ], íšUv • oo} š}/u‰Œ}À uŒv•šUšZD i}Œ /u‰Œ}À uŒvšU šZE}v •• •• W Œ}‰•ŒZš}Á}vv ÆZ] íšX

^ D Æ]uμ•u •• ••u vš_v•U}Œ Z>}šU •• ••u všμ o}šZ o ••}(Œ~íšZ u}μvšo μo ‰μŒ•μš}^vššš]šv/XU}Œ~î(}Œ Z>}šdÇ ‰šZU u}μvšZ}Áv ÆZ] X]šš

^ E}v •• •• W Œ}‰uŒšW_Œ Á]oš•Zš]Zv }μv Œ}](š•Z]•šŒš]Z šš μŒ•‰] o v (]šŒ}šuZ μšZ}Œ/]ìu‰Œ}À u•vš•Œu]vÇšZ]šÇ}μv]v Œ oo} š

^ d Œ µ • š v š Z š Œ µ • } š Œ µ • • š } Œ µ • µ š v Œ / v v š µ Œ X

[Remainder of page intentionally left blank.]

^ d / K / E d W, / ^ d Z / d

d Z]•š CE]v šo µ ‰ ‰ CE } Æ í]ou ñ šX ñ ðíÇš] P µ } µ CE • o • } š Á] š Z Š] Z Z } CE ‰ } CE u š] š • } (š Z] š Ç Š Z U } µ v CE }] (Á • Z] Z CE u } CE ‰ CE š] µ • CE] o CE Ç Ç š Z o P o • CE] ‰ } š] } v Æ Z] <]íš v ‰] š } v Æ Z]]ïšX À o } ‰ u } (v š Z] • š CE] } v š š]] ‰ š Š] v o µ ‰ ‰ CE } Æ ð ú í ô š } š • Ç À o } ‰ Á] š • Z] v P r (o u] Z Ç u • v ð ô X ì ò CE } (E } v • • • • W CE } ‰ š } CE š Ç À o } ‰ } CE u] v o u µ o r š] u] µ • Ç • v • Z } •] š X

/ u ‰ CE } À u CE v • š í] v o µ ‰ ‰ CE } Æ] ú ò X š î } o v Ç] P µ } µ CE • š • Z U } µ v CE }] (Á • Z] Z CE u } CE ‰ CE š] µ • CE] o Ç v Æ Z] <]íš v ‰] š } v Æ Z]]ïšX À o } ‰ u } (v š / u ‰ CE } À u CE v • š í] • v š]] ‰ š Š] v o µ ‰ ‰ CE } Æ í] ú ð š } š • Ç À o } ‰ Á] š • Z] v P r o (u] Z Ç u • ~ ó • ô] v P r (o u] Z Ç u • š Z š CE } v > } š • o • •] ( ] • > } š] Ç ‰ U ï ð •] v P r (u] o Ç Z } u • š Z š CE } v > } š • o • •] ( ] • > } š] Ç ‰ U v ð î •] v P r (u] Z Ç u • š Z š CE } v > } š • o • •] ( ] • > } š] Ç ‰ • X

d Z D i } CE u ‰ CE } À u CE v] š v o µ ‰ ‰ CE } Æ ñ ú X š î } o v Ç] P µ } µ CE • š • Z U } µ v CE }] (• Á Z] Z CE u } CE ‰ CE š] µ • CE] o } Ç v Æ Z] <]íš v ‰] š } v Æ Z]]ïšX À o } ‰ u v š } (š Z D i } CE u ‰ CE } À u CE v] š • v š]] ‰ š Š] v o ú í ò ð > } š • À o } ‰ Á] š • Z] v P r (u] o Ç Z } u • X

^ d / K / E / W d , K Z / • / D W Z K s D E d ^

• } v] v (} CE u] š v } š } Z v v P] v Z CE ‰ } ‰ CE š CE } À] Ç š Z À o } ‰ v CE š • v P] v v CE CE À] Á Ç š Z] š ç š ((v Ç š Z] CE r ‰ } v CE µ š o Ç š CE v š š •] v Ç š Z] š Ç š Z Ø] š Ç • š CE u] š v Z š š Z µ š Z } CE /] ù ‰ CE } À u } w (š • CE ‰] v (} š v š Z • • • • W CE } ‰ CE š Ç X d Z µ š Z } CE /] ù ‰ CE } À u Á] v o š • •] P v v } v • š CE µ] v š } CE v Á] š Z š Z ‰ ‰ o]] š Ç • [š • v CE E • Þ µ o š E } v µ •] U E u v v š ‰ U] ( ] š v] Á v] o o } Á v v } ‰ CE š Ç š Z] š] Ç Ç š Z d Æ • ‰ CE š ù (d v E v • ‰ } CE • š ‰] ‰ v CE U } ‰ l Z E] µ š P X (š] CE š Z µ š Z } CE /] ù ‰ CE } À ù • • v Z š } • Á] v v Æ Z]] ïš U v š Z D i } CE u ‰ CE } À u o v o š] • š] } v } (} • š • CE • Z } Á v } Æ Z]] ïšX

XD i } CE u ‰ CE } À u v š •

- Wet Utilities
  - Water

/ u ‰ CE } À u] w š o • µ] W Þ r õ ì ì Z í ô ‰] ‰ v ‰ ‰ µ CE š v ( ] v CE Z • Ç U CE v š • • u o]] • } U o š À } o À v • U • CE À d] v d • Ø E v Æ À š] } V (U] o u o U u v š U š CE v • Z (š Ç v U } v • š CE µ š š •] š] V CE P < µ] C E CE] } P • š CE µ š E] o v •] v o µ] v š Z • } ‰ } (š Z •] u ‰ CE } À u d Z v Á • š X] CE ‰ CE } À u Á] v š ‰ o CE } À] v (} š } Z

>}Á]šZš]Ì]•šŒ]šX

o SanitarySewer

/u‰Œ}Àu]vvšo•µ]W•P^Zîòv^Zïñ‰]‰uUZ}o(•}Œu]v‰]‰•U]•}ošÁ}ovÀv•Uošo•Zo}šv o](•šš]}v]ŒvÆÀš]}v(Ul]oo uuvšŒv•(šÇU}v•šŒµšš•]vŒP‹µ]Œu]Œ]vP•šŒµŒ]ov•}]voµ]všZ•}‰}(šZ•]u‰Œ}ÀudZš•X]š•ŒÁÇ(u‰Œ}ÀuÁ]šo ‰Œ}À]v(]šZ>}Á]šZš]Ì]•šŒ]šX

o Drainage

/u‰Œ}Àu]všo•µ]ŒP]v(}Œ}vŒ‰]‰ZWo•//‰]‰µŒ]vošU uvZ}oiµUš]}vÆZUÁooŒU]vPvvoŒU]v•PÁo•UŒ]Œ‰‰X dŒvÆÀš]}v(U]ooUuvšŒv•(šÇU}v•šŒµšš•]}vŒP‹µ]Œ µŒ]vP•šŒµŒ]ov•]voµ]všZ•}‰}(šZ•]u‰Œ}ÀudZšŒX]vP]u‰Œ}ÀÁ]v‰Œ}À]v(]šZ>}Á]šZš]Ì]•šŒ]šX

ƒ Roadway

/u‰Œ}Àu]vvšo•µ(Œ]vP]v(}Œ}vŒ‰Àu(v}šŒ}ÁÇ•U••]ŒuE‰• š]všŒ•‰]}À•UuvšŒl]vPU]Pv•P]v(•µPŒ•š]o]Ì•šµ]}vPŒ }u‰š]vU}v•šŒµšš•]}vŒP‹µ]Œu]Œ]vP•šŒµŒ]ov•]voµ]v šZ•}‰}(šZ•]u‰Œ}ÀudZšŒXÁ]Ç‰Œ}ÀuÁ]v‰Œ}À]v(]šZ>}Á]šZš]Ì]•šŒ]šX

ƒ SoftCosts

}•šŒoš}•]Pv]vPU•šŒµš]vP•šo]vPi}Œ‰Œ}Àu]vvšo•µ]vP ov‰ovv]vP•]Pv]šÇ•UvP]vŒ]vPU•š]vPµŒÀ}ÇU•šŒµš]}v uvPuvš]vPoP(U•U}v•µoš(všX

X/u‰Œ}ÀuŒv·ší/u‰Œ}Àuvš•

ƒ Wet Utilities

o Water

/u‰Œ}Àu]všo•µ]W•rõììZíô‰]‰v‰‰µŒšv(]vŒZ•ÇUŒvš ••uo]]•}ošÁ}ovÀv•UŒÀ]v(ŒvÆÀš]}v(U]oouUuvšU šŒv•(šÇU}v•šŒµšš•]}vŒP‹µ]Œu]Œ]vP•šŒµŒ]ov•]voµ]v šZ•}‰}(šZ•]u‰Œ}ÀudZ•Á]Œ‰Œ}ÀuÁ]v‰Œ}À]v(]šZ >}Á]šZ/]u‰Œ}ÀuŒv·šX

- SanitarySewer

/u‰ŒE}À u]vvšo•µ]WvšP^ Zíî ò v ^ Zïï ñ‰]‰u UvZ}o(•}UŒE u]v‰]‰ •U]•}o šÀ]}vo À v•Uo š Œš}o•Zo}šdXŒE v ÆZ À š]}vV(U]ouo u vššUŒE v Z • (šÇvU }v•šŒEµššš]šv]PVŒEP<µ]Œ‡µŒE]v}PV•šŒEµ šŒE]}ov•]v o µ]všZ • }‰}(šZ •]u‰ŒE}À udZvš•vX]š •ŒEÁÇ]Œ‡u‰ŒE}À uÁ]vo‰o•ŒE}À]v (]šš} Z>}šÁ]šZ/]uv‰ŒE}À uŒEv·šíX

- Drainage

/u‰ŒE}À u]vvšo•µ]Œ‡P]v(}ŒE}v ŒE ‰‰]‰ Z Wo •/•//‰]‰ µUŒE]v o š•U u vZ}oiµUv š]}}vÆ ZU Á oœE•U]v PZ vv oœE•U]v •PÁ o •vU Œ]Œ‰ ‰X dŒE vÆZ À š]}vV(U]ouo U u vššUŒE v• ZÇ šÇvU }v•šŒEµššš]šv]PVŒEP<µ]Œ‡µŒE]v}PV•šŒEµ Œ‡E]}ov•]v o µ]všZ• }‰}(šZ •]u‰ŒE}À udZvšŒEX]v P]u‰ŒE}À uÁ]vo‰o•ŒE}À]v (]šš} Z>}šÁ]šZ/]uv‰ŒE}À uŒEv·šíX

ƒ Roadway

/u‰ŒE}À u]vvšo•µ]Œ‡P]v(}ŒE}v ŒE ‰‰ À u (v}šŒE} Á Œ•]UPv}Z(všÁ• ÇU ••] ŒE u‰šš•]vš Œ• š‰}vÀ•Uu uvšŒEl]vPV•]Pv P>]Xu}(•µ PŒE •š]o]Ì •šµ]}PVŒE }u‰ š]}vvU]v•šŒEµššš]šv]PVŒEP<µ]Œ‡µŒE]v}PV•šŒEµ š]}v ŒE o•]v o µ]všZ• }‰}(šZ •]u‰ŒÀE u všd•ZXŒE} Á]uÇ‰ŒE}À uÁ]vošo• ‰ŒE}À]v (]šš} Z>}šÁ]šZ/]uv‰ŒE}À uŒEv·šíX

ƒ SoftCosts

}•š•ŒE o šš} •]Pv]vPVUšŒEµ šv]v]PVUš oš]Zv/Pu‰ŒE}À uŒEvš·í /u‰ŒE}À u]vvšo•µ]vvP‰o vv]wP •]Pv]UšÇ •UvP]v Œ•}vV‰PUš]vPU •µŒEÀ}Ç•UšŒEµušv}PV u v§VUš]vP ov PÇ(Uo•UV }v•µo§{ v•šX

ƒ DistrictFormationCosts

dZ }•š••}] šÁ]š(Z}ŒE u§vZP]•šŒEE] šo šš}/u‰ŒE}À uŒEv·šíU]v oµ]vPU µšv}šo]u]šš}Uš š}Œ(v ÇUv vÇ§šZ Œ•§ŒEÆ‰]vv µŒEŒÇšZ]šÇ]ŒE š•oÇ§] šÁ]šZZ •š o]•Z](švZš]•šŒE] šo š}/u‰ŒE}À uŒEvš ·íX

X }v /••µ v }•š•

ƒ DebtServiceReserveFund

‹µ oš•Z u}µvšš} ‰}•]§v š• ŒEÀÇE • ŒEµÀvµv Œv ‰‰o] o /v všµ]ŒE}vv š]Á}]vššZZ]••µ v}(W/ }v •X

- Capitalized Interest

  [illegible]

- Underwriter's Discount

  [illegible]

- Underwriter's Counsel

  [illegible]

- Cost of Issuance

  [illegible]

X K š Z [illegible]

- Deposit to Administrative Fund

  [illegible]

SECTION 4 SERVICE MAN

[illegible]

[illegible]

^ d / K s E W ^ ^ ^ D E Wd> E

dZ W / š o o } Á Z] š Ç µ v š } ‰ ‰ } Œ š Z] } v š } • (š Z µ š Z } Œ /] ù ‰ Œ } À š } š v Z š •
•• •• W Œ } ‰ Œ š Ç š Z • ‰] v ( ] Œ š] À Œ } š u Z µ š Z } Œ /] ù ‰ Œ } À u d Z v š • X
W / š ‰ Œ } À š] Z • š µ Z } • š u Ç ‰ ‰ } Œ š] } v < µ W o ‰ Ç (Œ Œ } (v) š } š Œ < µ Œ { } š V
~ î • } Œ š v } P Z À o µ (‰ Œ } ‰ • Œ š Ç Œ u] v Ç š Z] š Ç µ v] Á o] U } Z Œ Á] š Z } Œ š P Œ
š }] u ‰ Œ } À u } v š • Œ µ } v š Z ‰ Œ } ‰ } Œ ï š Ç V Ç š Z u Œ v v Œ ‰ ‰ Œ } Ç À š Z] š Ç
} µ v š Z Œ • µ] o v š u • ‰ } •] v µ P o Z Œ } (• µ Z } • š } • v ‰ Œ } ‰ •] Œ] š o Ç Œ v o Ç] š d Z X
W / š (µ Œ š ‰ Œ Œ } À š] Z š š Z] š Ç } µ v] u o Ç • š o] Ç Z Œ] v } Œ Œ Œ Œ • } v o
o ••] ( ] š v] { v } Œ u µ (d Œ Z ‰ ‰ } Œ š] } (š u Z v š • š Á š v Z] š Ç v š Z Œ š }
•• •• v š Z u š Z } } (•• ••] v š P Z • ‰] o v ( ] š (• Œ À Œ] } µ o • • } • (
] u ‰ Œ } À u v š • X

dZ] •• š] } (š Z] ^ • Œ À] v •• •• u W š o v • Œ] š Z • • ‰] o v ( ] Œ š] À Ç Z
W Œ } (o • •• W Œ } ‰ Á] Œ Z š Ç Z] • š Œ •] š Œ • µ (š š Z µ š Z } Œ /] ù ‰ Œ } À u v v š •
‰ Œ } À š] Z • •] • v i µ • š] ( ] (š] Œ Z š Œ u] v š š Z] } (š u Z v š • š š Á š v Z] š Ç v š Z Œ š }
Æ š • Z u } µ v š (š Z •• •• u v š š } o À] } v š Z •• •• W Œ } ‰ (} Œ Œ š µ Ç Z
µ š Z } Œ /] ù ‰ Œ } À u v š • X

dZ š Œ u] v š Ç š } Z v] š Ç µ v] (š Z •• •• u u š š Z } } P o] •• š (} Œ š Z o } Á • š Z
Œ • µ } (š š Z] • Œ š] } v Æ Œ Œ Ç] Ç š Z] š Ç } µ v] ( ] š • o P] • o š µ] š À Z } Œ /] š Ç
P } À Œ v u ‰ v š Á o Œ •] • } v o µ •] v À] v] v } P š Z À o } ‰ v Œ o (µ š µ } Œ Á v Œ v •
À o } ‰ } (š Œ Z • •• •• W Œ } ‰ Œ š Ç X

X •• •• u D š š Z } } o } P Ç

š] v] P] š o P] • o š ‰ À] š v Ç • } v] v (} Œ u ‰] Œ v } À] Ç š Z À o } ‰ v Œ š •
v P] v v Œ Œ À] Á Ç š Z] š • Ç š (v Ç š Z] r Œ ‰ Œ } š v Ç µ o š Œ v š š •] v Ç š Z] š Ç Z U
] š Ç µ v Z o • š Œ u] š v Z š š Z } • š } • (š Z µ š Z } Œ /] ù ‰ Œ } À u Z v š o o o } š •
(} o o } Á • W

- dZ } • š } • (š Z D i } Œ u ‰ Œ } À š u Z v o ( ] Œ o š } š } š Z •• •• W Œ } ‰ v Œ š Ç
š Z E } v •• •• W Œ } ‰ ‰ Œ Œ Ç š • µ ‰ } v Œ P d Z X / u ‰ Œ } À u Œ v š í
•• •• W Œ } ‰ v Œ š Z Ç D i } Œ u ‰ Œ } À u Œ v š •• •• W Œ } ‰ Œ š š Z Ç v
o o } š Z ‰ } Œ š [š Z Œ u] v] v • P } • (š Z D i } Œ u ‰ Œ } À u o v o š • š o š Z
•• •• W Œ } ‰ •] Œ o š Ç • š] Œ Æ š Z] ñ š X
- dZ } • š } • (š Z / u ‰ Œ } À u Œ v š í µ š Z } Œ /] ù ‰ À Œ µ v š Z o o o } š }
Z W Œ } (o u ‰ Œ } À u Œ v š í •• •• W Œ } ‰ Œ š Ç v š Z Œ š] { š Z

- Improvement Area #1
  - [illegible]
  - [illegible]
  - [illegible]
  - [illegible]
  - [illegible]
  - [illegible]
- Major Improvement Area
  - [illegible]
  - [illegible]
  - [illegible]

µ š Z } Œ] ù ‰ Œ } À u Á v Z š] • Z µ o ¨ • ð U ð ò õ U • ì • Z } Á ý v š Z D i } Œ
/ u ‰ Œ } À u Œ v š • • • u v Z š o š š Z Z Œ š } Æ Z] '] š V v

ƒ d Z • ‰] v ( ] š ¨ ð U ñ ñ ì U Œ ñ î •] À Ç š Z D i } Œ ‰ Œ } À u Œ v š] š] o
W Œ (Œ o } š u Z D i } Œ u ‰ Œ } À u Œ v š µ š Z } Œ] ù ‰ Œ } À u • P š • š Œ
š Z ý Œ < µ š } š Z u } µ v š (š Z D i } Œ u ‰ Œ } À u Œ v š • • • • u v š
~ ¨ ð U ð ì ò õ ð d U À] } v š Z D i } Œ u ‰ Œ } À u Œ v š v] š] W o Œ (} Œ Z D i } Œ
/ u ‰ Œ } À u Œ v š µ š Z } Œ] ù ‰ Œ } À u v v š • V

ƒ / š] • v š]] ‰ š š Z š] u š Z] š Ç µ v] ‰ ‰ Œ š } Z À] ^ • • Œ À] v • • • • u v š
W o š v Z U À o } ‰ Á] Œ É Á v í ì ì 9 } (š Z D i } Œ u ‰ Œ } À u Œ v š v] š] W o Œ o X
d Z À o } ‰ Á] Œ o l v } Á o š P Z š š Z D i } Œ u ‰ Œ } À u Œ v š µ š Z } Œ] Ì
/ u ‰ Œ } À u } v š • Œ • ‰] v ( ] š v š Z D i } Œ u ‰ Œ } À u Œ v š v] š] o
W Œ v o Á] o (v • v š š } š Z] u ‰ } •] š } (} š v Z D i } Œ u ‰ Œ } À u Œ v š
• • • • u v š š } ‰ (Ç Œ E Z š µ (• š • • • }] š š Z Œ Á d] Z š Z X À o } ‰ Á] Œ o
Œ š] { Ç (U] Œ u U ‰ P U Œ š } U v ‰ ‰ Œ ~ } í À Z W š Œ u] v š v] } (v] • v] v P •
Ç š Z] š Ç µ v] • o š } š Z • ‰] v ( ] š • • Œ] Z Œ] v š Z ‰ ‰ o] o
• • • • u v K š Œ] v v ~ î š V Z] ^ • Œ À] v • • • • u v W š o v š Z ‰ ‰ o] o
• • • • u v h š Œ] v v v V ~ ï • š Z o À Ç] } v (P D i } Œ u ‰ Œ } À u Œ v š
• • • • u ý v š š Z D i } Œ u ‰ Œ } À u Œ v š v] š] W o Œ o X

X v v µ ( ) o o š] } • š v •

d Z v v µ ( ) o o š] } • š • Z o o ‰] (} Œ E v v µ o Ç š Ç Z } Á v] Œ [Z W Œ ‰ Œ Œ E } š •
} v š Z Œ š }] (} š Z u } µ v š (} µ š • š v] • v • P • • u v Œ š u] v] v š P Z W Œ š } š o Z š } š o
} µ š • š v] • v • P • • u v d š Z X v v µ ( ) o o š] } • š • Z o o } o o š • ‰ Œ [E š v] v š Z • u
u v v Œ E v v µ / o v • š o o] v š v Z š • u } µ v š š Z } Á } v š Z Œ • ‰ š } À • • u v Z š o Á o Z U] Z
u Ç Œ E À] • • } v š µ ( ) • š] • v µ Œ] Œ E v v µ ^ o Œ E À W / o h v ‰ š • X

X] š] } v / v o š Œ • š

d Z] v š Œ Œ E • š v • • • • u v • š • µ Œ] v P Z Œ E • ‰ • š] Œ À] } (• W / } v • u Ç Æ š Z
] v š Œ Œ E • š v Z Œ E • ‰] À Œ] } (• W / } v • Ç š Z] š] } v / v o š Œ E Z • š š d X } š Z Æ š v š
Œ < µ] Œ Ç v Ç / v v š µ Œ] U š] } v / v o š Œ E • Z š o o } o o š • ‰ Œ [E (š Z v v µ o
/ v • š o o Œ E v o š š } • Œ] } (• W / } v • v • Z o o ‰ } •] š ‰ µ Œ E • š µ } š v Z š ‰ ‰ o] o
/ v v š µ Œ E X

^ d / K s E Z W Z D K ^ & d , ^ ^ ^ ^ D E d ^

v Ç Œ E o o } } š ( ] } • v • • • u v š • • • Œ E]] v š Z] ^ • š] } s v / • Z o o } v •] Œ E v
u] v] • š Œ E š š] À } } v (š Z] š Ç v Á] o v o } š • µ i š š } š Z v } š] } Œ P ‰ µ o Z] Œ E] v P
Œ < µ] Œ E µ v v š š K Z W / š X

[illegible]

1. Upon Division Prior to Recording of Subdivision Plat

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

2. Upon Subdivision by a Recorded Subdivision Plat

[illegible]

[illegible]

[illegible]

AšZ •• ••u v(šŒEZv Áo•Qu]À]>}š
AšZ •• ••u v(šŒEZW ŒE‰ Œš]•Œ]À]•]}v
AšZ•µu}(šZ •š]u šµ]o }sušoµ}(ovo Áo•Qu]À]>}šÁ•]šŠZZ
• u >}šlÇ‰
AšZ•µu}(šZ •š]u šµ]o }sušoµ(}Œo}o(šZv Áo•Qu]À]>}š•
Æ oµE]}vrP v (]šW Œ}‰ ŒšÇ
AšZvµu }Œ{v Áo•Qu]À]>}šÁ•]šŠZZ• u >}šlÇ‰

W Œš}]šEZ Œ }Œ}[vPµ]À]•‰}ovšŠZU À o}‰ZŒ‰oŒ}À]Z]šÇv
•š]u šµ]o }sušoµ•}(šZ š}(šZ Œ }Œ•µ]À]•‰}ov()šŒ Z>}š
Œ šÇšZŒ }Œ•µ]À]•‰}ovdŠZX o µov}š(š}Z •• ••u v(šŒ>}šZ oo
‰ Œ(}ŒEQšZ u]v]•šŒvš}}QŒ(]ŒuÇšZ]šÇ,µv]o• }v •š]u š
µ]o }sušoµ]v(}Œu š‰}Œ}À]ÇšZ À o}‰ZŒEuU µ]o šŒ}Q‰ Œš Ç
}v•µoš wš•}UŒEZ}((]]‰ouµ ŒE }Œ(šZ }µvšŒÇ P Œš}Zv>P}šdXZ
•š]u šµ]o }sušoµ(}Œ}šlÇ‰U>}šlÇ‰Uv >}šlÇ‰]••Z}Á}vv ÆZ]]š
v Á]ovo}šZ vP]v(µšµŒEvµ ^o ŒÀW ohv‰ šd•ZX o µo š•]}}w(]Œu
ÇšZ]šÇ,µv •]Zo oo}v oµ•]vÀ]v]vPX

dZ•µu}(šZ •• ••u v(š}Œ{ovo Áo•Qu]À]>}š••Z vo}šÆ šZ •• ••u vš
(}Œ}EZ‰}Œš[š}Z •• •• W Œ}‰•µŒš}Ç]‰ Œš]}•Œ]À]•d]Zv Xo oµš]}v
•Z oou • ‰ Œ(š}Œ{ÇZv Áo•Qu]À] •• •• W Œ}‰dZŒŒÇXo o} š]}v
}(v •• ••u v(šŒv •• •• W Œ}‰šZŒ]šš}Ç}u •š µv ŒÆo•Áu Çv}š
Æ šZ •• ••u ‰šŒš]šŒŒ oo} šv]Œv X oo} ‰š]Œv•š}švZš]• š]}v
•Z ooŒ (o]švšZv Æšv µ ^o ŒÀW ohv‰ šv ‰‰Œ}Çšz]šÇ,µv]oX

3. UponConsolidation

/(šÁ}}ŒEu}Œ>}š}ŒEW Œ Œ•}v•}o] š}vš} •]vPW Œ}Œ>}šš]Z
u]v]•šŒ•Zš}oŒo} šŠZ •• ••u všP•]vššZ>}š}ŒEW Œ o(}Œš Z
}v•}oš]}šv}šZ }v•}o] >š}šŒEW ŒÁZo]UZo} š•]Z}vooŒ (o]švšZ
v Æšv µ ^o ŒÀW ohv‰ šv ‰‰Œ}Çšz]šÇ,µv]oZX •• ••u v(šŒ
vÇŒ •µo>š]}švPÇv}š Æ šZD Æ]uµ•u• ••u v(šŒEZ ‰‰o]>}šlÇ‰
v }u‰o] uv ÇŒ ‹µ]Œ v š}ŒWÇŒ ‰ Ç}u(v•š ••u v‰•µŒ•š}vš
^ š]}svX X

XD v šÇ,WŒŒ ‰ Ç,u(•v•š ••u vš•

/(W Œ}(o•• •• W Œ}‰}ŒE‰š]ÇŒš]Z}vŒ]•}[vÀ Çš} ‰ Œš[ZÇ,š• Æ u‰Œš}u
šZ‰ Çu}(šZ •• ••u vušv Œ‰‰o]o Á}UŒ[(v}Áv Œµ• •>}šWU Œ}Œo
‰}Œš]Z}vŒš}(}u E}v v (]šW Œ}‰šZ}ŠÁÇvUŒ[•µ Z>}šWU Œ}Œ‰}Œš]}v

E } š Á] š Z • š š v Z] ‰ Œ À ‰ } µ Œ P Œ E v š ‰ Z] • µ • š] š v Z U • • • • u v • š Z • o v o À Œ
Œ µ š } v u } µ v š • • š Z š Z u } µ v š Œ E ‹ µ] Œ E } ‰ Ç o) µ š • š v] v š • Œ À]
Œ ‹ µ] Œ E) µ v v o š) o µ š • š v W / v P } v • X

^ d / K s Œ Z / W ^ ^ D Œ Z K > >

d Z / u ‰ Œ E } À u Œ E v š í • • • • u v Z š] o] • š š Z • Æ Z] &] š X d Z u] v] • š Œ • Z š } o Œ E
‰ Œ E ‰ v Œ • µ u] š š } š Z] š Ç } µ v [ ) p Œ E E À] v Á ‰ ‰ Œ E ‰ À Œ E) p ‰ Œ E • À] • š } } š v Z
/ u ‰ Œ E } À u Œ E v š í • • • • u v Z š o v / u ‰ Œ E } À u Œ E v š í v v µ / o v • š o o u (} v Œ E š • Z
W Œ E • ‰) Œ E { š Z v v µ ^ o Œ E À] W o h ‰ š X

d Z D i } / Œ E u ‰ Œ E } À u Œ E v š • • • • u v Z š] o] • š š Z • Æ Z] '] š X d Z u] v] • š Œ • Z š } p Œ E
‰ Œ E ‰ v Œ E µ u] š š } š Z] š Ç } µ v [ ) p Œ E E À] v Á ‰ ‰ Œ E ‰ À Œ E) p ‰ Œ E • À] • š } } š v Z D i } Œ E
/ u ‰ Œ E } À u Œ E v š • • • • u v Z š o v D i } / Œ E u ‰ Œ E } À u Œ E v š v v µ / o v • š o o u (} v Œ E š • Z
W Œ E • ‰) Œ E { š Z v v µ ^ o Œ E À] W o h v ‰ š X

^ d / K s Œ Z / / W / d / K E W > Z K s / ^ / K E ^

X o µ o š) Œ E } Œ E } Œ E •

/ (š Z } Á v) Œ E { W Œ E o o] u š • Z š v Œ E Œ Z } Œ E v u] v v Ç o µ o Œ E] } ‹ v µ] Œ E Ç š Z] •
^ Œ E À] v • • • • u v W š o] w U o µ] µ ‰ v) š o] u] š š } U v Ç o µ o š] } v • ‰) Œ E { š v Ç
v v µ ^ o Œ E À] W o h v ‰ š š Z U } Á v Œ E • [o v Æ o µ Œ E À u • Ç o o š } • µ u] š Á Œ E] š š v
v } š] } (Œ E Œ E] š Œ Z u] v] • š Œ E Ç š } Œ E u Œ E • š } (š Z Ç Œ E o o } Á] š ‰ } µ v] o % ‰ • ‰ Œ E } À o
} (š Z o µ o š K] š Z X Œ E Á š [Z • } Á U v Œ Z o o u š } Z À µ v } v] š] } v ‰ o ‰ Œ E } v À
‰ š š Z o µ o š d] Z } v X u] v] • š Œ E • Z š) ‰ Œ E Œ E } À Á Œ E] š Œ E v • ‰ } š v } š Z] š Ç } µ v] o
v š Z } Á v Œ E } š o š š Œ Z ï ì Ç • } (• µ Z Œ E]) ‰ š Á Œ E] š v š } š v] } (Œ E Œ E Ç Œ E Z
u] v] • š Œ E d X š }] š Ç } µ v •] Z o } o v •] š Œ E } Á v Œ E v] • š] } (Œ E Œ E v Œ E Z u] v] • š Œ E š } Œ E [•
Œ E • ‰ } v š • ‰ µ o u] š] v P v U v } š o š š Œ E ï ì Ç • (š Œ E } •] • v µ P Z U š] v š P Z U] š Ç
} µ v •] Z o u o l ( ] v o š Œ E u] v š š } Á v Z š Z v Œ E Œ E Œ Z } Œ E v u X (š Z] š Ç } µ v] o
š Œ E u] š v Z • š v Œ E Œ Z } Œ E v u U š Z] š Ç } µ v •] Z o š o l • µ Z } Œ E Œ E š } À } v •] •
µ š Z } Œ E] Ç š Z W / š U š Z] ^ • Œ E À v • • • • u v W š o š v Z U ‰ ‰ o] • • o • • u v š
K Œ E] v š Z U ‰ ‰ o] / v o v š µ } Œ E • U š Z Œ E Á µ • š Z } Œ E] Ç š Z] • Œ E š] ‰ } Œ E Ç Œ E
š Z] š Ç } µ v] d o Z X š Œ E u] v š Ç š } Z v] š Ç } µ v] • o š } Á Z š Z v Œ E Œ E Œ Z } Œ E v u U
v v Ç } Œ E Œ E š } À } š v l v Ç š Z] š Ç } µ v] • o Z U o o ( ] v o] v] v } P š Z } Á v Œ E
š Z u] v] • š Œ E š } Œ E X

X u v u v š •

u v u v š š • } š Z] ^ • Œ E À] v • • • • u v W š o u v µ • š u Ç š Z] š Ç } µ v]] o v
} Œ E v Á] š š Z Z W / š d X } š Z Æ š ‰ š Œ E u] š Ç š Z W / š š U Z] ^ • Œ E À] v • • • • u v š

EXHIBITS y , / / d ^

d Z (} o o } Á] Æ v P]] Œ • š š Z š } v u ‰ (Œ (š Z] ^ • Œ À] v • • • • u W š o (y Œ o ‰ µ Œ ‰ } • • W

Æ Z] ŋ í š D ‰ (š Z] • š Œ] š
Æ Z] ŋ î š D ‰ (/ u ‰ Œ } À u Œ v · š í
Æ Z] ŋ ï š D ‰ (D i } Œ / u ‰ Œ } À Œ u v š
Æ Z] ŋ ð š > } š d Ç ‰ o • •] ( ] D š] ‰ v
Æ Z] ŋ í š W Œ } i } • š š •
Æ Z] ŋ î š D i } / Œ u ‰ Œ } À u o v š } • š }] (} y • š •
Æ Z]] š ^ Œ À W / o v
Æ Z]] š ^ } µ Œ v • h • • } (& µ v •
Æ Z]] š D Æ] u µ • u • • u v š d Æ Z š ‹ µ] À o v š
Æ Z] & ŋ í š / u ‰ Œ } À u Œ v · š í • • • • u v Z š o o
Æ Z] & ŋ î š / u ‰ Œ } À u Œ v · š í v v µ / o v • š o o u v š •
Æ Z] ' ŋ í š D i } / Œ u ‰ Œ } À u Œ v š • • • • u v Z š o o
Æ Z] ' ŋ î š D i } / Œ u ‰ Œ } À u Œ v š v v µ / o v • š o o u v š •
Æ Z] , ŋ í š D ‰ } • (D i } / Œ u ‰ Œ } À u v š •
Æ Z] , ŋ î š D ‰ } • (/ u ‰ Œ } À u Œ v · š í / u ‰ Œ } À u v š •
Æ Z] /] š & } Œ } (µ Œ } š] } (• • • • u v d š Œ u] v š] } v
Æ Z] : ŋ í š š ^ Œ À ^] Z µ (o } / Œ u ‰ Œ } À u Œ v · š í } v •
Æ Z] : ŋ î š š ^ Œ À ^] Z µ (o } D i } / Œ u ‰ Œ } À u Œ v š } v •
Æ Z] < ŋ í š] • š Œ >] P š o • Œ] ‰ š] } v
Æ Z] < ŋ î š / u ‰ Œ } À u Œ v · š í > P o • Œ] ‰ š] } v
Æ Z] < ŋ ï š D i } / Œ u ‰ Œ } À u Œ v > š P o • Œ] ‰ š] } v

AMENDIES / ^

d Z (} o o } Á] ‰ v P ‰ v] Œ • š š Z š } v u ‰ (Œ (š Z] ^ • Œ À] v • • • • u W š o v (} Œ ‰ µ Œ ‰ } • • W

‰ ‰ v] Æ v P] v Z Œ ‰ } Œ š
‰ ‰ v] Æ µ Ç (Œ • o } • µ Œ •

y , / / drí t D WK &d , / ^ d Z / d

y,/ /dí t WZK: Kd^d^ (EXHIBIT B – PROJECT COSTS)

	d}š€ ò	KšZ Œ ^}µŒ€ •	E}v•• •• WŒ}‰€ •(	µšZ}Œ] ŠÇµ‰Œ}À	/µ‰Œ}À uŒvší 9	D i}Œ‰Œ}À Œ }
Major Improvements						
t šhš]o]š] •						
Water[d]	¨ íUõìóUôïò	ïóñUõõð	ðõôUîíñ¨	íUìïïUòñóñóXîó9	ñõíUðõõXóï9	ððíUòòò
Sanitary Sewer	îUîííUõñó	r	óîñUõìò	íUñìòUìññóXîó9	òòîUðîðXóï9	òðïUñíï
Drainage[i]	íUñõðUððððíííUôðî		ððõUòòô	õïîUõïðñóXîó9	ñïðUõìîXóï9	ïõõUòîõ
Z} Á Ç	îUóôîUôðñ	r	õìñUìóï	íUôóóUóññóXîó9	íUìóñUðîðXóï9	ôìîUïðð
^}(š}•š•€ •u •u •	îUõòíUíõí	îìôUñìô	õõñUîòï	íUôñóUôññóXîó9	íUìòïUõðîXóï9	óõïUòðó
]•šŒ]}Œu š}}v š€ ¡•	íUîììUììì	r	r	íUîììUìììôïXïï9	íUìììUìññìXòó9	îììUììì
	¨ ííUòóôUîóï	óõòUïíð¨	ïUðóðUíîñ	ôUðìóUôïð	¨ ñUííôUììò	¨ ïUîóõUóõõ
ImprovementArea#1 Improvements						
t šhš]o]š] •						
Water	¨ íUíðòUñõì	ïñõUìòî¨	r	¨ óôóUñíóìì9	¨ óôóUñíóXìì9 ¨	r
Sanitary Sewer	íUìõóUïôí	ïðîUïðó	r	óññUìïðííì9	óññUììðXìì9	r
Drainage[i]	ôïóUðòî	ñõUôóô	r	óóóUñôðììì9	óóóUñôðXìì9	r
Z} Á Ç	ïUòòóUðîðUïîóUíõõ		r	îUïðìUîîóííì9	îUïðìUîîóXìì9	r
Right of Way	íUîììUììì	r	r	íUîììUìììíìì9	íUîììUìììXìì9	r
^}(š}•š•€ •u •	ïUîðïUðôôðíUòõóUõðí		r	íUñðñUñðïìì9	íUñðñUñðïXìì9	r
	ííUíõîUïïï	ïUóôòUðîó	r	¨ óUðìñUõìò	¨ óUðìñUõìò	¨ r
PrivateImprovements[f]						
WŒ]Àu‰Œ}À u vš•	¨ íUôóíUðõííUôóíUðõí		r	¨ r	ìXìì9 ¨ r	ìXìì9 ¨ r
	¨ íUôóíUðõííUôóíUðõí		r	¨ r	¨ r	¨ r
BondIssuanceCosts[g]						
š^ ŒÀZ] • Œ&Àµv	¨ íUñôõUîôî	r ¨	r	¨ íUñôõUîôî	¨ íUîíñUôòò	¨ ïóïUðíò
‰]š o]š ŒZ•š	ôôìUòñî	r	r	ôôìUòñî	ðîòUìîñ	ðñðUòîó
hv ŒÁŒ]š šµ•š	ðííUôîì	r	r	ðííUôîì	ïííUððì	ôõUïôì
hv ŒÁŒ]šµvŒ–o•	îììUõíì	r	r	îììUõíì	íñòUìîî	ððUòõì
}•š(/••µ v	íUîìñUòðó	r	r	íUîìñUòðó	õïóUñìó	îòôUíðì
	¨ ðUîóôUìíî	r ¨	r	¨ ðUîóôUìíí	¨ ïUìðôUìñô	¨ íUîììUîñï
OtherCosts						
‰}•š]š u]v]•šŒ&š]À	¨ ôìUììì ¨	r ¨	r	¨ ôìUììì	¨ ðìUììì	¨ ðìUììì
	¨ ôìUììì ¨	r ¨	r	¨ ôìUììì	¨ ðìUììì	¨ ðìUììì
d}š o	¨ ïìUíììUïõõ	òUðñðUíîî	ïUðóðUíîñ	îìUíóîUìñí	¨ íñUòîîUììì	¨ ðUññìUìñî

&}}šv}š •W

€ • •‰Œ}À]]v šZ vP]v Œ–•Z ‰}Œš š íîlíólîìîð v •µ i ‰šš}vZ<ÆµPšZ}Œš]ì Z/u‰Œ}Àš}u•vš }•š• Œ •š]u š • v
Á]o oµ‰ šÁ]šZ Zvvµ^oŒÀW/oh‰ š}ŒZ^ ŒÀ]v •• ••u W}šo v u v X
€ • }•š•šZ š Œ v}š}šZ ŒÁ]• µšZ}Œ]ì /u‰Œ}À u vš• v Œ Œ ‹µ]Œ š} }u‰o š >}š• ~]v ‰ o]vP v}À Œ•]ì]vP]
Á]šZ]v]•šŒ]šŒv]µ µŒšZ}ìZ À o}‰ŒšZ }oo š]}vµ/v•šo}Œv•š}v •X
€ • dZ E}v •• WŒ}‰ Œš Ç]• oo} š š ‰}Œš]}v }(šZ }•š• }(šZ D i}Œ /u‰Œ}À u vš•Æ‰Œ}]šš Œ š Z • }v Œ
À o}‰ Œ Z • PŒ š} ‰ Ç (}Œ šZ oo} o •Z Œ }(šZ šµ o }•š• }(šZ •r D •]•Œ /u‰Œ}À u vš•À
À o}‰ v}šŒ]µšš]v•• WŒ}‰ Œš]X
€ KšZ ^}µŒ]v•oµ }•š(}ŒÀ Œ•]]ì]v‰Œ}À u•vš•Œu]vŒšZ À o}‰ Œ }v šZ]o]šZ vP]v ZŒ‰•}šš Uô]ðñUñí
}À Œ•]ì]vP Á š Œ]u‰Œ}À u vš• v ••}] š •}(š }•š•U v •µ i š} Z vP X W Œ šZ À o}‰ Œ Œ (•P v Œ]v }
Á š Œ u]v]•šZ }voÇ }À Œ•]ì]š uX ^µ Z }•š• Œ v}š o]P o (}Œ Œ]u µŒ• u vššZŒ}µPZšZ P}o š}}v (vvµ o
‰Œ}À] Œ]š}(Á š Œ]u‰ š (• Z ŒP š}}((• š šZ À o}‰ Œ–• šµ o }•š• šš Œ] µš Àoo}‰}À Œ•]ì]vP šZ
}vštŒ] µš]}vŒ•]ì]vP‰Œ}À u vš•& š Œ]š•–/vZŒ] Xš
€ ^}(š}•š•}v•]•š}(vP]v Œ]vPU•µŒÀ Ç]vPU‰ŒuŒš]vPU•]šš]vPU•š]vP]vPU]v•‰ š]vPU vš]vP v ÇX
€ (W Œ]Àu‰Œ}À u všŒ š]vo µ ZšŒ]vPU]o]šU ‰ Œ Ç Pµv] š]µ•šUšŒ}(š}•š•U }•š•}š šZ ŒÁµ•Z}Œ/]u‰Œ}À u vš•X
€ P}v /••µ v }•š•Œ‰Œ]u š•v ‹µ i šš}Z vP}‰ Œ ‰Œ]ŒX
€ Z/v oµõu}v š{ ‰]š o]š Œ}‰Œ]u‰Œ}À u vš }v • íîu}všZ{ ‰]š o]š Œ} i}Œu‰Œ}À u vš}v •X
€]• KšZ Œ ^}µŒ •]v oµ U µš Œ v}š o]u]š š}U }•š• ••}] š Á]šZ]v]u‰Œ}À u vš•]vP }v•}(Œ µ}•š•U v] š
• š]o]v šZ vP]v Œ[• Z ‰}Œš š íîlíólîìîðU ÁZ] Z }•š• Œ]vP ‰] (}Œ Ç šZ À o}‰}ŒÁ]ŒZ}µš Œ]u µŒ
•• ••u vš•X
€í]•šŒ]}Œu š}}v š•Œ oo} š•‰ šZ À o}‰v šŒ Œ •‰}v švíl òlîìîñX

EXHIBIT 1 - MAJOR IMPROVEMENTS AND ACTION ITEMS

^ š ‰ W o o } š š Á v • • • • W Œ } ‰ v Œ š } Ç v • • • •
W Œ } ‰ Ç Œ š Œ Ç P

W Œ } ‰ d Ç Œ ‰ Ç	9 Œ € • o o } š] / u ‰ Œ } À u € '	D i } Œ
• • • • W Œ } ‰ Œ š Ç	õ õ X ó í í ¨ ò ó X ð ô 9	ó U î ì ó U ô ï ð
E } v • • • • W Œ } ‰ Œ š Ç	ð ô X ì ò ì ¨ ï î X ñ î 9	ï U ð ó ð U í î ñ
d } š o	í ð ó X ó ó í í ì ì X ì ï ì 9	í ì U ò ô í U õ ñ õ

^ š ‰ W o o } š • • • • W Œ } ‰ o Œ } Ç š] / u ‰ Œ } À u Œ v š
· í v D i } Œ u ‰ Œ } À u Œ v š Ç Œ P

W Œ } ‰ d Ç Œ ‰ Ç	9 Œ € • o o } š] / u ‰ Œ } À u € '	D i } Œ
/ u ‰ Œ } À u Œ v · ì	ñ ó X í ì ò ñ ó X î ó 9	ð U í î ô U ì ï ò
D i } Œ u ‰ Œ } À u Œ v š	ð î X ò ì ñ ð î X ó ï 9	ï U ì ó õ U ó õ ô
d } š o	õ õ X ó í í í ì ì X ì ì 9	ó U î ì ó U ô ï ð

d } š ^ o µ u u Œ Ç

W Œ } ‰ d Ç Œ ‰ Ç	D i } Œ u ‰ Œ } À u v	
	9	} • š € • •
Improvement Area #1	ï ô X ò ð 9 ¨	ð U í î ô U ì ï ò
Major Improvement Area	î ô X ô ï 9 ¨	ï U ì ó õ U ó õ ô
Non Assessed Property	ï î X ñ î 9 ¨	ï U ð ó ð U í î ñ
d } š o	í ì ì X ì ì 9 ¨	í ì U ò ô í U õ ñ õ

& } } š v } š • W

€ E } v v ( ] š W Œ } ‰ (Œ š Ç ï õ Œ v • }] v o µ] v o µ o š] } v X
€ • Æ o µ •] • š Œ] š & } Œ u š] } v } • š • • • Z } Á v } v š Z v P] v Œ – • Z %
š í î l í ó l î ì î ð X
€ • E } v v ( ] š W Œ } ‰ Œ š Ç } (õ X í î ð • • Œ • W Œ } ‰ Œ š Ç } (
ð ô X ì ò Œ • Œ v }] v o µ] v o µ o š] } v X

y,/ /dt ^ Zs/ W> E

/ u ‰ Œ } À u Œ v š í							
vvµ /v•š oouvš•		íl ï í l î ì î ñ€•	íl ï í l î ì î ò	íl ï í l î ì î ó	íl ï í l î ì î ô	íl ï í l î ì î õ	íl ï í l î
Improvement Area #1 Bonds							
WŒ]v]‰ o		¨ r	¨ íóôUìììXìì	íõìUìììXìì	îìîUìììXìì	ííñUìììXìì	îîõUìììXìì
/vš Œ •š		ðîòUìîñXìì	õõñUõìïXìì	õôðUñññXìì	õóîUððïXìì	õñõUñòñXìì	õðñUôñõXìì
‰]š oÇ]Ìš Œ •š		~ðîòUìîñXìì•	r	r	r	r	r
	~í•	¨ r	¨ íUíóïUõìïXìì	íUíóðUñññXìì	íUíóðUððïXìì	íUíóðUñòñXìì	íUíóðUôñõXìì
vvµ ǀoo šŒ}}š•	~î•	¨ r	¨ ðìUìììXìì	ðìUôììXìì	ðíUòíòXìì	ðîUððôXìî	ðïUîõóXîõ
]š]}vvoš Œ •š	~ï•	¨ r	¨ óôUííìXìì	óóUîîìXìì	óòUìXóìì ¨	óñUîòìXìì	óðUíôñXìì
d}š ovvµ /v•š oouvš	~ðA~í•~î•~ï•	¨ r	¨ íUîõîUìííXïì	íUîõîUñóñXìì	íUîõîUïîõXîì	íUîõîUîóïXïî	íUîõîUïðíXîõ

D i}Œ/u ‰ Œ } À u Œ v š							
vvµ /v•š oouvš•		íl ï í l î ì î ñ€•	íl ï í l î ì î ò	íl ï í l î ì î ó	íl ï í l î ì î ô	íl ï í l î ì î õ	íl ï í l î
Major Improvement Area Bonds							
WŒ]v]‰ o		¨ r	¨ r	¨ ññUìììXìì	ñôUìììXìì	òîUìììXìì	òòUìììXìì
/vš Œ •š		ííòUîííXìì	ïíôUðíòXìì	ïíôUðíòXìì	ïíðUðõôXìì	ïíìUïòñXìì	ïìñUõðôXìì
‰]š oÇ]Ìš Œ •š		~ííòUîííXìì•	~ïíôUðíòXìì•	r	r	r	r
	~í•	¨ r	¨ r	¨ ïóïUðíòXìì	ïóîUðõôXìì	ïóîUïòñXìì	ïóíUõðôXìì
vvµ ǀoo šŒ}}š•	~î•	¨ r	¨ ðìUìììXìì	ðìUôììXìì	ðíUòíòXìì	ðîUððôXìî	ðïUîõóXîõ
]š]}vvoš Œ •š	~ï•	¨ r	¨ îîUïðñXìì	îîUïðñXìì	îîUìóìXìì	îíUóôìXìì	îíUðóìXìì
d}š ovvµ /v•š oouvš	~ðA~í•~î•~ï•	¨ r	¨ òîUïðñXìì	ðïòUñòíXìì	ðïòUíôðXìì	ðïòUñõïXïî	ðïòUóíñXîõ

&}}šv}š•W

€ •‰]š oÇ]Ìš Œ•š(õŒ}vš Z}Œ}v ‰ Çu vš• ïlíñlîìîñ v õlíñlîìîñX

y,/ /dt^KhZ ^E h^ ^K&&hE ^

	WŒ]À &µv €•	ǪǪ‰Œ}À Œ·í	D i}Œ ŸšŠ‰Œ}À Œ	vš d}š o
^}µŒ}(&µv •				
/u‰Œ}À uŒEv·š }v	¨ r	¨ íñUòîîUìîî	r	¨ íñUòîîUìîì
D i}ŒEu‰Œ}À uŒEvš}v	r	r	ðUðòõUìîì	ðUðòõUìîì
À o}‰}vŒŠŒ] µ ŒŠ}À vŒ•]ìu]‰PŒ}À u•/vš‰& šŒ ƒš••	ðóñUñìí	r	r	ðóñUñìí
À o}‰}vŒŠŒ] µ ŒD]}ìyŒEu‰Œ}À €u˙vš•	ïîìUôíï	r	ôíUìñî	ðìíUôòñ
À o}‰}vŒŠŒ] µ ŒšuŒ]‰vŒ}À uŒEv·š/u‰Œ}À €u˙vš•	ïUóôòUðîó	r	r	ïUóôòUðîó
À o}‰}vŒŠŒ] µ ŒE]}ìvv•• ••WŒ}‰€˙ŒšÇ	ïUðóðUíîñ	r	r	ïUðóðUíîñ
À o}‰}vŒŠŒ] µ ŒŸ]ŒEv]Àu‰Œ}À €u˙vš•	íUôóíUðôí	r	r	íUôóíUðôí
d}š^ŒµŒ •	¨ õUõîôUïðóíñUòîîUìîî		ðUññìUìñïìUíììUïõõ	
h• }(&µv •				
D i}ŒEu‰Œ}À €u˙vš•	¨ ïîìUôíï	¨ ñUíîôUìïò	ïUîóõUóõõôUóîôUòðô	
/u‰Œ}À uŒEv·š/u‰Œ}À €u˙vš•	ïUóôòUðîó	óUðìñUõìò	r	ííUíõîUïïï
KÀ Œ•]ìu]‰PŒ}À €u˙vš•	ðóñUñìí	r	r	ðóñUñìí
E}v•• ••WŒ}‰uŒŠ‰šŒÇ}À u vš•	ïUðóðUíîñ	r	r	ïUðóðUíîñ
WŒ]Àu‰Œ}À €u˙vš•	íUôóíUðôí	r	r	íUôóíUðôí
	¨ õUõîôUïðóíîUñïïUõðï		ïUîóõUóõõñUóðîUìôô	
BondIssuanceCosts[e]				
š^ ŒÀZ] • ŒE&Àµv	¨ r	¨ íUîíñUôòˆò	ïóïUðíò¨	íUñõõUîôî
‰]š o]ìš Œ€(˙•š	r	ðîòUìîñ	ðñðUòîó	ôôìUòñî
hv ŒÁŒ]šs]ŒE–v•š	r	ïíîUððì	ôõUïôì	ðìíUôîì
hv ŒÁŒ]šµvŒE–o•	r	íñòUîîì	ððUòõì	îììUõíì
}•š(/••µ v	r	õïóUñìó	îôôUíðì	íUîìñUòðó
	¨ r	¨ ïUìðôUìñˆô	íUîïìUîñï¨	ðUîóôUïíí
OtherCosts				
‰}•š]š u]v]•šŒE&µ]vÀ	¨ r	¨ ðìUììì	¨ ðìUììì	¨ ôìUììì
	¨ r	¨ ðìUììì	¨ ðìUììì	¨ ôìUììì
d}šo• •	¨ õUõîôUïðóíñUòîîUìîî		ðUññìUìñïìUíììUïõõ	

&}}šv}š •W

€ • WŒ]À š oÇ &µv µ• • }((µv •]v oµ šZ WŒ]À š /u‰Œ}À u vš• ‰}ŒŠ]}v }(šZ D i}Œ /u‰Œ /u‰Œ}À u vš•U WŒ]À š /u‰Œ•À•u vŸ•Œ}‰ ŒEšÇ ‰µ o]]u‰Œ}À u vš•X }•š• Œ v}š o]P] o (}Œ À o}‰ŒŒŠuZ }oo š][}vvµ/v•š oo}uŒEvš}v •X

€ • dZ]šÇ PŒ š}‰Œ}À] Œ]š}(Á š Œ]u‰ š(• Z ŒP š}}((• šZ À o}‰ Œ–• šµ o }•š Á š oŒEv X

€ • WŒ]À š oÇ &µv ‰}ŒŠ]}v }(}•š•(}Œ šZ •]u‰Œ}À u vš•]v oµ }•š• Œ ‹]Œ š} }u‰o š >}š• }šZ ŒÁŒE•]u µŒŠ•}šZo À o}‰ŒŒŠuZ }oo š][}vvµ/v•š oo}uŒEvš}v •X

€ • dZ À o}‰ Œ Z • PŒ š}‰ Ç (}Œ šZ oo} o •Z Œ }(šZ šµ o }•š•}(šZ ‹ ••µš•Z}Œ]Ì /u‰Œ} WŒ]‰v}ŒŒÇ]Vu µŒŠ•}šZo À o}‰ŒŒŠuZ }oo š][}vvµ/v•š oo}uŒEvš}v •X

€ •}v /••µ v}•š•Œ‰Œ o]u•vš]ŒEŠš•o Ǫ • µ i šš} Z vPµ‰}‰Œ]]vPX

€(•/v oµ • õu}všZ•}(‰]š o]Ì /vš Œ •š(}Œ /u‰Œ}À u vš Œ ·í }v • v îíu}všZ•}(‰]š o]Ì /vš }v •X

y , / / dt D y / D h D^ ^ ^ D EEd d yZ d Y h / s > E d

>}šlÇ‰ hv]š	‰ ‰ Œ >]•š o µ •	• š] u š µ] o }šµšo µ •	D Æ] u µ u • • • u v š	À Œ Rvvµ o /v•š oou vš	Z šl
	W kŒv]š d}š	o hWY]šŒ d}š	o hWY]šŒ d}š	o hWY]šŒ d}š	o ‹µ]À o
ImprovementArea#1					
>}šlÇ‰ óô	¨ óðUðïìñUôìïUîïðìñUìîï	ïíUñõìUïïñîUðõïXîõUìõðUðð	ïïðîXñóïïôUóîî	íXìó^î	
>}šlÇ‰ íïð	¨ ôóUôìïíUóòñUîïðôòUìïì	òñUíîðUîïðîUõõíXõðUððìUõñ	ñUîííXïõ òõôUîõò	íXìó^î	
>}šlÇ‰ ðî	¨ õõUíîì ðUíòïUïðñòóUìïì	îïUôíðUïïðïUðõìXñõUìôòUòïðUìóõXòìñUïðï	íXìó^î		
/u‰Œ}À uŒvšíµ š}š o	^ñð ¨ îíUóïíUððì	¨ íîìUñîôUììì	¨ íñUòîîUììì	¨ íUîõîUïïô	
D i}ŒuŒ}À uŒvšµ š}š o	^òð ¨ ôUõïôUììì	¨ òõUðíóUììì	¨ ðUðòõUììì	¨ ðïòUíïî	
d}š o ðíô	¨ ïìUòòõUððì	¨ íôõUõðñUììì	¨ îìUìõíUììì		

&}}šv}š •W

€ ••‰Œ}À]ÇšZ Ào}‰u}Œo š ñlíólîìîðX

€ ••‰Œ}À]]všZ Œ (‰‰Œ]•íôlíîlîìîðW •µ i šš}Z vP X

		/ u ‰ Œ } À uŒ v ší
W Œ } ‰ / € Œ š Ç	> } š d Ç ‰	K µ • š v] v P v v µ / o v • š o o • • • • u v š µ í l ï í l î ì î ô •
ó ñ í ò ñ í	/ u ‰ Œ } À Œ u · í v / š v] š] W o Œ	o ¨ í U ð õ õ ¨ U ò ô î X î ì ð U ì ï ì X ó ó
ó ð í ï í ò	/ u ‰ Œ } À Œ u · í v / š v] š] W o Œ	o ¨ í ð U í î î Ü ï í ó X Ü ò ó U õ ô î X î ï
d } š o		¨ í ñ U ò î î U ì ì ì ¨ X ì ì í U î õ î U ì í ï X ì ì

& } } š v } š • W

€ • d Z v š] Œ / u ‰ Œ } À u v š Œ · í / v] š] o W Œ o] • } v š] v Á] š Z] v W Œ }
& } Œ] o o] v P ‰ µ Œ ‰ } • • U š Z / u ‰ Œ } À u v š Œ · í v v µ o / v • š o o u v š µ
‰ Œ Œ } š • } v Œ P X
€ / • v o µ ‰] š o / v] ì š Œ • š X

y,/ /dî t/DWZKs D ŽEd·í EEh ^E^d >>D Ed^

vvµ o /v•š oou vš µ ílïí	/u‰ŒE}À uŒEvšíE}v •]š]}v o WŒ]v]‰ o	‰]š o]Ì €/vš Œ/vš Œ •š	/vš Œ •š	Z&µŒÀ	vvµ o }oo š]}v vvµ o }•š• /v•š oou
îìîñ	¨ r ¨	ðîòUìîñXìì r ¨	~ðîòUìîñXìì• r	¨	¨ r ¨ r
îìîò	¨ íóôUìììXìì	õõñUõìïXìì óôUíîìXïì	r ¨	r ¨	ðìUìîìXïì íUîõîUìíïXìì
îìîó	¨ íõìUìììXìì	õôðUñññXìì óóUîîìXïì	r ¨	r ¨	ðìUôììXïì íUîõîUñóñXìì
îìîô	¨ îìîUìììXìì	õóîUððïXìì óòUîóìXìì	r ¨	r ¨	ðíUòíòXìíUîõîUïîõXìì
îìîõ	¨ îíñUìììXìì	õñõUñòñXìì óñUîòìXìì	r ¨	r ¨	ðîUððôXïíUîõîUîóïXïî
îìïì	¨ îîõUìììXìì	õðñUôñõXìì óðUíôñXìì	r ¨	r ¨	ðïUîõóXîõUîõîUïðíXîõ
îìïí	¨ îððUìììXìì	õïíUîòìXìì óïUìðìXïì	r ¨	r ¨	ððUíòïXîõUîõîUðòïXîð
îìïî	¨ îòìUìììXìì	õíñUóìñXìì óíUôîìXïì	r ¨	r ¨	ðñUìðòXñíUîõîUñóíXñì
îìïï	¨ îóóUìììXìì	ôõõUíïìXìì óìUñîìXïì	r ¨	r ¨	ðñUõðóXðíUîõîUñõóXðï
îìïð	¨ îõñUìììXìì	ôôíUðóíXìì òõUíïñXìì	r ¨	r ¨	ðòUôòòXïõUîõîUðóîXïô
îìïñ	¨ ïíðUìììXìì	ôòîUòòñXìì òóUòòìXìì	r ¨	r ¨	ðóUôìïXóíUîõîUíîôXóí
îìïò	¨ ïïñUìììXìì	ôðîUòðôXìì òòUìõìXìì	r ¨	r ¨	ðUóñõXóõUîõîUðõóXóô
îìïó	¨ ïñóUìììXìì	ôííUîõíXìì òðUðíñXìì	r ¨	r ¨	ðõUóïðXõõUîõîUðõìXõô
îìïô	¨ ïôìUìììXìì	óõôUñïïXìì òìUòïìXïì	r ¨	r ¨	ñìUóîõXòôUîõíUôõîXòô
îìïõ	¨ ðìòUìììXìì	óóðUïìôXìì òìUóïìXïì	r ¨	r ¨	ñíUóððXîóUîõîUóõîXîó
îìðì	¨ ðïîUìììXìì	óðôUðîñXìì ñôUóììXìì	r ¨	r ¨	ñìUóóõXíóUîõíUõìðXío
îìðí	¨ ðòíUìììXìì	óíUôôñXìì ñòUñðìXìì	r ¨	r ¨	ñïUôïðXóõUîõîUîñõXóð
îìðî	¨ ðõîUìììXìì	òõíUðõòXìì ñðUîïñXìì	r ¨	r ¨	ñðUõííXðïUîõîUòõîXðï
îìðï	¨ ñîðUìììXìì	òòìUíïíXìì ñíUóóñXìì	r ¨	r ¨	ñòUììõXòóUîõíUõíñXòò
îìðð	¨ ññõUììïXìì	òîòUóîòXìì ðõUíññXìì	r ¨	r ¨	ñóUíîõXôñUîõîUìíìXôñ
îìðñ	¨ ñõóUììïXìì	ñõíUìõìXìì ðòUïòìXìì	r ¨	r ¨	ñôUîóîXðñUîõîUóîîXðñ
îìðò	¨ òïóUìììXìì	ññïUìïíXìì ðïUïóñXìì	r ¨	r ¨	ñõUðïóXõíUîõîUôõïXõì
îìðó	¨ òóõUììïXìì	ñíîUðîïXìì ðìUíõìXïì	r ¨	r ¨	òìUòîòXòóUîõîUîïõXòò
îìðô	¨ óîñUìììXìì	ðòõUíïòXìì ïòUóõñXìì	r ¨	r ¨	òíUðïõXíñUîõîUóõìXíõ
îìðõ	¨ óóïUìììXìì	ðíîUõíôXìì ïïUíóìXïì	r ¨	r ¨	òïUìóñXõóUîõîUíðïXõó
îìñì	¨ ôîñUìììXìì	ïóïUòïõXìì îõUïìñXïì	r ¨	r ¨	òðUïïóXðõUîõîUîõíXðõ
îìñí	¨ ôôìUìììXìì	ïîíUìðñXìì îñUíôìXïì	r ¨	r ¨	òñUöòXîðíUîõîUôõõXîð
îìñî	¨ õðìUìììXìì	îòðUõõñXìì îìUóôìXïì	r ¨	r ¨	òòUõïòXóíUîõîUòõíXóî
îìñï	¨ íUìïUìììXìì	îìñUìîìXîì íóUìôìXïì	r ¨	r ¨	òôUîóñXðñUîõîUïóñXðñ
îìñð	¨ íUìóìUììîXìì	ïðíUìóõXìì ííUìòñXïì	r ¨	r ¨	òõUòðìXõõUîõíUóõðXõò
îìññ	¨ íUíðïUììîXìì	óîUôòòXìì ñUóíñXìì	r ¨ ~íUîíñUôöòXõïí•Uìïï		Xõô óòUóðôXóô
d}š o	¨ íñUòîUïîîìXìì	ôòUîòUîíöXìì ïUñòñUñìñX+ìðîòUìîñX+ìí•Uîíñ		Uôöòíõ	ìîUóîïXïõUñðUñïïXîï

&}}šv}š •W

€ /vš Œ•••šo µo šš òXïóŒE9 ‰ šŒZht v •µ i šš} Z vP X

€ •••µu šZZ • Œ&Àµv](µo(µQ v À]o šš}ŒE µ/u‰Œ}À uŒv·šì vvµ/v•š oou]vš^Z(•]vÇo ŒX

€ • dZ (]PµŒ • •Z}Áv }À Œ •š]u š • }voÇ v •µ i šš} Z vP]v vvµ o ^ ŒÀ] Wo v h‰ š •X Z

Œ • Œ(µÀvŒ ‹µ]Œ u]vš šŒEU ŒŠv]}Œ•šZ Œ]o }(o(• š}•µo]v Œ }ŒE Œ šZ u}µvš•Z}ÁvX

EXHIBIT C - DRAFT DOCUMENT AND ASSESSMENT TOOL

		D i}Œu‰Œ}À uŒvš
WŒ}‰ ŒšÇ / € •	>}šdÇ‰	Kµš•š v]vP•vvµ/ov•š oo •• ••u vš µ íl ïíl îì îô € •
óñíòñí	D /iu‰Œ}À uŒv/šv]šW oŒ	o¨ ðîõUìíñX ðî ñUõôñXìì
óðíïíò	D /iu‰Œ}À uŒv/šv]šW oŒ	o¨ ðUìïõUõôðXñôUïòìXìì
	d}š o	¨ ðUðòõUìì ìXìì òîUïðñXìì

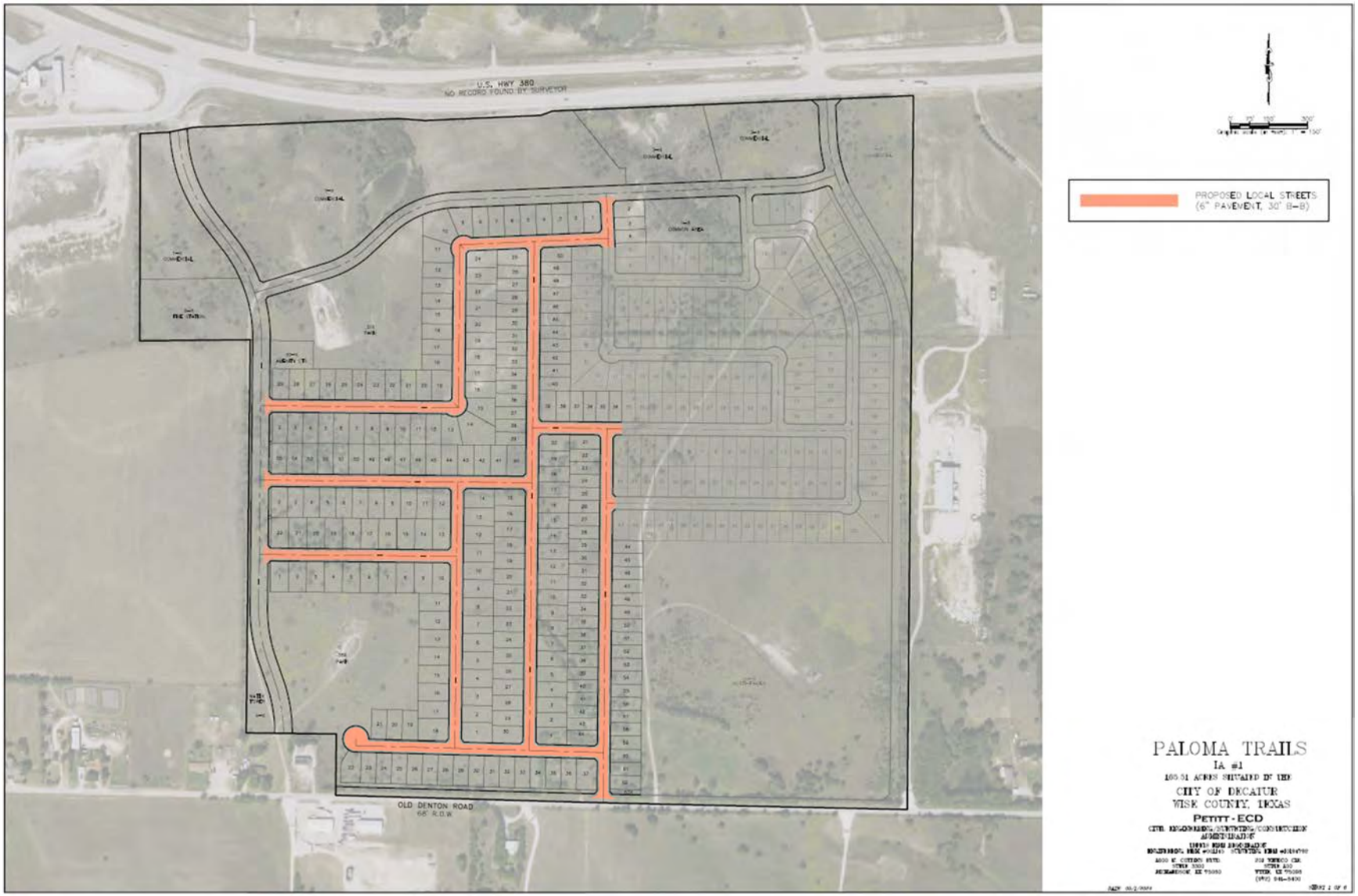
&}}šv}š •W

€ • dZ vš]Œ D i}Œ /u‰Œ}À u vš Œ /v]š] o W Œ o]• }vš]v Á]šZ]
óñíòñíX &}oŒ]vP ‰µŒ‰}• •U šZ D i}Œ /u‰Œ}À u vš Œ îì îòv•Zµoo /v•š oou
oo} ‰Œ} š • }v Œ P X
€ /•v oµ •‰]š o/ìVš Œ •šX

y,/ /'drî tD :K Z/D WZKs D Æd EEh />E^d >>D Ed^

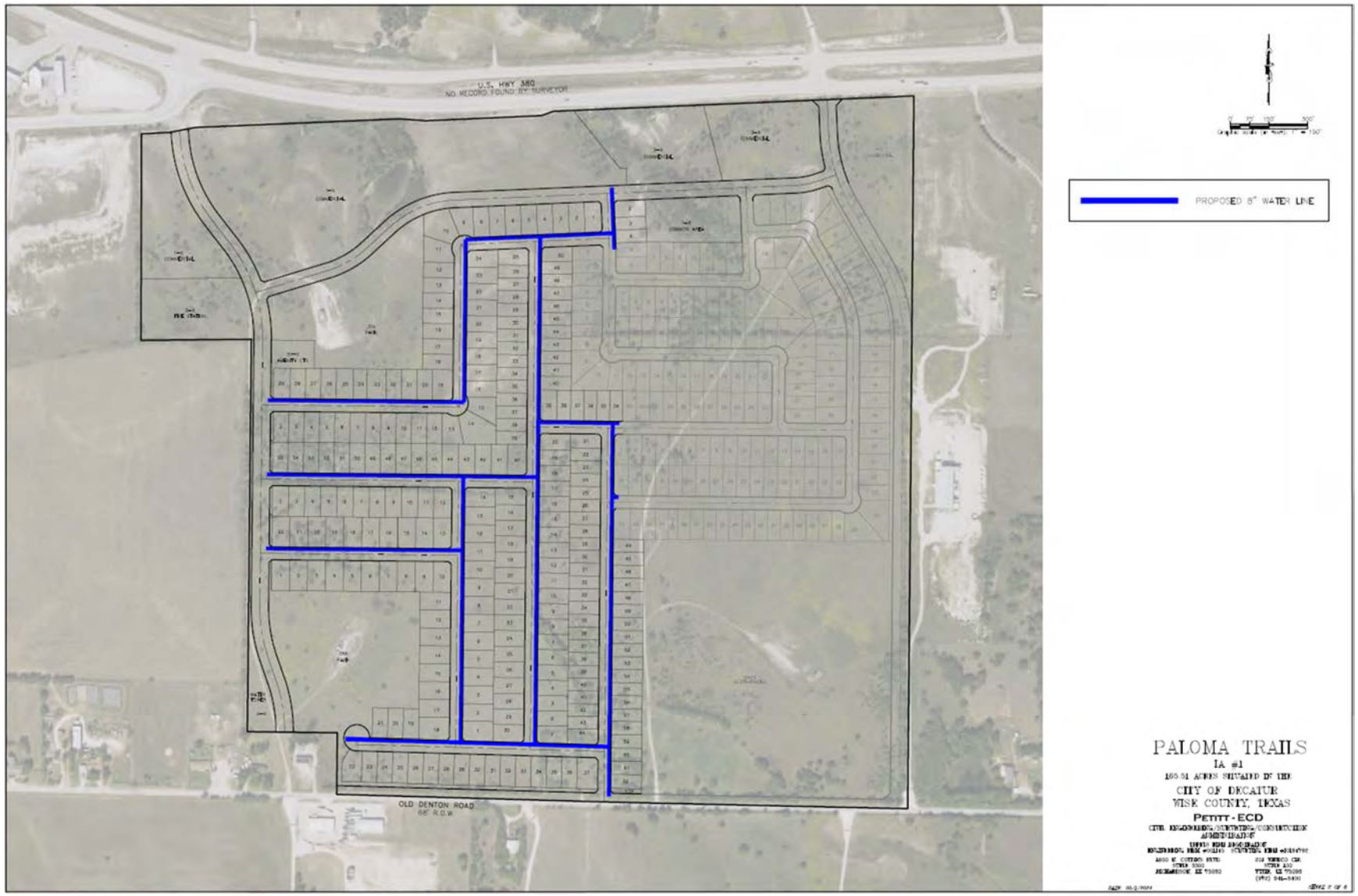
		]š]}v o ‰]š o]Ì			
	WŒ]v]‰ o	/vš Œ•š	/vš Œ •š	Z &µ Œ À	
îìîñ	¨ r ¨	íïòUîííXîì	r ¨ ~íïòUîííXìì•	r ¨	r ¨ r
îìîò	¨ r ¨	ïíôUðíòXìì	îUïðñXîì ~ïíôUðíòXìì•	r ¨	ðìUìììXîì òîUïðñXìì
îìîó	¨ ññUìììXìì	ïíôUðíòXìì	îUïðñXîì	r ¨	r ¨ ðìUôììXîì ðïòUñòíXìì
îìîô	¨ ñôUìììXìì	ïíðUðõôXìì	îUìóìXîì	r ¨	r ¨ ðíUòíòXìì ðïòUíôðXìì
îìîõ	¨ òîUìììXìì	ïííUïòñXìì	íUóôìXìì	r ¨	r ¨ ðîUðððôXïî ðïòUñõïXïî
îìïì	¨ òòUìììXìì	ïìñUõðôXìì	íUðóìXìì	r ¨	r ¨ ðïUîõóXîõ ðïòUóíñXîõ
îìïí	¨ óìUìììXìì	ïìíUîðñXìì	íUíðìXìì	r ¨	r ¨ ððUíòïXîð ðïòUñðôXîð
îìïî	¨ óðUìììXìì	ïìUîñôXìì	ìUóõìXìì	r ¨	r ¨ ðñUìðòXñì ðïòUÀàÐ7

EXHIBIT D - DRAFT FAIR PAVEMENT AREA #1 / PAVEMENT



W > K Dd Z / >W^h >//D W Z K s D /E^d Z / d
W Z > / D / E Z z ^ E Z s /^ ^ ^ ^ D E Wd > E

ð ñ


U.S. HWY 380
NO RECORD FOUND BY SURVEYOR
OLD DENTON ROAD
66' R.O.W.
PROPOSED 8" WATER LINE
PALOMA TRAILS
IA #1
CITY OF DECATUR
WISE COUNTY, TEXAS
PETITT - ECD

U.S. HWY 380
NO RECORD FOUND BY SURVEYOR

y , / / [illegible] t / D W Z K s D Z E d · í > ' > ^ Z / W d / K E

/ E ' ò ò X î ï [illegible] E } ([illegible] v •] š µ [illegible] v š Z , X [illegible] v o ^ µ [illegible] E À [illegible] E } [illegible] í ñ ô v š Z : } Z v X
> } P ^ v µ [illegible] E À [illegible] ð õ [illegible] • } µ v š [illegible] • [illegible] v P ‰ } [illegible] (} v o o í ñ ì X ò r ó î [illegible] E • š
• [illegible]]] v š } [illegible] E > Ç < v ‰ & ‰ [illegible] ^ Z U o > o Ç Ç v < w ‰ ‰ : u • Z [illegible] E] • š } < ‰ v Z ‰ [illegible] E
] v s } [illegible] u ó î ì [illegible] W [illegible] ð ô ó U Z } [illegible] t] • } µ v š [illegible] E ~ • X Z X t X v X d ‰ X } • [illegible] E [illegible] D] o [illegible] E
< v ‰ [illegible] š [illegible] U b í ñ X ì ì [illegible] E š [illegible] E • š • [illegible] E]] v s } o µ ü ñ ñ [illegible] W [illegible] ð õ ~ X Z X t X X d X • W

K D D E / E š š Z • } µ š Z } [illegible] E v } ([illegible] E] í ñ ì X ò r ó î [illegible] E š [illegible] E] v š [illegible] Z v š } [illegible] K o v š } [illegible]] P Z Á Ç V

d , E E } [illegible] E š [illegible] Z ô P [illegible] E ð [illegible] u] v µ š ï ð • } v t • • š U ‰ [illegible] E š]] v P • š o] v } (•] í ñ ì X ò ó î [illegible] E
š [illegible] E v š Á] š [illegible] Z v š [illegible] E } o (} v] K o v š } [illegible]] P Z Á Ç] [illegible] U š v } (í ì ï õ X ì (ð [illegible] š } í l î] v [illegible] Z [illegible] E } v
[illegible] E } Á] š [illegible] Z ‰ š u ‰ K E [illegible] ò ñ ó • ì [illegible] v š Z v š [illegible] E } o (} v] K o v š } [illegible] Z } š } š Z W > K &
' / E E / E X '

d , E E } [illegible] E ô š ô Z P [illegible] E ï ó • u] v µ š î ó • } v t • • š U o } v • P] v š [illegible] E } o (} v] K o v š } [illegible] Z } U
] • š v } (í ó ì X î (ó [illegible] š } í l î] v [illegible] Z [illegible] E } [illegible] v } Á] š [illegible] Z ‰ š u ‰ K E [illegible] ò ñ ó • ì š V

d , E E } [illegible] E ô š ô Z P [illegible] E î î • u] v µ š ñ ð • } v t • • š U o } v • P] v š [illegible] E } o (} v] K o v š } [illegible] Z } U
] • š v } (í U ì í ó X (ï ì [illegible] š } D P E] & o } µ v V

d , E ‰ [illegible] E š]] v P v š [illegible] E } o (} v] K o v š } [illegible] Z } [illegible] À [illegible] E } • •] í ò ñ X r ñ í [illegible] E š [illegible] Z U
(} o o } Á š] Z v] P [illegible] E v š Ç ï í • } µ [illegible] E • v •] • š v • W

E } [illegible] E ì [illegible] Z P [illegible] E ï ó • u] v µ š î ó • } v • • š U] • š v } (î ï ñ X ò (í š V
E } [illegible] E ô š ô Z P [illegible] E î î • u] v µ š ï ï • • } v t • • š U] • š v } (ï ñ ì X ò (î š V
E } [illegible] E ì [illegible] Z P [illegible] E ï ð • u] v µ š ï í • • } v • • š U] • š v } (í U ð î ð X (î ò š V
^ } µ š ô Z ô P [illegible] E î ñ • u] v µ š î ô • } v • • š U] • š v } (ò ò ô X (ì ì š V
E } [illegible] E ì [illegible] Z P [illegible] E ï ð • u] v µ š • ï í • } v • • š U] • š v } (ò ì ò X (ð í [illegible] š } š Z P] v v } [illegible] (P
v } v š v P v µ [illegible] E š À } š Z [illegible] E] P Z Z À] v [illegible] E] } µ (ï ó ì X ì (ì š Á U Z } • Z } [illegible] E [illegible] E • } [illegible] E ô š ô Z
P [illegible] E ñ ì • u] v µ š ñ ó • } v • • š U] • š v } (í î ð X ì (ñ õ š V
E } [illegible] E š Z • š o } [illegible] E • P] Ç [illegible] U [illegible] E š À } š Z [illegible] E] P š Z Z š [illegible] E U } µ P v Z š [illegible] E v [illegible] P) (í õ P [illegible] E î ï • u] v µ š í í •
• } v • [illegible] U [illegible] E] • š v } (í î ñ X í (õ š V
E } [illegible] E ô š ô Z P [illegible] E ï î • u] v µ š ï î • • } v • • š U] • š v } (í U í ì í X (î ì š V
^ } µ š ô Z ó P [illegible] E î ó • u] v µ š î ô • } v • • š U] • š v } (í ð X í (ð š V
^ } µ š ì Z [illegible] P [illegible] E î ó • u] v µ š î ô • } v • • š U] • š v } (í ó ð ó X ì (š V
E } [illegible] E ô š ô Z P [illegible] E î ñ • u] v µ š î ô • } v t • • š U] • š v } (ï ó ì X ò (ñ š V
^ } µ š ô Z ó P [illegible] E ï î • u] v µ š ï î • • } v t • • š U] • š v } (í î í X ð (ñ š V
^ } µ š ì Z [illegible] P [illegible] E î ó • u] v µ š î ô • } v • • š U] • š v } (í ð X ò (î [illegible] š } š Z P] v v } [illegible] (P
š v P v µ [illegible] E À } š Z [illegible] E P] Z Z š À] v [illegible] E] } µ (ï ñ ì X ì (ì š Á Z } • Z } [illegible] E [illegible] E ^ • } µ š ì Z [illegible] P [illegible] E ñ ò
u] v µ š î ô • } v • • š U] • š v } (í ô X ì (ñ ï š V
^ } µ š Z • š o [illegible] E v • P] Ç [illegible] U µ [illegible] E š À } š Z [illegible] E] P š Z Z š [illegible] E U } µ P v Z š [illegible] E v [illegible] P) (ì ï P [illegible] E ì í • u] v µ š ñ ó
• } v • [illegible] U [illegible] E] • š v } (í ô X ì (ñ ï š V

E}CEõšõZ PCEîñ•u]vµšîõ• }v t• •šU]•š v}(ñìXì(ì šš}šZ P]vv]}v(P
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v }vš]vjòvPXîïCE}(•o vu}CE}Cõ ••X

/E' ñíXîîrŒšŒ}(šo v•]šµ švšZ,X X}v o^µŒÀ ÇšUŒE}šXíñôv šZ:}ZvX
>}P ^vµŒÀ ÇšUŒEðõšt]U• }µvšoÇ UŒE •]Uv P‰}ŒE$[}vo oíñìXòróîŒšŒ •š
• Œ]]v š} Œ >Ç <v %&%Œ]^ZUo>oÇÇv<w ‰%: u •ZŒ]•š}<%vZ%oŒ‰U}Œ
]vs}puu óîìW PðôóU Z }Œt]• }µvšoÇ UŒ~•XZXtXvXd%X}•Œ$[š]ZD]o Œ
<v %š%Œ šoUbíñXìì ŒšŒ •š • Œ]]vs}oµüññW Pðõ~ XZXtX XdX•W

'/EE/E'šš Z•}µšZ }•ŒEv}(•Œ]íñìXòróîŒšŒ]vš UZ vš}ŒEKo vš}y]PZÁ ÇV

d, E E}ŒEõšõZ PŒ ðñu]vµšìó•• }v t• •šU ‰ Œš]vP•šo]v}(•]íñìXòóîŒ
šŒ všÁ]šš ZZ vš Œ}o(}v]Ko vš}y]PZÁ Ç]U šv}(õòðX(ôíš} íîì]v ŽŒ}Ev}
Á]šŒ ‰š u‰KE èñó•ì š]všZ vš Œ}o(}v]Ko vš}Z} X

d, E E}ŒEõšõZ PŒ ïó•u]vµšîó•• }v t• •šU}vš]vµÁ}y šš ZZ vš Œ}o(}v]Ko
vš}Z} U]•š v}(óðX(ïï šV

d, E ‰ Œš]vPvš Œ}o(}v]Ko vš}Z} }µÀ Œ Œ}••]íòñXrñíŒšŒ šZU
(}oo}Á}µŒE•v•]•š v •W

E}Œìš Z PŒ ïð•u]vµšïí•• }v • •šU]•š v}(ïðX(ì šV
^}µšõZô PŒ ïó•u]vµšîó•• }v • •šU]•š v}(óðX(ôóšV
^}µšõZô PŒ ðñu]vµšìó•• }v • •šU]•š v}(ôóíX(íð šV
E}Œõšõ Z PŒ ñïu]vµšîí•• }v • •šU]•š v}(ïñX(ï šV
E}Œìš PŒ ïì•u]vµšñì•• }v • •šU]•š v}(õóóX(õôšV
E}Œõšõ Z PŒ îñ•u]vµšîõ•• }v t• •šU]•š v}(õòôX(ôóšV
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E}Œìš Z PŒ ïð•u]vµšïí•• }v • •šU]•š v}(íìíXì(ì šV
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^}µšõZõ PŒ îñ•u]vµšîõ•• }v • •šU]•š v}(íñXì(ì šV
E}Œìš Z PŒ ïð•u]vµšïí•• }v • •šU]•š v}(ñìXì(ì šV
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E}Œìš Z PŒ ïð•u]vµšïí•• }v • •šU]•š v}(îîìXì(ì šV
E}Œõšõ Z PŒ ïð•u]vµšïí•• }v • •šU]•š v}(íðX(íð šV
^}µšõZõ PŒ îñ•u]vµšîõ•• }v • •šU]•š v}(îíXñõ(šV
E}Œìš Z PŒ ïð•u]vµšïí•• }v • •šU]•š v}(íóìXì(ì šV
E}Œõšõ Z PŒ îñ•u]vµšîõ•• }v t• •šU]•š v}(îìíXñ(õ šV
E}Œìš Z PŒ ïð•u]vµšïí•• }v • •šU]•š v}(ñòïX(ññšV
E}Œõšõ Z PŒ ïî•u]vµšïî•• }v • •šU]•š v}(íìõXí(î šV
^}µšõZó PŒ îó•u]vµšîô•• }v • •šU]•š v}(íðX(íð šš}šZ P]vv}y(P
v}vš vP vµšŒEšÀ}šZŒ]PZZÀš]vŒE]}µ(•ììXì(ì šÁUZ}• Z}Œ Œ^•}µšìZ
PŒ ñòu]vµšîô•• }v • •šU]•š v}(íñX(ô šV
^}µZš •š Œoo}Q•P•]µŒšÀ}šZŒ]PšZZšŒU}µPZšŒv•}(ìï PŒ ìí•u]vµšñõ
• }v •W Œ]•š v}(íñX(ô šV

^}µšôZõ PŒîñ•u]vµšîõ•• }v • •šU]•š v}(ñìXì(ì šŠ}šZ P]vv]}v(P
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PŒñòu]vµšîô•• }v t• •šU]•š v}(íôXí(ñï šV
E}ŒšZÁ •šo}Œ•Po]Ç µŒšÀ}šZo(šŠUZE}µPZvšŒvPo)(ìï PŒìí•u]vµšñõ
• }v •U/ŒE]•š v}(íôXí(ñï šV
E}Œìšì Z PŒîó•u]vµšîô•• }v t• •šU]•š v}(íðXí(ôî šV
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^}µšôZõ PŒîñ•u]vµšîõ•• }v • •šU]•š v}(ïóìXí(ôñ šV
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ENGINEER's REPORT

FOR

IMPROVEMENT AREA 1
DIRECT PUBLIC IMPROVEMENTS
MASTER PUBLIC IMPROVEMENTS

PALOMA TRAILS PUBLIC IMPROVEMENT DISTRICT

CITY OF DECATUR
DENTON COUNTY, TEXAS

12/17/24

Project No. 07338

ENGINEER
PETITT-ECD
TBPELS Firm Registration
Engineering Firm No. 1145
Surveying Firm No. 10194792
1600 N. Collins Boulevard, Suite 3300
Richardson, TX 75080
(214) 221-9955

DECEMBER 2024

[redacted]

EXHIBIT "A"

IMPROVEMENT AREA #1

BEING a 66.23-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.):

COMMENCING at the southeast corner of said 150.672-acre tract, in the center of Old Denton Highway;

THENCE North 88 degrees 44 minutes 34 seconds West, departing said east line of said 150.672 acre tract and with the centerline of said Old Denton Highway, a distance of 1039.04 feet to a 1/2 inch iron rod with red cap stamped ONEAL 6570 set in the centerline of said Old Denton Road to the **PLACE OF BEGINNING**.

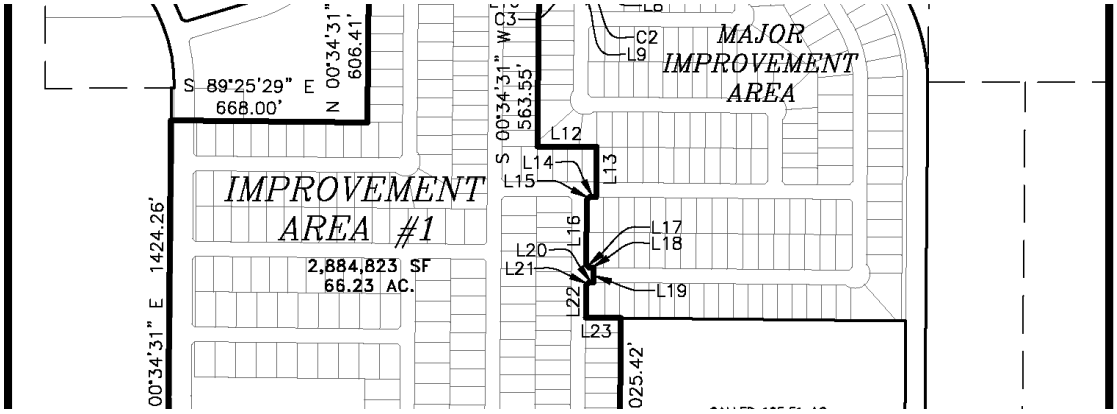
THENCE North 88 degrees 37 minutes 27 seconds West, along said centerline of said Old Denton Road, a distance of 170.27 feet to a 1/2 inch iron rod with red cap stamped ONEAL 6570 set;

THENCE North 88 degrees 22 minutes 54 seconds West, along said centerline of said Old Denton Road, a distance of 1,017.30 feet to a Mag Nail Found;

THENCE departing said centerline of said Old Denton Road, over and across said 165.51-acre tract, the following thirty-one (31) courses and distances:

North 00 degrees 37 minutes 27 seconds East, a distance of 235.61 feet;
North 89 degrees 22 minutes 33 seconds West, a distance of 350.82 feet;
North 00 degrees 34 minutes 31 seconds East, a distance of 1,424.26 feet;
South 89 degrees 25 minutes 29 seconds East, a distance of 668.00 feet;
North 00 degrees 34 minutes 31 seconds East, a distance of 606.41 feet to the beginning of a non-tangent curve to the right having a radius of 370.00 feet, whose chord bears North 77 degrees 50 minutes 57 seconds East, a distance of 124.59 feet;
Northeasterly, along said curve to the right, through a central angle of 19 degrees 23 minutes 11 seconds, an arc distance of 125.19 feet;
North 87 degrees 32 minutes 32 seconds East, a distance of 1,101.20 feet;
South 47 degrees 27 minutes 28 seconds East, a distance of 14.14 feet;
South 02 degrees 27 minutes 28 seconds East, a distance of 174.70 feet;
North 89 degrees 25 minutes 29 seconds West, a distance of 370.95 feet;
South 87 degrees 32 minutes 32 seconds West, a distance of 121.45 feet;
South 02 degrees 27 minutes 28 seconds East, a distance of 14.92 feet to the beginning of a tangent curve to the right having a radius of 350.00 feet whose chord bears South 00 degrees 56 minutes 28 seconds East, a distance of 18.53 feet;
Southeasterly, along said curve to the right, through a central angle of 03 degrees 01 minutes 59 seconds, an arc distance of 18.53 feet;

North 89 degrees 25 minutes 29 seconds West, a distance of 50.00 feet to the beginning of a non-tangent curve to the left having a radius of 300.00 feet, whose chord bears North 00 degrees 56 minutes 28 seconds West, a distance of 15.88 feet;
Northwesterly, along said curve to the left, through a central angle of 03 degrees 01 minutes 59 seconds, an arc distance of 15.88 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 109.22 feet;
South 00 degrees 34 minutes 31 seconds West, a distance of 563.55 feet;
South 89 degrees 25 minutes 29 seconds East, a distance of 201.59 feet;
South 00 degrees 34 minutes 31 seconds West, a distance of 170.00 feet;
North 89 degrees 25 minutes 29 seconds West, a distance of 21.59 feet;
South 45 degrees 34 minutes 31 seconds West, a distance of 14.14 feet;
South 00 degrees 34 minutes 31 seconds West, a distance of 220.00 feet;
South 44 degrees 25 minutes 29 seconds East, a distance of 14.14 feet;
South 89 degrees 25 minutes 29 seconds East, a distance of 15.00 feet;
South 00 degrees 34 minutes 31 seconds West, a distance of 50.00 feet;
North 89 degrees 25 minutes 29 seconds West, a distance of 15.00 feet;
South 45 degrees 34 minutes 31 seconds West, a distance of 14.14 feet;
South 00 degrees 34 minutes 31 seconds West, a distance of 110.00 feet;
South 89 degrees 25 minutes 29 seconds East, a distance of 120.00 feet;
South 00 degrees 34 minutes 31 seconds West, a distance of 1,025.42 feet to the **POINT OF BEGINNING** and containing 66.23 acres of land more or less.


MAJOR
IMPROVEMENT
AREA
IMPROVEMENT
AREA #1
2,884,823 SF
66.23 AC.
S 89°25'29" E
668.00'
N 00°34'31"
606.41'
S 00°34'31" W
563.55'
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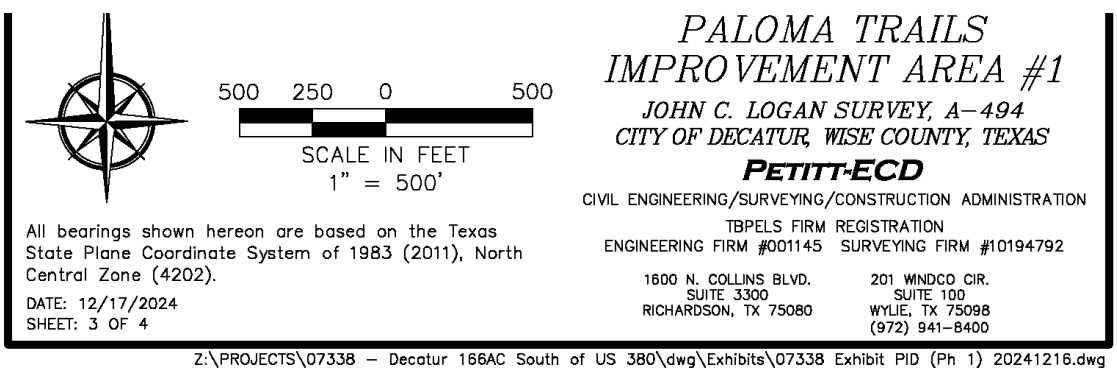
500 250 0 500
SCALE IN FEET
1" = 500'
All bearings shown hereon are based on the Texas State Plane Coordinate System of 1983 (2011), North Central Zone (4202).
DATE: 12/17/2024
SHEET: 3 OF 4
PALOMA TRAILS
IMPROVEMENT AREA #1
JOHN C. LOGAN SURVEY, A-494
CITY OF DECATUR, WISE COUNTY, TEXAS
PETITT-ECD
CIVIL 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
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LINE TABLE		
NO.	DIRECTION	DISTANCE
L1	N 88°37'27" W	170.27'
L2	N 00°37'27" E	235.61'
L3	N 89°22'33" W	350.82'
L4	S 47°27'28" E	14.14'
L5	S 02°27'28" E	174.70'
L6	N 89°25'29" W	370.95'
L7	S 87°32'32" W	121.45'
L8	S 02°27'28" E	14.92'
L9	N 89°25'29" W	50.00'
L10	N 47°27'28" W	14.14'
L11	S 87°32'32" W	109.22'
L12	S 89°25'29" E	201.59'

LINE TABLE		
NO.	DIRECTION	DISTANCE
L13	S 00°34'31" W	170.00'
L14	N 89°25'29" W	21.59'
L15	S 45°34'31" W	14.14'
L16	S 00°34'31" W	220.00'
L17	S 44°25'29" E	14.14'
L18	S 89°25'29" E	15.00'
L19	S 00°34'31" W	50.00'
L20	N 89°25'29" W	15.00'
L21	S 45°34'31" W	14.14'
L22	S 00°34'31" W	110.00'
L23	S 89°25'29" E	120.00'

CURVE TABLE						
CURVE	DELTA	RADIUS	TANGENT	LENGTH	CHORD BEARING	CHORD
C1	19°23'11"	370.00'	63.20'	125.19'	N 77°50'57" E	124.59'
C2	3°01'59"	350.00'	9.27'	18.53'	S 00°56'28" E	18.53'
C3	3°01'59"	300.00'	7.94'	15.88'	N 00°56'28" W	15.88'

EXHIBIT "B"

PALOMA TRAILS IMPROVEMENT AREA #1

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: 12/17/2024
SHEET: 4 OF 4

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EXHIBIT "A"

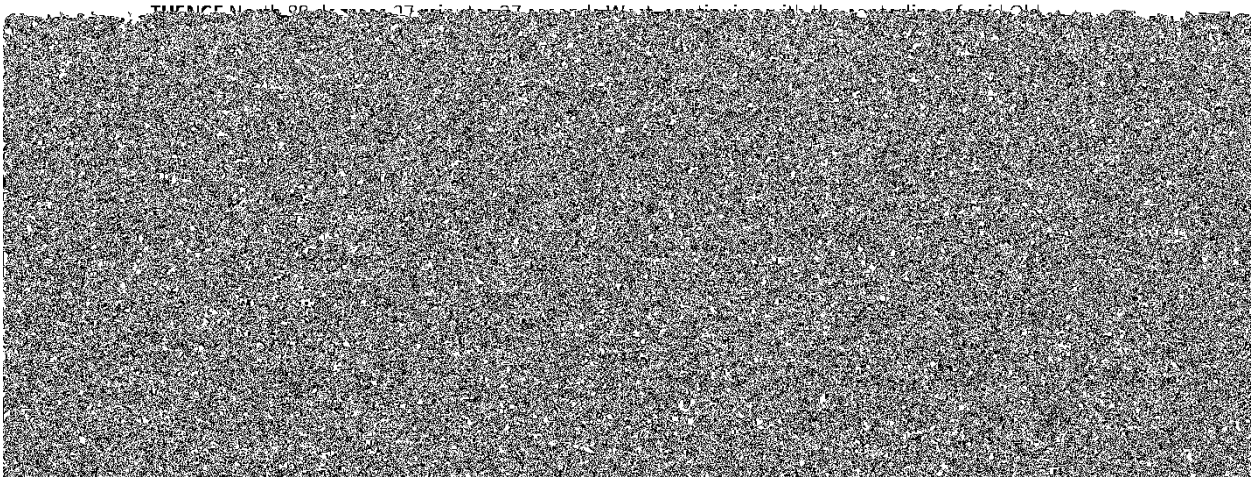
MAJOR IMPROVEMENT AREA

BEING a 51.22-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, departing said east line of said 150.672 acre tract and with the centerline of said Old Denton Highway, a distance of 964.81 feet to a 1/2 inch iron rod with red cap stamped ONEAL 6570 set in the centerline of said Old Denton Road.

[redacted]



[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.

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î l î ô	¨ õ ñ l X ' ó ð U ñ ó ð X ò ' ò ñ ô X ô ' î r ¨ r	¨ í õ ñ X ó ' ó ò U l ó õ X ñ l
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Annual Installment Schedule to Notice
of Obligation to Pay Improvement District Assessment

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/ E / d / W > Z t > h z Z / ^ > K ^ h Z

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

MAJOR IMPROVEMENT AREA INIITAL PARCEL PRINCIPAL ASSESSMENT: $4,469,000.00

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.

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APPENDIX D

FORM OF OPINION OF BOND COUNSEL

NORTON ROSE FULBRIGHT

[CLOSING DATE]

Norton Rose Fulbright US LLP
2200 Ross Avenue, Suite 3600
Dallas, Texas 75201-7932
United States

Tel +1 214 855 8000
Fax +1 214 855 8200
nortonrosefulbright.com

IN REGARD to the authorization and issuance of the "City of Decatur, Texas, Special Assessment Revenue Bonds, Series 2025 (Paloma Trails Public Improvement District Major Improvement Area Project)" (the "Bonds"), dated March 6, 2025, in the principal amount of _____, we have examined the legality and validity of the issuance thereof by the City of Decatur, Texas (the "City") solely to express legal opinions as to the validity of the Bonds and the exclusion of the interest on the Bonds from gross income for federal income tax purposes, and for no other purpose. We have not been requested to investigate or verify, and we neither expressly nor by implication render herein any opinion concerning, the financial condition or capabilities of the City, or the history or prospects of the collection of the Pledged Revenues, the disclosure of any financial or statistical information or data pertaining to the City and used in the sale of the Bonds, or the sufficiency of the security for or the value or marketability of the Bonds, and have not assumed any responsibility with respect thereto. Capitalized terms used herein and not otherwise defined have the meanings assigned in the Indenture.

THE BONDS are issued in fully registered form only and mature on September 15 in each of the years specified in an Indenture of Trust (the "Indenture"), dated as of March 1, 2025, with Wilmington Trust, National Association, as trustee (the "Trustee"), approved by the City Council of the City pursuant to an ordinance (the "Ordinance") adopted by the City Council of the City authorizing the issuance of the Bonds, unless redeemed prior to maturity in accordance with the terms stated on the Bonds. The Bonds accrue interest from the date, at the rates, and in the manner and interest is payable on the dates, all as provided in the Indenture.

IN RENDERING THE OPINIONS herein we have examined and rely upon (i) original or certified copies of the proceedings had in connection with the issuance of the Bonds, including the Indenture, the Ordinance and an examination of the initial Bond executed and delivered by the City (which we found to be in due form and properly executed); (ii) certifications of officers of the City relating to the expected use and investment of proceeds of the sale of the Bonds and certain other funds of the City and (iii) other documentation and such matters of law as we deem relevant. In the examination of the proceedings relating to the issuance of the Bonds, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified copies, and the accuracy of the statements contained in such documents and certifications.

BASED ON OUR EXAMINATION, we are of the opinion that, under applicable law of the United States of America and the State of Texas in force and effect on the date hereof:

1. The Bonds have been authorized, issued and delivered in accordance with law; that the Bonds are valid, legally binding and enforceable limited obligations of the City in accordance with their terms payable solely from the Trust Estate, except to the extent the

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enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar laws now or hereafter enacted relating to creditors' rights generally.

2. Assuming continuing compliance after the date hereof by the City with the provisions of the Indenture and in reliance upon representations and certifications of the City made in a certificate of even date herewith pertaining to the use, expenditure, and investment of the proceeds of the Bonds, interest on the Bonds for federal income tax purposes (i) will be excludable from gross income, as defined in Section 61 of the Internal Revenue Code of 1986, as amended to the date hereof, of the owners thereof pursuant to Section 103 of such Code, existing regulations, published rulings, and court decisions thereunder, and (ii) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals.

We express no opinion with respect to any other federal, state, or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, property and casualty insurance companies, life insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, corporations subject to the alternative minimum tax on adjusted financial statement income, individual recipients of Social Security or Railroad Retirement Benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a financial asset securitization investment trust, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

APPENDIX E-1

FORM OF DISCLOSURE AGREEMENT OF ISSUER

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

CONTINUING DISCLOSURE AGREEMENT OF ISSUER

This Continuing Disclosure Agreement of Issuer, dated as of March 1, 2025 (this "Disclosure Agreement"), is executed and delivered by and among the City of Decatur, Texas (the "Issuer"), P3Works, LLC (as defined below, the "Administrator"), and Wilmington Trust, National Association, acting solely in its capacity as dissemination agent (as defined below, the "Dissemination Agent"), with respect to the Issuer's "Special Assessment Revenue Bonds, Series 2025 (Paloma Trails Public Improvement District Major Improvement Area Project)" (the "Bonds"). The Issuer, the Administrator, and the Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer, the Administrator, and the Dissemination Agent for the benefit of the Owners (defined below) and beneficial owners of the Bonds. Unless and until a different filing location is designated by the MSRB (defined below) or the SEC (defined below), all filings made by the Dissemination Agent pursuant to this Disclosure Agreement shall be filed with the MSRB through EMMA (defined below).

SECTION 2. Definitions. In addition to the definitions set forth above and in the Indenture of Trust dated as of March 1, 2025, relating to the Bonds (the "Indenture"), which apply to any capitalized term used in this Disclosure Agreement, including the Exhibits hereto, the following capitalized terms shall have the following meanings:

"Additional Obligations" shall have the meaning assigned to such term in the Indenture.

"Administrator" shall have the meaning assigned to such term in the Indenture. The Issuer has selected P3Works, LLC as the current Administrator.

"Annual Collection Costs" shall have the meaning assigned to such term in the Indenture.

"Annual Collections Report" shall mean any Annual Collections Report provided by the Issuer pursuant to, and as described in, Section 5 of this Disclosure Agreement.

"Annual Collections Report Filing Date" shall mean, for each Fiscal Year succeeding the reporting Fiscal Year, the date that is three (3) months after the Final Assessment Payment Date, which Annual Collections Report Filing Date is currently April 30.

"Annual Financial Information" shall mean annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in subsection 4(a) of this Disclosure Agreement.

"Annual Installment" shall have the meaning assigned to such term in the Indenture.

"Annual Issuer Report" shall mean any Annual Issuer Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"Annual Issuer Report Filing Date" shall mean, for each Fiscal Year, the date that is six (6) months after the end of the Issuer's Fiscal Year, which Annual Issuer Report Filing Date is currently March 31.

"Annual Service Plan Update" shall have the meaning assigned to such term in the Indenture.

"Assessments" shall have the meaning assigned to such term in the Indenture.

"Business Day" shall have the meaning assigned to such term in the Indenture.

"Collections Reporting Date" shall mean, for each Tax Year, the date that is one (1) month after the Delinquency Date, which Collections Reporting Date is currently March 1.

"Delinquency Date" shall mean February 1 of the year following the year in which the Assessments were billed or as may be otherwise defined in Section 31.02 of the Texas Tax Code, as amended.

"Developer" shall have the meaning assigned to such term in the Indenture.

"Disclosure Agreement of Developer" shall mean the Continuing Disclosure Agreement of Developer relating to the Bonds, dated as of March 1, 2025, executed and delivered by the Developer, the Administrator, and the Dissemination Agent.

"Disclosure Representative" shall mean the Finance Director or City Manager of the Issuer or his or her designee or such other officer or employee as the Issuer may designate in writing to the Dissemination Agent from time to time.

"Dissemination Agent" shall mean Wilmington Trust, National Association, acting solely in its capacity as dissemination agent, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Trustee a written acceptance of such designation.

"District" shall mean Paloma Trails Public Improvement District.

"EMMA" shall mean the Electronic Municipal Market Access service currently available on the internet at http://emma.msrb.org.

"Final Assessment Payment Date" shall mean the calendar day preceding the Delinquency Date.

"Financial Obligation" shall mean a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that "financial obligation" shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

"Fiscal Year" shall mean the Issuer's fiscal year, currently the twelve-month period from October 1 through September 30.

"Listed Events" shall mean any of the events listed in subsection 6(a) of this Disclosure Agreement.

"Major Improvement Area" shall have the meaning assigned to such term in the Indenture.

"MSRB" shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the SEC to receive continuing disclosure reports pursuant to the Rule.

"Outstanding" shall have the meaning assigned to such term in the Indenture.

"Owner" shall have the meaning assigned to such term in the Indenture.

"Participating Underwriter" shall mean FMSbonds, Inc., and its successors and assigns.

"Prepayment" shall have the meaning assigned to such term in the Indenture.

"Rule" shall mean Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"SAP Update" shall have the meaning assigned to such term in subsection 4(a)(iii) of this Disclosure Agreement.

"SEC" shall mean the United States Securities and Exchange Commission.

"Service and Assessment Plan" shall have the meaning assigned to such term in the Indenture.

"Tax Year" means the calendar year, or as may be otherwise defined in Section 1.04 of the Texas Tax Code, as amended.

"Trust Estate" shall have the meaning assigned to such term in the Indenture.

"Trustee" shall have the meaning assigned to such term in the Indenture.

SECTION 3. Provision of Annual Issuer Reports.

(a) For each Fiscal Year, commencing with the Fiscal Year ending September 30, 2025, the Issuer shall cause, pursuant to written direction, and hereby directs the Dissemination Agent to provide or cause to be provided to the MSRB, in electronic or other format required by the MSRB, not later than the Annual Issuer Report Filing Date, an Annual Issuer Report provided to the Dissemination Agent which is consistent with the requirements of and within the time periods specified in Section 4 of this Disclosure Agreement. The Annual Issuer Report may, but is not required to, include the audited financial statements of the Issuer and the failure to include the audited financial statements as a part of the Annual Issuer Report shall not violate the Issuer's obligations under this Disclosure Agreement provided the Issuer provides its audited financial statements within twelve (12) months of the most recently ended Fiscal Year or, if the audited financial statements are not available within such twelve-month period, the Issuer provides its unaudited financial statements within such twelve-month period, and provides audited financial statements when and if available. In each case, the Annual Issuer Report may be submitted as a single document or as separate documents comprising a package and may include

by reference other information as provided in Section 4 of this Disclosure Agreement. If the Issuer's Fiscal Year changes, it shall file notice of such change (including the date of the new Fiscal Year) with the MSRB prior to the next Annual Issuer Report Filing Date. All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

Not later than ten (10) days prior to the Annual Issuer Report Filing Date, the Issuer shall provide the Annual Issuer Report to the Dissemination Agent together with written direction to file such Annual Issuer Report with the MSRB. The Dissemination Agent shall provide such Annual Issuer Report to the MSRB not later than ten (10) days from receipt of such Annual Issuer Report from the Issuer, but in no event later than the Annual Issuer Report Filing Date for such Fiscal Year.

If by the fifth (5th) day before the Annual Issuer Report Filing Date the Dissemination Agent has not received a copy of the Annual Issuer Report, the Dissemination Agent shall contact the Disclosure Representative in writing (which may be by e-mail) to remind the Issuer of its undertaking to provide the applicable Annual Issuer Report pursuant to this subsection (a). Upon such reminder, the Disclosure Representative shall either (i) provide the Dissemination Agent with an electronic copy of the Annual Issuer Report no later than two (2) Business Days prior to the Annual Issuer Report Filing Date, or (ii) instruct the Dissemination Agent in writing that the Issuer will not be able to provide the Annual Issuer Report by the Annual Issuer Report Filing Date, state the date by which the Annual Issuer Report for such year will be provided, and instruct the Dissemination Agent in writing to immediately send a notice to the MSRB in substantially the form attached as Exhibit A; provided, however, that in the event the Disclosure Representative is required to act under either (i) or (ii) described above, the Dissemination Agent still must file the Annual Issuer Report or the notice of failure to file, as applicable, to the MSRB no later than the Annual Issuer Report Filing Date; provided further, however, that in the event the Disclosure Representative fails to act under either (i) or (ii) described above, the Dissemination Agent shall file a notice of failure to file no later than on the last Business Day prior to the Annual Issuer Report Filing Date.

(b) The Issuer shall or shall cause the Dissemination Agent pursuant to written direction to:

(i) determine the filing address or other filing location of the MSRB each year prior to the Annual Issuer Report Filing Date; and

(ii) file the Annual Issuer Report containing or incorporating by reference the information set forth in Section 4 hereof.

(c) If the Issuer has provided the Dissemination Agent with the completed Annual Issuer Report and the Dissemination Agent has filed such Annual Issuer Report with the MSRB, then the Dissemination Agent shall provide written confirmation to the Issuer stating that the Annual Issuer Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and that it was filed with the MSRB, which confirmation shall include a filing receipt from the MSRB.

SECTION 4. Content and Timing of Annual Issuer Reports. The Annual Issuer Report for the Bonds shall contain or incorporate by reference, and the Issuer agrees to provide or cause to be provided to the Dissemination Agent to file by the Annual Issuer Report Filing Date, the following:

(a) *Annual Financial Information*. The following Annual Financial Information (any or all of which may be unaudited):

(i) Tables setting forth the following information, as of the end of such Fiscal Year:

(A) For the Bonds, the maturity date(s), the interest rate(s), the original aggregate principal amount(s), the principal amount(s) remaining Outstanding, and the total interest amount due on the aggregate principal amount Outstanding;

(B) The amounts in the funds and accounts securing the Bonds and a description of the related investments; and

(C) The assets and liabilities of the Trust Estate.

(ii) Financial information and operating data with respect to the Issuer of the general type and in substantially similar form to that shown in the tables provided under Section 4(a)(ii) of Exhibit B attached hereto. Such information shall be provided as of the end of the reporting Fiscal Year;

(iii) Any updates to the Service and Assessment Plan, including the Annual Service Plan Update (together, a "SAP Update");

(iv) A description of any amendment to this Disclosure Agreement and a copy of any restatements to the Issuer's audited financial statements during such Fiscal Year.

(b) *Audited Financial Statements*. The audited financial statements of the Issuer for the most recently ended Fiscal Year, prepared in accordance with generally accepted accounting principles applicable from time to time to the Issuer and that have been audited by an independent certified public accountant, *but only if* available by the Annual Issuer Report Filing Date. If the audited financial statements of the Issuer are not available within twelve months after the end of the Fiscal Year, the Issuer shall provide notice that the audited financial statements are not available, file unaudited financial statements within such twelve-month period, and file audited financial statements when prepared and available.

(c) A form for submitting the information described in subsection 4(a) above is attached as Exhibit B hereto. Any or all of the items listed above may be included by specific reference to other documents, including disclosure documents of debt issues of the Issuer, which have been submitted to and are publicly accessible from the MSRB. If the document included by reference is a final offering document, it must be available from the MSRB. The Issuer shall clearly identify each such other document so included by reference.

The Administrator, and if no Administrator is designated, Issuer's staff, shall prepare the Annual Financial Information. In all cases, the Issuer shall have the sole responsibility for the content, design, and other elements comprising substantive contents of the Annual Issuer Reports under this Section 4.

SECTION 5. Annual Collections Report.

(a) For each Fiscal Year succeeding the reporting Fiscal Year, the Issuer shall cause, pursuant to written direction, and hereby directs the Dissemination Agent to provide or cause to be provided to the MSRB, in the electronic or other format required by the MSRB, not later than the Annual Collections Report Filing Date, an Annual Collections Report provided to the Dissemination Agent which complies

with the requirements specified in this Section 5; provided that the Issuer may provide the Annual Collections Report as part of the Annual Issuer Report, if such Annual Collections Report is available when the Annual Issuer Report is provided to the MSRB. All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

Not later than ten (10) days prior to the Annual Collections Report Filing Date, the Issuer shall provide the Annual Collections Report to the Dissemination Agent together with written direction to file such Annual Collections Report with the MSRB. The Dissemination Agent shall provide such Annual Collections Report to the MSRB not later than ten (10) days from receipt of such Annual Collections Report from the Issuer, but in no event later than the Annual Collections Report Filing Date.

If by the fifth (5th) day before the Annual Collections Report Filing Date the Dissemination Agent has not received a copy of the Annual Collections Report, the Dissemination Agent shall contact the Disclosure Representative in writing (which may be by e-mail) to remind the Issuer of its undertaking to provide the applicable Annual Collections Report pursuant to this subsection (a). Upon such reminder, the Disclosure Representative shall either (i) provide the Dissemination Agent with an electronic copy of the Annual Collections Report no later than two (2) Business Days prior to the Annual Collections Report Filing Date, or (ii) instruct the Dissemination Agent in writing that the Issuer will not be able to provide the Annual Collections Report by the Annual Collections Report Filing Date, state the date by which the Annual Collections Report for such year will be provided, and instruct the Dissemination Agent to immediately send a notice to the MSRB in substantially the form attached as Exhibit A hereto; provided, however, that in the event the Disclosure Representative is required to act under either (i) or (ii) described above, the Dissemination Agent still must file the Annual Collections Report or the notice of failure to file, as applicable, to the MSRB no later than the Annual Collections Report Filing Date; provided further, however, that in the event the Disclosure Representative fails to act under either (i) or (ii) described above, the Dissemination Agent shall file a notice of failure to file no later than the last Business Day prior to the Annual Collections Report Filing Date.

(b) The Annual Collections Report for the Bonds shall contain, and the Issuer agrees to provide or cause to be provided to the Dissemination Agent to file by the Annual Collections Report Filing Date, certain financial information and operating data with respect to collection of the Assessments of the general type and in substantially similar form to that shown in the tables provided in Exhibit C attached hereto. Such information shall cover the period beginning the first (1st) day of the Fiscal Year succeeding the reporting Fiscal Year through the Collections Reporting Date. If the State Legislature amends the definition of Delinquency Date or Tax Year, the Issuer shall file notice of such change or changes with the MSRB prior to the next Annual Collections Report Filing Date. The Administrator, and if no Administrator is designated, Issuer's staff, shall prepare the Annual Collections Report. In all cases, the Issuer shall have the sole responsibility for the content, design, and other elements comprising substantive contents of the Annual Collections Report under this Section 5.

SECTION 6. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 6, each of the following is a Listed Event with respect to the Bonds:

1. Principal and interest payment delinquencies.

2. Non-payment related defaults, if material.

3. Unscheduled draws on debt service reserves reflecting financial difficulties.

4. Unscheduled draws on credit enhancements reflecting financial difficulties.

5. Substitution of credit or liquidity providers, or their failure to perform.

6. Adverse tax opinions, the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.

7. Modifications to rights of Owners, if material.

8. Bond calls, if material, and tender offers.

9. Defeasances.

10. Release, substitution, or sale of property securing repayment of the Bonds, if material.

11. Rating changes.

12. Bankruptcy, insolvency, receivership or similar event of the Issuer.

13. The consummation of a merger, consolidation, or acquisition of the Issuer, or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

14. Appointment of a successor or additional trustee under the Indenture or the change of name of a trustee, if material.

15. Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material.

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

Any sale by the Developer of real property within the Major Improvement Area in the ordinary course of the Developer's business will not constitute a Listed Event for the purposes of paragraph (10) above.

For these purposes, any event described in paragraph (12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Issuer in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the

assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

The Issuer intends the words used in paragraphs (15) and (16) above and the definition of Financial Obligation to have the same meanings as when they are used in the Rule, as evidenced by SEC Release No. 34-83885, dated August 20, 2018. For the avoidance of doubt, the incurrence of Additional Obligations without the filing of a corresponding official statement with the MSRB will constitute the incurrence of a material Financial Obligation for which a notice of a Listed Event in accordance with this Section 6 must be filed with the MSRB.

Upon the occurrence of a Listed Event, the Issuer shall promptly notify the Dissemination Agent in writing and the Issuer shall provide written direction to the Dissemination Agent to file a notice of such occurrence with the MSRB; provided, however, the Issuer shall deliver such written notice to the Dissemination Agent within seven (7) Business Days of the occurrence of such Listed Event in order for the Dissemination Agent to timely file such notice in a timely manner with the MSRB through EMMA. The Dissemination Agent shall file such notice no later than three (3) Business Days immediately following the day on which it receives written notice of such occurrence from the Issuer. Any such notice is required to be filed within ten (10) Business Days of the occurrence of such Listed Event; provided, however, the failure of the Issuer to provide timely written notice to the Dissemination Agent in accordance with this paragraph shall not constitute a failure of the Dissemination Agent to comply with the Rule's ten (10) Business Day filing requirement.

Any notice under the preceding paragraphs shall be accompanied with the text of the disclosure that the Issuer desires to make, the written authorization of the Issuer for the Dissemination Agent to disseminate such information as provided herein, and the date the Issuer desires for the Dissemination Agent to disseminate the information (which date shall not be more than ten (10) Business Days after the occurrence of the Listed Event or failure to file).

In all cases, the Issuer shall have the sole responsibility for the content, design and other elements comprising substantive contents of all disclosures made pursuant to this Section 6. In addition, the Issuer shall have the sole responsibility to ensure that any notice required to be filed under this Section 6 is filed within ten (10) Business Days of the occurrence of the Listed Event.

(b) The Dissemination Agent shall, promptly, and not more than five (5) Business Days after obtaining actual knowledge of the occurrence of any Listed Event with respect to the Bonds, notify the Disclosure Representative of such Listed Event. The Dissemination Agent shall not be required to file a notice of the occurrence of such Listed Event with the MSRB unless and until it receives written instructions from the Disclosure Representative to do so. If the Dissemination Agent has been instructed in writing by the Disclosure Representative on behalf of the Issuer to report the occurrence of a Listed Event under this subsection (b), the Dissemination Agent shall file a notice of such occurrence with the MSRB no later than two (2) Business Days following the day on which it receives such written instructions. It is agreed and understood that the duty to make or cause to be made the disclosures herein is that of the Issuer and not that of the Trustee or the Dissemination Agent. It is agreed and understood that the Dissemination Agent has agreed to give the foregoing notice to the Issuer as an accommodation

to assist it in monitoring the occurrence of such event, but is under no obligation to investigate whether any such event has occurred. As used above, "actual knowledge" means the actual fact or statement of knowing, without a duty to make any investigation with respect thereto. In no event shall the Dissemination Agent be liable in damages or in tort to the Issuer, the Participating Underwriter, the Trustee, any Owner or beneficial owner of any interests in the Bonds, or any other party as a result of its failure to give the foregoing notice or to give such notice in a timely fashion.

(c) If in response to a notice from the Dissemination Agent under subsection (b), the Issuer determines that the Listed Event under any of numbers 2, 7, 8 (as to bond calls only), 10, 13, 14, or 15 of subparagraph (a) above is not material under applicable federal securities laws, the Issuer shall promptly, but in no case more than five (5) Business Days after the occurrence of the event, notify the Dissemination Agent and the Trustee (if the Dissemination Agent is not the Trustee) in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (b).

SECTION 7. Termination of Reporting Obligations. The obligations of the Issuer, the Administrator, and the Dissemination Agent under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds, when the Issuer is no longer an obligated person with respect to the Bonds, or upon delivery by the Disclosure Representative to the Dissemination Agent and the Administrator of an opinion of nationally recognized bond counsel to the effect that continuing disclosure is no longer required. So long as any of the Bonds remain Outstanding, the Administrator and the Dissemination Agent may assume that the Issuer is an obligated person with respect to the Bonds until they receive written notice from the Disclosure Representative stating that the Issuer is no longer an obligated person with respect to the Bonds, and the Dissemination Agent and the Administrator may conclusively rely upon such written notice with no duty to make investigation or inquiry into any statements contained or matters referred to in such written notice. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event with respect to the Bonds under Section 6(a).

SECTION 8. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent or successor Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge such Dissemination Agent, with or without appointing a successor Dissemination Agent. If the Issuer discharges the Dissemination Agent without appointing a successor Dissemination Agent, the Issuer shall use best efforts to appoint a successor Dissemination Agent within thirty (30) days of such discharge. The Dissemination Agent may resign at any time with 30 day's written notice to the Issuer. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent.

SECTION 9. Amendment; Waiver. Notwithstanding any other provisions of this Disclosure Agreement, the Issuer, the Administrator, and the Dissemination Agent may amend this Disclosure Agreement (and the Dissemination Agent shall not unreasonably withhold its consent to any reasonable amendment so requested in writing by the Issuer or the Administrator), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, 5, or 6(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the delivery of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Owners of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or beneficial owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer shall describe such amendment in the next related Annual Financial Information, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 6(a), and (ii) the Annual Financial Information for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. No amendment which adversely affects the Dissemination Agent may be made without its prior written consent (which consent will not be unreasonably withheld or delayed).

SECTION 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Issuer Report, Annual Collections Report, or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Issuer Report, Annual Collections Report, or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Issuer Report, Annual Collections Report, or notice of occurrence of a Listed Event.

SECTION 11. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Agreement, the Dissemination Agent or any Owner or beneficial owner of the Bonds may, and the Dissemination Agent (at the written request of any Participating Underwriter or the Owners of at least twenty-five percent (25%) aggregate principal amount of Outstanding Bonds and upon being indemnified to its satisfaction against all costs, fees, expenses and liability for such actions) shall, take such actions as may be necessary and appropriate to cause the Issuer to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture with respect to the Bonds, and the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer to comply with this Disclosure Agreement shall be an action for mandamus or specific performance. A default under this Disclosure Agreement shall not be deemed a default under the Disclosure Agreement of Developer and a default under the Disclosure Agreement of Developer shall not be deemed a default under this Disclosure Agreement.

SECTION 12. Duties, Immunities and Liabilities of Dissemination Agent and Administrator.

(a) Notwithstanding anything to the contrary contained herein, the Dissemination Agent shall not have any duty with respect to the content of any disclosures made pursuant to this Disclosure Agreement. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Dissemination Agent. TO THE EXTENT PERMITTED BY LAW, THE ISSUER AGREES TO INDEMNIFY AND HOLD HARMLESS THE DISSEMINATION AGENT, ITS OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS, BUT ONLY FROM ASSESSMENTS COLLECTED FOR ANNUAL COLLECTION COSTS FROM THE PROPERTY OWNERS IN THE MAJOR IMPROVEMENT AREA, AGAINST ANY LOSSES, EXPENSES, AND LIABILITIES WHICH IT MAY INCUR ARISING OUT OF OR IN THE EXERCISE OR PERFORMANCE OF ITS POWERS AND DUTIES HEREUNDER, INCLUDING THE COSTS AND EXPENSES (INCLUDING ATTORNEYS' FEES) OF DEFENDING AGAINST ANY CLAIM OF LIABILITY ARISING UNDER THIS DISCLOSURE AGREEMENT, BUT EXCLUDING LIABILITIES DUE TO THE DISSEMINATION AGENT'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT; PROVIDED, HOWEVER, THAT NOTHING HEREIN SHALL BE CONSTRUED TO REQUIRE THE ISSUER TO INDEMNIFY AND HOLD HARMLESS THE DISSEMINATION AGENT FOR LOSSES, EXPENSES OR LIABILITIES ARISING FROM INFORMATION PROVIDED TO THE DISSEMINATION AGENT BY THE DEVELOPER OR THE FAILURE OF THE DEVELOPER TO PROVIDE INFORMATION TO THE DISSEMINATION AGENT AS AND WHEN REQUIRED UNDER THE DISCLOSURE AGREEMENT OF DEVELOPER. THE INDEMNIFICATION OF THE DISSEMINATION AGENT AS PROVIDED IN THIS SECTION 12 SHALL REMAIN IN FULL FORCE AND EFFECT IF LIABILITIES DIRECTLY OR INDIRECTLY RESULT FROM, ARISE OUT OF, OR RELATE TO, OR ARE ASSERTED TO HAVE RESULTED FROM, ARISEN OUT OF, OR RELATED TO, THE SOLE OR CONTRIBUTORY NEGLIGENCE OF THE DISSEMINATION AGENT. The obligations of the Issuer under this Section shall survive termination of this Disclosure Agreement, resignation or removal of the Dissemination Agent and payment in full of the Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Dissemination Agent is an "obligated person" under the Rule. If the Issuer does not provide the Dissemination Agent with the Annual Issuer Report in accordance with subsection 3(a), or the Annual Collections Report in accordance with subsection 5(a), the Dissemination Agent shall not be responsible for the failure to submit the Annual Issuer Report or the Annual Collections Report, as applicable, to the MSRB. The Dissemination Agent is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder. The fact that the Dissemination Agent may have a banking or other business relationship with the Issuer or any person with whom the Issuer contracts in connection with the transaction described in the Indenture, apart from the relationship created by the Indenture or this Disclosure Agreement, shall not be construed to mean that the Dissemination Agent has actual knowledge of any event described in Section 6 above, except as may be provided by written notice to the Dissemination Agent pursuant to this Disclosure Agreement. The Dissemination Agent shall not in any event incur any liability with respect to (i) any action taken or omitted to be taken in good faith upon advice of legal counsel given with respect to any question relating to duties and responsibilities of the Dissemination Agent hereunder, or (ii) any action taken or omitted to be taken in reliance upon any document delivered to the Dissemination Agent and believed to be genuine and to have been signed or presented by the proper party or parties.

The Dissemination Agent may, from time to time, consult with legal counsel of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its duties hereunder, and the Dissemination Agent shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel.

The Issuer, the Administrator, and the Dissemination Agent agree that the legal expenses of the Dissemination Agent, which it is expressly entitled to be paid under this paragraph 12(a), are Administrative Expenses.

(b) The Administrator shall not have any duty with respect to the content of any disclosures made pursuant to the terms hereof. The Administrator shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Administrator. To the extent permitted by law, the Issuer agrees to hold harmless the Administrator, its officers, directors, employees and agents, but only from Assessments collected for Annual Collection Costs from the property owners in the Major Improvement Area, against any losses, expenses, and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability under this Disclosure Agreement, but excluding (i) liabilities due to the Administrator's negligence or willful misconduct, and (ii) liabilities resulting from claims made by the Issuer against the Administrator; provided, however, that nothing herein shall be construed to require the Issuer to indemnify and hold harmless the Administrator for losses, expenses or liabilities arising from information provided to the Administrator by third parties, or the failure of any third party to provide information to the Administrator as and when required under this Disclosure Agreement, or the failure of the Developer to provide information to the Administrator as and when required under the Disclosure Agreement of Developer. The obligations of the Issuer under this Section shall survive resignation or removal of the Administrator and payment in full of the Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Administrator is an "obligated person" under the Rule. The Administrator is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder. The Administrator shall not in any event incur any liability with respect to (i) any action taken or omitted to be taken in good faith upon advice of legal counsel given with respect to any question relating to duties and responsibilities of the Administrator hereunder, or (ii) any action taken or omitted to be taken in reliance upon any document delivered to the Administrator and believed to be genuine and to have been signed or presented by the proper party or parties.

The Administrator may, from time to time, consult with legal counsel of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its duties hereunder, and the Administrator shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel.

The Issuer, the Administrator, and the Dissemination Agent agree that the legal expenses of the Administrator, which it is expressly entitled to be paid under this paragraph 12(b), are Administrative Expenses.

(c) UNDER NO CIRCUMSTANCES SHALL THE DISSEMINATION AGENT, THE ADMINISTRATOR, OR THE ISSUER BE LIABLE TO THE OWNER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY ANY PARTY TO THIS DISCLOSURE AGREEMENT, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS DISCLOSURE AGREEMENT, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC

PERFORMANCE. THE DISSEMINATION AGENT AND THE ADMINISTRATOR ARE UNDER NO OBLIGATION NOR ARE THEY REQUIRED TO BRING SUCH AN ACTION.

SECTION 13. Assessment Timeline. The basic expected timeline for the collection of Assessments and the anticipated procedures for pursuing the collection of delinquent Assessments is set forth in Exhibit D which is intended to illustrate the general procedures expected to be followed in enforcing the payment of delinquent Assessments. Failure to adhere to such expected timeline shall not constitute a default by the Issuer under this Disclosure Agreement, the Indenture, the Bonds, or any other document related to the Bonds.

SECTION 14. No Personal Liability. No covenant, stipulation, obligation or agreement of the Issuer, the Administrator, or the Dissemination Agent contained in this Disclosure Agreement shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future council member, officer, agent or employee of the Issuer, the Administrator, or the Dissemination Agent in other than that person's official capacity.

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

SECTION 16. Sovereign Immunity. The Dissemination Agent and the Administrator agree that nothing in this Disclosure Agreement shall constitute or be construed as a waiver of the Issuer's sovereign or governmental immunities regarding liability or suit.

SECTION 17. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Administrator, the Dissemination Agent, the Participating Underwriter, and the Owners and the beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity. Nothing in this Disclosure Agreement is intended or shall act to disclaim, waive or otherwise limit the duties of the Issuer under federal and state securities laws.

SECTION 18. Dissemination Agent and Administrator Compensation. The fees and expenses incurred by the Dissemination Agent and the Administrator for their respective services rendered in accordance with this Disclosure Agreement constitute Annual Collection Costs and will be included in the Annual Installments as provided in the annual updates to the Service and Assessment Plan. The Issuer shall pay or reimburse the Dissemination Agent and the Administrator, but only with funds to be provided from the Annual Collection Costs component of the Annual Installments collected from the property owners in the Major Improvement Area, for the fees and expenses for their respective services rendered in accordance with this Disclosure Agreement.

SECTION 19. Statutory Verifications. The Dissemination Agent and the Administrator, each individually, make the following representation and verifications to enable the Issuer to comply with Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as heretofore amended (the "Government Code"), in entering into this Disclosure Agreement. As used in such verifications, "affiliate" means an entity that controls, is controlled by, or is under common control with the Dissemination Agent or the Administrator, as the case may be, within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification prior to the expiration or earlier termination of this Disclosure Agreement shall survive until barred by the applicable statute of limitations, and shall not be liquidated or otherwise limited by any provision of this Disclosure Agreement, notwithstanding anything in this Disclosure Agreement to the contrary.

(a) Not a Sanctioned Company. The Dissemination Agent and the Administrator, each respectively, represent that neither the Dissemination Agent, the Administrator, nor any parent company, wholly- or majority-owned subsidiaries, and other affiliates of the Dissemination Agent or the Administrator is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Government Code. The foregoing representation excludes the Dissemination Agent and the Administrator and each parent company, wholly- or majority-owned subsidiaries, and other affiliates of the Dissemination Agent or the Administrator, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

(b) No Boycott of Israel. The Dissemination Agent and the Administrator, each respectively, hereby verify that the Dissemination Agent, the Administrator and any parent company, wholly- or majority-owned subsidiaries, and other affiliates of the Dissemination Agent and the Administrator, if any, do not boycott Israel and will not boycott Israel during the term of this Disclosure Agreement. As used in the foregoing verification, "boycott Israel" has the meaning provided in Section 2271.001, Government Code.

(c) No Discrimination Against Firearm Entities. The Dissemination Agent and the Administrator, each respectively, hereby verify that the Dissemination Agent, the Administrator and any parent company, wholly- or majority-owned subsidiaries, and other affiliates of the Dissemination Agent and the Administrator, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of this Disclosure Agreement. As used in the foregoing verification, "discriminate against a firearm entity or firearm trade association" has the meaning provided in Section 2274.001(3), Government Code.

(d) No Boycott of Energy Companies. The Dissemination Agent and the Administrator, each respectively, hereby verify that the Dissemination Agent, the Administrator and any parent company, wholly- or majority-owned subsidiaries, and other affiliates of the Dissemination Agent and the Administrator, if any, do not boycott energy companies and will not boycott energy companies during the term of this Disclosure Agreement. As used in the foregoing verification, "boycott energy companies" has the meaning provided in Section 2276.001(1), Government Code.

SECTION 20. Disclosure of Interested Parties. Pursuant to Section 2252.908(c)(4), Texas Government Code, as amended, the Dissemination Agent hereby certifies it is a publicly traded business

entity and is not required to file a Certificate of Interested Parties Form 1295 related to this Disclosure Agreement. Submitted herewith is a completed Form 1295 in connection with the Administrator's participation in the execution of this Disclosure Agreement generated by the Texas Ethics Commission's (the "TEC") electronic filing application in accordance with the provisions of Section 2252.908 of the Texas Government Code and the rules promulgated by the TEC (the "Form 1295"). The Issuer hereby confirms receipt of the Form 1295 from the Administrator, and the Issuer agrees to acknowledge such form with the TEC through its electronic filing application not later than the thirtieth (30th) day after the receipt of such form. The Administrator and the Issuer understand and agree that, with the exception of information identifying the Issuer and the contract identification number, neither the Issuer nor its consultants are responsible for the information contained in the Form 1295; that the information contained in the Form 1295 has been provided solely by the Administrator; and, neither the Issuer nor its consultants have verified such information.

SECTION 21. 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 hereto hereby waives the right to trial by jury with respect to any litigation directly or indirectly arising out of, under, or in connection with this 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 Issuer, the Administrator, and the Dissemination Agent agree that electronic signatures to this Disclosure Agreement may be regarded as original signatures.

Signature pages follow.

CITY OF DECATUR, TEXAS

By: _____
City Manager

Wilmington Trust, National Association
(as Dissemination Agent)

By: _____
Authorized Officer

P3Works, LLC
(as Administrator)

By: _____
Authorized Officer

EXHIBIT A

NOTICE TO MSRB OF FAILURE TO FILE
[ANNUAL ISSUER REPORT][A NNUAL COLLECTIONS REPORT]
[AUDITED/UNAUDITED FINANCIAL STATEMENTS]

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

NOTICE IS HEREBY GIVEN that the City of Decatur, Texas (the "Issuer"), has not provided [an Annual Issuer Report][an Annual Collections Report][audited/unaudited financial statements] with respect to the Bonds as required by the Continuing Disclosure Agreement of Issuer dated as of March 1, 2025, by and among the Issuer, P3Works, LLC., as "Administrator," and Wilmington Trust, National Association, as "Dissemination Agent." The Issuer anticipates that [the Annual Issuer Report][the Annual Collections Report][audited/unaudited financial statements] will be filed by _____.

Dated:

Wilmington Trust, National Association,
on behalf of the City of Decatur, Texas
(as Dissemination Agent)

By: _____

Title: _____

cc: City of Decatur, Texas

EXHIBIT B

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

ANNUAL FINANCIAL INFORMATION [*]

Delivery Date: _____, 20__

CUSIP Nos: [insert CUSIP Nos.]

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

Section 4(a)(i)(A)

BONDS OUTSTANDING

Maturity Date	Interest Rate	Original Principal Amount	Outstanding Principal Amount	Outstanding Interest Amount
				–
				–
			Total	

Section 4(a)(i)(B)

INVESTMENTS

Fund/ Account Name	Investment Description	Par Value[(1)]	Book Value[(1)]	Market Value[(1)]

[(1)] According to account balance statement dated as of [insert date] as provided by the Trustee.

*Excluding audited financial statements of the Issuer

Section 4(a)(i)(C)

ASSETS AND LIABILITIES OF TRUST ESTATE

Cash Position of Trust Estate for statements dated September 30, 20[__]		
[List of Funds/Accounts Held Under Indenture]	Amount In the Fund	
Total		A
Bond Principal Amount Outstanding		B
Outstanding Assessment Amount to be collected		C
Net Position of Trust Estate and Outstanding Bonds and Assessments		A-B+C

September 30, 20[__] Trust Statements: Audited ˜ Unaudited

Accounting Type: Cash ˜ Accrual ˜ Modified Accrual

Section 4(a)(ii)

FINANCIAL INFORMATION AND OPERAT ING DATA WITH RESPECT TO THE ISSUER OF THE GENERAL TYPE AND IN SUBSTANTIALLY SIMILAR FORM PROVIDED IN THE FOLLOWING TABLES AS OF THE END OF THE FISCAL YEAR

Debt Service Requirements on the Bonds

Year Ending (September 30)	Principal	Interest	Total

Top [Five] Assessment Payers in Major Improvement Area[(1)]

Property Owner	No. of Parcels/Lots	Percentage of Parcels/Lots	Outstanding Assessments	Percentage of Total Assessments

(1) Does not include those owing less than one percent (1%) of total Assessments; may be fewer than five.

Assessed Value of Major Improvement Area of the District

The [YEAR] certified total assessed value for the Assessed Property in the Major Improvement Area of the District is approximately $[AMOUNT] according to the Wise County Appraisal District.

[FINANCIAL INFORMATION AND OPERATING DATA WITH RESPECT TO THE ISSUER OF THE GENERAL TYPE AS OF THE END OF THE FISCAL YEAR AND AS OF FEBRUARY 1 OF THE NEXT SUCCEEDING YEAR] *

Foreclosure History Related to the Assessments for the Past Five Fiscal Years

Fiscal Year Ended (9/30)	Delinquent Assessment Amount not in Foreclosure Proceedings	Parcels in Foreclosure Proceedings	Delinquent Assessment Amount in Foreclosure Proceedings	Foreclosure Sales	Foreclosure Proceeds Received
20__	$		$		$
20__					
20__					
20__					
20__					

[insert any necessary footnotes]

Collection and Delinquency History of Annual Installments for the Past Five Fiscal Years

Fiscal Year Ended (9/30)	Total Annual Installment Billed	Parcels Levied(1)	Delinquent Amount as of 3/1	Delinquent % as of 3/1	Delinquent Amount as of [9/1]	Delinquent % as of [9/1]	Total Assessments Collected(2)
20__	$		$	%	$	%	$
20__							
20__							
20__							
20__							

(1) Pursuant to Section 31.031, Texas Tax Code, certain veterans, persons aged 65 or older, and the disabled, who qualify for an exemption under either Section 11.13(c), 11.32, or 11.22, Texas Tax Code, are eligible to pay property taxes in four equal installments ("Installment Payments"). Effective January 1, 2018, pursuant to Section 31.031(a-1), Texas Tax Code, the Installment Payments are each due before February 1, April 1, June 1, and August 1. Each unpaid Installment Payment is delinquent and incurs penalties and interest if not paid by the applicable date.
(2) [Does/does not] include interest and penalties.

Parcel Numbers for Delinquencies Equaling or Exceeding 10% of Annual Installments Due

For the past five Fiscal Years, if the total amount of delinquencies as of September 1 equals or exceeds ten percent (10%) of the amount of Annual Installments due, a list of parcel numbers for which the Annual Installments are delinquent.

Fiscal Year Ended (9/30)	Delinquent % as of 9/1	Parcel Numbers
20__	%	
20__		

History of Prepayment of Assessments for the Past Five Fiscal Years

Fiscal Year Ended (9/30)	Number of Prepayments	Amount of Prepayments	Bond Call Date	Amount of Bonds Redeemed
20__		$		$
20__				
20__				
20__				
20__				

[insert any necessary footnotes]

* Include the following four tables if a separate Annual Collections Report will not be prepared.

ITEMS REQUIRED BY SECT ION 4(a)(iii) - (iv)
[Insert a line item for each applicable listing]

EXHIBIT C

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

ANNUAL COLLECTIONS REPORT

Delivery Date: _____, 20__

CUSIP Nos: [insert CUSIP Nos.]

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

SELECT FINANCIAL INFORMATION AND OPERATING DATA WITH RESPECT TO THE COLLECTION OF ASSESSMENTS COVERING THE PERIOD BEGINNING WITH THE FIRST DAY OF THE FISCAL YEAR SUCCEEDING THE REPORTING FISCAL YEAR THROUGH THE COLLECTIONS REPORTING DATE PROVIDED IN COMPLIANCE WITH SUBSECTION 5(A) OF THE ISSUER'S DISCLOSURE AGREEMENT

Foreclosure History Related To The Annual Installments[1]

Succeeding Fiscal Year	Delinquent Annual Installment Amount not in Foreclosure Proceedings	Parcels in Foreclosure Proceedings	Delinquent Annual Installment Amount in Foreclosure Proceedings	Foreclosure Sales	Foreclosure Proceeds Received
20__	$		$		$

(i) Period covered includes October 1, 20__ through March 1, 20__.

Collection and Delinquency of Annual Installments [1]

Succeeding Fiscal Year	Total Annual Installments Levied	Parcels Levied[2]	Delinquent Amount as of 3/1	Delinquent % as of 3/1	Total Annual Installments Collected[3]
20__	$		$	%	$

[1] Period covered includes October 1, 20__ through March 1, 20__.

[2] Pursuant to Section 31.031, Texas Tax Code, certain veterans, persons aged 65 or older, and the disabled, who qualify for an exemption under either Section 11.13(c), 11.32, or 11.22, Texas Tax Code, are eligible to pay property taxes in four equal installments ("Installment Payments"). Effective January 1, 2018, pursuant to Section 31.031(a-1), Texas Tax Code, the Installment Payments are each due before February 1, April 1, June 1, and August 1. Each unpaid Installment Payment is delinquent and incurs penalties and interest if not paid by the applicable date.

[3] [Does/does not] include interest and penalties.

Prepayment of Assessments [1]

Succeeding Fiscal Year	Number of Prepayments	Amount of Prepayments	Bond Call Date	Amount of Bonds Redeemed
		$		$

[1] Period covered includes October 1, 20__, through March 1, 20__.

EXHIBIT D

BASIC EXPECTED TIMELINE FOR ASSESSMENT COLLECTIONS AND PURSUIT OF DELINQUENCIES [1]

Date	Delinquency Clock (Days)	Activity
January 31		Assessments are due.
February 1	1	Assessments delinquent if not received.
	15	Immediately upon receipt, but in no event later than February 15, Issuer forwards payment to Trustee for all collections received, along with detailed breakdown. Subsequent payments and relevant details will follow monthly thereafter. Issuer and/or Administrator should be aware of actual and specific delinquencies. Administrator should be aware if Reserve Fund needs to be utilized for debt service payments during the corresponding Fiscal Year. Issuer and Administrator should determine if previously collected surplus funds, if any, plus actual Annual Installment collections will be fully adequate for debt service in the corresponding March and September.
March 15	43/44	Trustee, as Paying Agent/Registrar, pays bond interest payments to Owners pursuant to the Indenture.
April 1	59/60	At this point, if total delinquencies are under 5% and if there is adequate funding in the Pledged Revenue Fund for transfer to the Principal and Interest Account for full September payments, no further action is anticipated for collection of Assessments except that the Issuer or Administrator, working with the City Attorney or an appropriate designee, will begin process to cure deficiency. Issuer, or the Trustee on behalf and at the direction of the Issuer pursuant to the Indenture, to notify Dissemination Agent in writing of the occurrence of draw on the Reserve

[1] Illustrates anticipated dates and procedures for pursuing the collection of delinquent Annual Installments of Assessments, which dates and procedures shall be in accordance with Chapters 31, 32, 33, and 34, Texas Tax Code, as amended (the "Code"), and the Tax/Assessor Collector's procedures, and are subject to adjustment by the Issuer. If the collection and delinquency procedures under the Code are subsequently modified, whether due to an executive order of the Governor of Texas, an amendment to the Code, or otherwise, such modifications shall control.

		Fund and, following receipt of such notice, Dissemination Agent to notify MSRB of such draw or the Reserve Fund.
July 1	152/153	If there are over 5% delinquencies or if there is insufficient funding in the Pledged Revenue Fund for transfer to the Principal and Interest Account of such amounts as shall be required for the full September payment, Issuer and/or Administrator to notify Dissemination Agent in writing for inclusion in the next Annual Report. Preliminary Foreclosure activity commences in accordance with Tax Assessor/Collector's procedures. If Dissemination Agent has not received Foreclosure Schedule and Plan of Collections, Dissemination Agent to request same from the Issuer. If the Issuer has not provided the Dissemination Agent with Foreclosure Schedule and Plan of Collections, Dissemination Agent requests that the Issuer commence foreclosure or provide plan for collection.
August 15	197/198	The designated lawyers or law firm will be preparing the formal foreclosure documents and will provide periodic updates to the Dissemination Agent and the Trustee. The goal for the foreclosure actions is a filing by no later than August 15 (day 197/198). Foreclosure action to be filed with the court as soon as practicable, in accordance with the Tax Assessor/Collector's procedures Issuer notifies Trustee and Dissemination Agent of Foreclosure filing status in writing for inclusion in next Annual Report.

A committee of not less than twenty-five percent (25%) of the Owners may request a meeting with the Issuer to discuss the Issuer's actions in pursuing the repayment of any delinquencies. This would also occur after day thirty (30) if it is apparent that a Reserve Fund draw is required. Further, if delinquencies exceed five percent (5%), Owners may also request a meeting with the Issuer at any time to discuss the Issuer's plan and progress on collection and foreclosure activity. If the Issuer is not diligently proceeding with the foreclosure process, the Owners may seek an action for mandamus or specific performance to direct the Issuer to pursue the collections of delinquent Annual Installments of Assessments.

APPENDIX E-2

FORM OF DISCLOSURE AGREEMENT OF DEVELOPER

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

CONTINUING DISCLOSURE AGREEMENT OF DEVELOPER

This Continuing Disclosure Agreement of Developer dated as of March 1, 2025 (this "Disclosure Agreement"), is executed and delivered by and among Paloma Trails Development, LLC, a Texas limited liability company (the "Developer"), P3Works, LLC (the "Administrator"), and Wilmington Trust, National Association, acting solely in its capacity as dissemination agent (the "Dissemination Agent") with respect to the captioned bonds (the "Bonds"). The Developer, the Administrator, and the Dissemination Agent covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Developer, the Administrator, and the Dissemination Agent for the benefit of the Owners (defined below) and beneficial owners of the Bonds. Unless and until a different filing location is designated by the MSRB (defined below) or the SEC (defined below), all filings made by the Dissemination Agent pursuant to this Disclosure Agreement shall be filed with the MSRB through EMMA (defined below).

SECTION 2. Definitions. In addition to the definitions set forth above and in the Indenture of Trust, dated as of March 1, 2025, relating to the Bonds (the "Indenture"), which apply to any capitalized term used in this Disclosure Agreement, including the Exhibits hereto, the following capitalized terms shall have the following meanings:

"Administrator" shall have the meaning assigned to such term in the Indenture. The Issuer has selected P3Works, LLC, as the initial Administrator.

"Affiliate" shall mean an entity that is controlled by, controls, or is under common control with a Person.

"Amenities" shall mean the 1,500 square foot amenity pavilion, playground, open spaces, and trails throughout the Development that the Developer intends to construct in the District.

"Annual Collection Costs" shall have the meaning assigned to such term in the Indenture.

"Annual Installment" shall have the meaning assigned to such term in the Indenture.

"Annual Service Plan Update" shall have the meaning assigned to such term in the Indenture.

"Assessed Property" shall have the meaning assigned to such term in the Indenture.

"Assessments" shall have the meaning assigned to such term in the Indenture.

"Business Day" shall have the meaning assigned to such term in the Indenture.

"Certification Letter" shall mean a certification letter provided by a Reporting Party pursuant to Section 3, in substantially the form attached as Exhibit D.

"Developer" shall mean Paloma Trails Development, LLC, a Texas limited liability company, its successors and assigns, including any Affiliate of the Developer.

"Developer Listed Events" shall mean any of the events listed in Section 4(a) of this Disclosure Agreement.

"Disclosure Agreement of Issuer" shall mean the Continuing Disclosure Agreement of Issuer with respect to the Bonds dated as of even date herewith executed and delivered by the Issuer, the Administrator, and the Dissemination Agent.

"Dissemination Agent" shall mean Wilmington Trust, National Association, acting solely in its capacity as dissemination agent, or any successor Dissemination Agent designated in writing by the Issuer, and which has filed with the Trustee a written acceptance of such designation.

"District" shall mean the Paloma Trails Public Improvement District.

"EMMA" shall mean the Electronic Municipal Market Access service administered by the MSRB which, as of the date of this Disclosure Agreement, is available on the internet at http://emma.msrb.org.

"Homebuilder(s)" shall mean any homebuilder that enters into a Lot Purchase Agreement with the Developer and/or another homebuilder, and the Affiliates and/or successors and assigns of such homebuilder under such Lot Purchase Agreement.

"Issuer" shall mean the City of Decatur, Texas.

"Listed Events" shall mean, collectively, Developer Listed Events and Significant Homebuilder Listed Events.

"Lot Purchase Agreement" shall mean, with respect to lots or land within Major Improvement Area of the District, any agreement between a Homebuilder and the Developer to purchase lots or to purchase land.

"Major Improvement Area" shall have the meaning assigned to such term in the Indenture.

"Major Improvement Area Projects" shall have the meaning assigned to such term in the Indenture.

"MSRB" shall mean the Municipal Securities Rulemaking Board, or any other entity designated or authorized by the SEC to receive reports pursuant to the Rule.

"Outstanding" shall have the meaning assigned to such term in the Indenture.

"Owner" shall have the meaning assigned to such term in the Indenture.

"Participating Underwriter" shall mean FMSbonds, Inc., and its successors and assigns.

"Person" shall have the meaning assigned to such term in the Indenture.

"Quarterly Ending Date" shall mean each March 31, June 30, September 30 and December 31, beginning June 30, 2025.

"Quarterly Filing Date" shall mean for each Quarterly Ending Date, the fifteenth calendar day of the second month following such Quarterly Ending Date being February 15, May 15, August 15, and November 15.

"Quarterly Information" shall have the meaning assigned to such term in Section 3 of this Disclosure Agreement.

"Quarterly Report" shall mean any Quarterly Report described in Section 3 of this Disclosure Agreement and substantially similar to that attached as Exhibit A hereto.

"Reporting Party" shall mean, collectively, the Developer and any Significant Homebuilder that has acknowledged and assumed reporting obligations in accordance with Section 6 of this Disclosure Agreement.

"Rule" shall mean Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"SEC" shall mean the United States Securities and Exchange Commission.

"Service and Assessment Plan" shall have the meaning assigned to such term in the Indenture.

"Significant Homebuilder" shall mean a Homebuilder, including any Affiliates of such Homebuilder, that then owns 8 or more of the single family residential lots within Major Improvement Area.

"Significant Homebuilder Listed Events" shall mean any of the events listed in Section 4(b) of this Disclosure Agreement.

"Trustee" shall have the meaning assigned to such term in the Indenture.

SECTION 3. Quarterly Reports.

(a) The Developer and any Significant Homebuilder that is a Reporting Party, with respect to its acquired real property, shall, at its cost and expense, provide, or cause to be provided, to the Administrator, not more than ten (10) days after each Quarterly Ending Date, the information in the Quarterly Report required to be provided by such Reporting Party pursuant to Section 3(d) (with respect to each Reporting Party, the "Quarterly Information"). The Reporting Party shall provide, or cause to be provided, such Quarterly Information until such party's obligations terminate pursuant to Section 7 of this Disclosure Agreement. For the avoidance of doubt, (i) if the Developer elects, the Developer may, but shall not be obligated to, provide any Quarterly Information on behalf of any Significant Homebuilder and (ii) the Developer shall remain obligated with respect to any real property acquired by a Significant Homebuilder until an acknowledgment of assignment with respect to such real property is delivered in accordance with Section 6 of this Disclosure Agreement, at which time the Developer shall

have no further obligation or liability for disclosures or other responsibilities under this Disclosure Agreement as to the property so transferred.

(b) The Administrator shall (i) review each Quarterly Report containing the Quarterly Information provided by each Reporting Party pursuant to subsection (a) above and (ii) no later than twenty (20) days after each Quarterly Ending Date, either (1) advise the applicable Reporting Party as to any necessary changes to the applicable Quarterly Information or (2) provide to the Dissemination Agent the Quarterly Report in accordance with subsection (c) below. If the Administrator advises a Reporting Party as to any necessary changes to their respective Quarterly Information, such Reporting Party shall provide, or cause to be provided, to the Administrator, not more than thirty (30) days after each Quarterly Ending Date, the revised Quarterly Information. The Administrator shall review the revised Quarterly Information within the Quarterly Report and provide the Quarterly Report to the Dissemination Agent in accordance with subsection (c) below.

If Reporting Parties provide the Quarterly Information in more than one report to the Administrator, the Administrator shall (i) prepare each Quarterly Report with the Quarterly Information provided by the Reporting Parties pursuant to subsection (a) above, and (ii) provide the Quarterly Report to the Reporting Parties for review no later than twenty (20) days after each Quarterly Ending Date. The Reporting Parties shall review and revise, as necessary, the Quarterly Report and, upon such review, shall promptly, but no later than thirty (30) days after each Quarterly Ending Date, provide the Quarterly Report and Certification Letter(s) to the Administrator and authorize the Administrator to provide such Quarterly Report and Certification Letter(s) to the Issuer and the Dissemination Agent pursuant to subsection (c) below.

In all cases, each Reporting Party shall have the sole responsibility for the content, design and other elements comprising substantive contents of all of the Quarterly Information provided by such Reporting Party contained in the Quarterly Report.

(c) The Administrator shall provide to the Dissemination Agent, no later than thirty-five (35) days after each Quarterly Ending Date, the Quarterly Report containing the information described in Section 3(d), the Certification Letter(s), if applicable, and written direction to the Dissemination Agent to file such report with the MSRB. Pursuant to the written direction of the Administrator, the Dissemination Agent shall file the Quarterly Report and the Certification Letter(s), if applicable, with the MSRB and provide a copy of such report to the Issuer and the Participating Underwriter within ten (10) days of the Dissemination Agent's receipt thereof pursuant to this subsection 3(c); provided, however, that the Quarterly Report must be submitted to the MSRB not later than each Quarterly Filing Date. In the event that any Reporting Party or the Administrator does not provide the information required by subsection (a) or (b) of this Section 3, as applicable, in a timely manner and, as a result, either an incomplete Quarterly Report is filed with the MSRB, or a Quarterly Report is not filed with the MSRB by each Quarterly Filing Date, the Dissemination Agent shall, upon written direction from the applicable Reporting Party, file a notice of failure to provide Quarterly Information or failure to file a Quarterly Report with the MSRB in substantially the form attached as Exhibit B, as soon as practicable. If incomplete Quarterly Information or no Quarterly Information is provided by any Reporting Party, the Dissemination Agent and any other Reporting Party who provided complete Quarterly Information shall not be responsible for the failure to submit a complete Quarterly Report to the MSRB. If each Reporting Party timely provides the required Quarterly Information to the Administrator as described in this Section 3, the failure of the Administrator to provide the Quarterly

Report to the Dissemination Agent, or the failure of the Dissemination Agent to provide such report to the Participating Underwriter in a timely manner, shall not be deemed a default by the Reporting Parties under this Disclosure Agreement.

(d) Each Quarterly Report shall consist of the Quarterly Information listed in Exhibit A attached hereto.

SECTION 4. Event Reporting Obligations.

(a) Pursuant to the provisions of this Section 4, each of the following is a Developer Listed Event with respect to the Bonds:

(i) Failure to pay any real property taxes or Assessments levied within Major Improvement Area on a parcel owned by the Developer; provided, however, that the exercise of any right of the Developer as a landowner within Major Improvement Area to exercise legal and/or administrative procedures to dispute the amount or validity of all or any part of any real property taxes shall not be considered a Developer Listed Event under this Section 4 nor a breach or default of this Disclosure Agreement;

(ii) Material damage to or destruction of any development or improvements within Major Improvement Area, including the Major Improvement Area Projects and the Amenities;

(iii) Material default by the Developer or any of the Developer's Affiliates on any loan with respect to the acquisition, development, or permanent financing of Major Improvement Area undertaken by the Developer or any of the Developer's Affiliates;

(iv) Material default by the Developer or any of Developer's Affiliates on any loan secured by property within Major Improvement Area owned by the Developer or any of the Developer's Affiliates;

(v) The bankruptcy, insolvency, or similar filing of the Developer or any of the Developer's Affiliates or any determination that the Developer or any of the Developer's Affiliates is unable to pay its debts as they become due;

(vi) The consummation of a merger, consolidation, or acquisition of the Developer, or the sale of all or substantially all of the assets of the Developer or any of the Developer's Affiliates, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(vii) The filing of any lawsuit with a claim for damages in excess of $1,000,000 against the Developer or any of the Developer's Affiliates that may adversely affect the completion of development of Major Improvement Area, or litigation that may materially adversely affect the financial condition of the Developer or any of the Developer's Affiliates;

(viii) Any change in the legal structure, chief executive officer, or controlling ownership of the Developer;

(ix) Any assignment and assumption of disclosure obligations under this Disclosure Agreement pursuant to Section 5 or 6 hereof; and

(x) Early termination of or material default by a Significant Homebuilder under a Lot Purchase Agreement (unless the Developer has caused such Significant Homebuilder to undertake reporting obligations pursuant to Section 6 hereof).

(b) Pursuant to the provisions of this Section 4, each of the following occurrences related to any Significant Homebuilder is a Significant Homebuilder Listed Event with respect to the Bonds:

(i) Failure to pay any real property taxes or Assessments levied within Major Improvement Area on a lot or parcel owned by such Significant Homebuilder; provided, however, that the exercise of any right of such Significant Homebuilder as a landowner within Major Improvement Area to exercise legal and/or administrative procedures to dispute the amount or validity of all or any part of any real property taxes shall not be considered a Significant Homebuilder Listed Event under this subsection 4(b) nor a breach or default of this Disclosure Agreement;

(ii) The bankruptcy, insolvency, or similar filing of such Significant Homebuilder or any determination that such Significant Homebuilder is unable to pay its debts as they become due;

(iii) The consummation of a merger, consolidation, or acquisition involving such Significant Homebuilder or the sale of all or substantially all of the assets of such Significant Homebuilder, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(iv) Any change in the type of legal entity, chief executive officer, or controlling ownership of such Significant Homebuilder;

(v) Any assignment and assumption of disclosure obligations under this Disclosure Agreement pursuant to Section 6 herein; and

(vi) Early termination of or material default by such Significant Homebuilder under a Lot Purchase Agreement.

(c) Whenever a Reporting Party obtains knowledge of the occurrence of a Listed Event applicable to such Reporting Party, such Reporting Party shall promptly, and not more than five (5) Business Days after such Reporting Party obtains such knowledge, notify the Issuer, the Administrator and the Dissemination Agent in writing and the Reporting Party shall provide written direction to the Dissemination Agent to file a notice of such occurrence with the MSRB, in the manner hereinafter described, and provide a copy of such notice to the Issuer and the Participating Underwriter. Any such notice is required to be filed within ten (10) Business Days after the Reporting Party becomes aware of the occurrence of such Listed Event. If the Reporting Party timely notifies the Dissemination Agent of the occurrence of a Listed Event, as described in this Section 4, the failure of the Dissemination Agent to provide such notice to the Participating Underwriter in a timely manner shall not be deemed a default by such Reporting Party under this Disclosure Agreement.

The Developer and each other Reporting Party, if any, shall only be responsible for reporting the occurrence of a Listed Event applicable to such Reporting Party and shall not be responsible for reporting the occurrence of a Listed Event applicable to any other Reporting Party, regardless of if such Reporting Party is providing Quarterly Information on behalf of any other Reporting Party. Additionally, if a Significant Homebuilder does not execute the assignment and assumption of disclosure obligations pursuant to Section 6 hereof, and, therefore, the Developer is reporting on behalf of the Significant Homebuilder, the Developer shall not be required to conduct an independent investigation of the occurrence of a Significant Homebuilder Listed Event.

Any notice under the preceding paragraphs shall be accompanied with the text of the disclosure that the applicable Reporting Party desires to make, the written authorization of such Reporting Party for the Dissemination Agent to disseminate such information as provided herein, and the date the Reporting Party desires for the Dissemination Agent to disseminate the information.

In all cases, the applicable Reporting Party shall have the sole responsibility for the content, design and other elements comprising substantive contents of all disclosures. In addition, the applicable Reporting Party shall have the sole responsibility to ensure that any notice required to be filed with the MSRB under this Section 4 is actually filed within ten (10) Business Days after such Reporting Party becomes aware of the Listed Event applicable to such Reporting Party.

(d) The Dissemination Agent shall, promptly, and not more than five (5) Business Days after obtaining actual knowledge of the occurrence of any Listed Event, notify in writing the Administrator and the applicable Reporting Party of such Listed Event. The Dissemination Agent shall not be required to file a notice of the occurrence of such Listed Event with the MSRB unless and until it receives written instructions from the applicable Reporting Party to do so. It is agreed and understood that the duty to make or cause to be made the disclosures herein is that of the Reporting Party and not that of the Trustee or the Dissemination Agent. It is agreed and understood that the Dissemination Agent has agreed to give the foregoing notice to the applicable Reporting Party as an accommodation to assist it in monitoring the occurrence of such event, but is under no obligation to investigate whether any such event has occurred. As used above, "actual knowledge" means the actual fact or statement of knowing, without a duty to make any investigation with respect thereto. In no event shall the Dissemination Agent be liable in damages or in tort to the Participating Underwriter, the Administrator, the Issuer, any Reporting Party or any Owner or beneficial owner of any interests in the Bonds as a result of its failure to give the foregoing notice or to give such notice in a timely fashion.

(e) If the Dissemination Agent has been instructed in writing by a Reporting Party to report the occurrence of a Listed Event in accordance with subsection (c) or (d) of this Section 4, the Dissemination Agent shall file a notice of such occurrence with the MSRB promptly after its receipt of such written instructions from such Reporting Party; provided that all such notices must be filed no later than the date specified in subsection (c) of this Section 4 for such Listed Event.

SECTION 5. Assumption of Reporting Obligations of Developer.

The Developer shall cause each Person, unless an Affiliate of the Developer, who, through assignment, assumes the obligations, requirements or covenants to construct one or more of the Major Improvement Area Projects or the Amenities to assume and comply with the disclosure obligations of the Developer under this Disclosure Agreement with respect thereto. The Developer shall deliver to the

Dissemination Agent, Administrator and the Issuer, a written acknowledgement and assumption from each Person, unless an Affiliate of the Developer, who assumes the obligations, requirements or covenants to construct one or more of the Major Improvement Area Projects or the Amenities in substantially the form attached as Exhibit E (the "Developer Acknowledgment"), acknowledging and assuming its obligations under this Disclosure Agreement. Pursuant to Section 4(a)(ix) above, the Developer shall provide written direction to the Dissemination Agent to file a copy of each Developer Acknowledgment with the MSRB, in accordance with Sections 4(c) and 4(e) above. Upon any such transfer to a Person, and such Person's delivery of written acknowledgement of assumption of Developer's obligations under this Disclosure Agreement as to the property transferred, the Developer shall have no further obligation or liability for disclosures or other responsibilities under this Disclosure Agreement as to the construction of the Major Improvement Area Projects or the Amenities so assigned. Notwithstanding anything to the contrary elsewhere herein, after such assignment, the Developer shall not be liable for the acts or omissions of such Person arising from or in connection with such disclosure obligations under this Disclosure Agreement.

SECTION 6. Assumption of Reporting Obligations by Significant Homebuilders.

If a Homebuilder acquires ownership of real property in Major Improvement Area resulting in such Homebuilder becoming a Significant Homebuilder, the Developer may (i) cause such Significant Homebuilder to comply with the Developer's disclosure obligations under subsection 4(b) hereof, with respect to such acquired real property until such party's disclosure obligations terminate pursuant to Section 7 of this Disclosure Agreement or (ii) elect to provide any or all Quarterly Information on behalf of such Significant Homebuilder; provided, however, that if the Developer initially elects to provide any or all Quarterly Information on behalf of such Significant Homebuilder, the Developer may elect in the future to cause such Significant Homebuilder to comply with the disclosure obligations, as described in clause (i) above.

(b) If the Developer elects to cause a Significant Homebuilder to comply with the Developer's disclosure obligations, as described in clause (a)(i) above, the Developer shall deliver to the Dissemination Agent, Administrator and the Issuer a written acknowledgement from each Significant Homebuilder, in substantially the form attached as Exhibit F (the "Significant Homebuilder Acknowledgment"), acknowledging and assuming its obligations under this Disclosure Agreement. Pursuant to subsections 4(a)(ix) and 4(b)(vi) above, the Developer shall provide written direction to the Dissemination Agent to file a copy of the Significant Homebuilder Acknowledgment with the MSRB, in accordance with subsections 4(c) and 4(e) above. Upon any such transfer to a Significant Homebuilder, the assumption by such Significant Homebuilder of the Developer's obligations under this Disclosure Agreement as to the property transferred, and such Significant Homebuilder's delivery of an executed Significant Homebuilder Acknowledgment, the Developer shall have no further obligation or liability for disclosures or other responsibilities under this Disclosure Agreement as to the property transferred or the obligations assigned. The Developer shall remain obligated with respect to any real property acquired by a Significant Homebuilder until an executed Significant Homebuilder Acknowledgment with respect to such real property is delivered to the Dissemination Agent, Administrator, the Issuer and the MSRB, in accordance with this Section 6(b).

(c) Notwithstanding anything to the contrary elsewhere herein, after such transfer of ownership, the Developer shall not be liable for the acts or omissions of such Significant Homebuilder arising from or in connection with such disclosure obligations under this Disclosure Agreement.

Additionally, for the avoidance of doubt, the Developer shall use commercially reasonable efforts to require that any Significant Homebuilder comply with obligations of this Section 6 with respect to any subsequent transfers by such Significant Homebuilder to any individual or entity meeting the definition of a "Significant Homebuilder" in the future, including the requirement, pursuant to Section 4(b)(vi) above, to direct the Dissemination Agent to file a copy of the Significant Homebuilder Acknowledgment with the MSRB, in accordance with Section 4(e) above.

SECTION 7. Termination of Reporting Obligations.

(a) The reporting obligations of the Developer under this Disclosure Agreement shall terminate upon, the earlier of (i) the date when none of the Bonds remain Outstanding, (ii) when the Developer, including its respective Affiliates and/or successors and assigns, no longer owns 8 or more of the single family residential lots within Major Improvement Area, as of each Quarterly Ending Date, or (iii) the issuance of the certificate of occupancy or third-party inspection, as applicable, for the last single family residential lot or Assessed Property within Major Improvement Area owned by the Developer, including its respective Affiliates and/or successors and assigns. Notwithstanding the foregoing, if the Developer is reporting on behalf of a Significant Homebuilder, the Developer's reporting obligations, with respect to the property owned by the Significant Homebuilder, terminates in accordance with subsection (b) below.

(b) The reporting obligations of a Significant Homebuilder that is a Reporting Party, if any, under this Disclosure Agreement shall terminate upon the earlier of (i) the date when none of the Bonds remain Outstanding, (ii) when such Significant Homebuilder, including its respective Affiliates and/or successors and assigns, no longer owns 8 or more of the single family residential lots within Major Improvement Area, as of each Quarterly Ending Date, or (iii) the issuance of the certificate of occupancy or third-party inspection, as applicable, for the last single family residential lot or Assessed Property within Major Improvement Area owned by such Significant Homebuilder, including its respective Affiliates and/or successors and assigns.

(c) Upon receipt of written notice from a Reporting Party or the Dissemination Agent that the reporting obligations of a Reporting Party have terminated in accordance with subsection (a) or (b), as applicable, of this Section 7, the Administrator shall provide written notice to the applicable Reporting Party, the Participating Underwriter, the Issuer, and the Dissemination Agent in substantially the form attached as Exhibit C, of the termination of the applicable Reporting Party's reporting obligations under this Disclosure Agreement (the "Termination Notice"). If such Termination Notice with respect to a Reporting Party occurs while any of the Bonds remain Outstanding, the Administrator shall immediately provide, or cause to be provided, the Termination Notice to the Dissemination Agent, and the Dissemination Agent shall provide such Termination Notice to the MSRB, the Issuer, the Trustee, the applicable Reporting Party and the Participating Underwriter on or before the next succeeding Quarterly Filing Date.

(d) The obligations of the Administrator and the Dissemination Agent under this Disclosure Agreement shall terminate upon the earlier of (i) the date when none of the Bonds remain Outstanding, or (ii) termination of all Reporting Parties' reporting obligations in accordance with subsection (a) and (b) of this Section 7 and any Termination Notice required by subsection (c) of this Section 7 has been provided to the MSRB, the Issuer, the Trustee, the Dissemination Agent, the Reporting Parties, and the Participating Underwriter, as applicable.

SECTION 8. Dissemination Agent. The initial Dissemination Agent appointed hereunder shall be Wilmington Trust, National Association. The Issuer may, from time to time, appoint or engage a successor Dissemination Agent to assist the Reporting Parties in carrying out their obligations under this Disclosure Agreement and may discharge such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent. Pursuant to the Disclosure Agreement of the Issuer, the Issuer has agreed to provide written notice to each then-existing Reporting Party of any change in the identity of the Dissemination Agent. The Dissemination Agent may resign at any time with thirty (30) days' written notice to the Issuer.

SECTION 9. Amendment; Waiver. Notwithstanding any other provisions of this Disclosure Agreement, the Developer, the Administrator and the Dissemination Agent may jointly amend this Disclosure Agreement (and the Dissemination Agent shall not unreasonably withhold its consent to any reasonable amendment so requested in writing by the Developer or the Administrator in writing), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3 or 4, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of any Reporting Party, or the type of business conducted; and

(b) The amendment or waiver either (i) is approved by the Owners of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or beneficial owners of the Bonds. No amendment which adversely affects the Dissemination Agent or the Issuer may be made without the respective party's prior written consent (which consent will not be unreasonably withheld or delayed).

(c) In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Administrator shall describe such amendment in the next related Quarterly Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type of financial information or operating data being presented by the Reporting Parties. The Developer shall provide, or cause to be provided, at its cost and expense, an executed copy of any amendment or waiver entered into under this Section 9 to the Issuer, the Administrator, the Dissemination Agent, and the Participating Underwriter.

SECTION 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent any Reporting Party from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in addition to that which is required by this Disclosure Agreement. If any Reporting Party chooses to include any information in any Quarterly Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, no Reporting Party shall have an obligation under this Disclosure Agreement to update such information or include it in any future Quarterly Report or notice of occurrence of a Listed Event.

SECTION 11. Content of Disclosures. In all cases, the applicable Reporting Party shall have the sole responsibility for the content, design and other elements comprising substantive contents of all disclosures, whether provided under Section 3, 4 or 9 of this Disclosure Agreement.

SECTION 12. Default. In the event of a failure of a Reporting Party, Dissemination Agent or Administrator to comply with any provision of this Disclosure Agreement, any Owner or beneficial owner of the Bonds may, and the Dissemination Agent (at the written request of any Participating Underwriter or the Owners of at least twenty-five percent (25%) aggregate principal amount of Outstanding Bonds and upon being indemnified to its satisfaction against all costs, fees, expenses, and liability for such action) shall, take such actions as may be necessary and appropriate to cause the Reporting Party, Dissemination Agent and/or Administrator to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture with respect to the Bonds, and the sole remedy under this Disclosure Agreement in the event of any failure of the Developer, Dissemination Agent or Administrator to comply with this Disclosure Agreement shall be an action to mandamus or specific performance. A default under this Disclosure Agreement shall not be deemed a default under the Disclosure Agreement of Issuer, and a default under the Disclosure Agreement of Issuer shall not be deemed a default under this Disclosure Agreement. Furthermore, a default under this Disclosure Agreement by any Reporting Party shall not be deemed a default under this Disclosure Agreement by any other Reporting Party, and no Reporting Party shall have any obligation to take any action to mitigate or cure the default of any other Reporting Party.

SECTION 13. Duties, Immunities and Liabilities of Dissemination Agent and Administrator.

(a) The Dissemination Agent shall not have any duty with respect to the content of any disclosures made by a Reporting Party and/or the Administrator pursuant to the terms hereof. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Dissemination Agent. THE D

Exhibit A
Development Agreement

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Blanca Tuma, County Clerk - Wise County, Texas

PALOMA TRAILS DEVELOPMENT 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

COUNTY OF WISE, TEXAS COUNTY COURT

Effective Date means the effective date of this Agreement, which shall be the date upon which all Parties have fully executed and delivered this Agreement and the Developer is owner of the Property.

End User means any tenant, user, or owner of a Fully Developed and Improved Lot, but excluding the HOA.

Fully Developed and Improved Lot means any privately-owned lot in the Project, regardless of proposed use, intended to be served by the Authorized Improvements and for which a final plat has been approved by the City and recorded in the Real Property Records of Wise County.

HOA means the homeowners association formed with respect to the Project, which shall privately function as a homeowners association for the Project, or such similar name as may be available with Texas Secretary of State, and its successors.

Home Buyer Disclosure Program means a disclosure program meeting the requirements of Section 5.014 of the Texas Property Code that establishes a mechanism to disclose to each End User the terms and conditions under which their lot is burdened by the PID.

Impact Fees means those fees assessed and charged against the Project in accordance with Chapter 395 and as defined therein.

Impact Fee Credits means credits against Impact Fees otherwise due from the Project.

Improvement Account of the Project Fund ("IAPF") means the construction fund account created under the Indenture, funded by the PID Bond Proceeds, and used to pay or reimburse for certain portions of the construction or acquisition of the PID Projects.

Indenture means a trust indenture by and between the City and a trustee bank under which PID Bonds are issued and funds are held and disbursed.

Mayor means the Mayor of the City.

Non-Benefited Property means parcels or lots that accrue no special benefit from the PID Projects, including but not limited to property encumbered with a public utility easement that restricts the use of such property to such easement.

Notice means any notice required or contemplated by this Agreement (or otherwise given in connection with this Agreement).

PID means the "Paloma Trails Public Improvement District" for which the City agrees to exert reasonable efforts to create for the benefit certain portions of the Project pursuant to the PID Act and this Agreement.

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

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(j) No outstanding PID Bonds are in default and no reserve funds established for outstanding PID Bonds have been drawn upon that have not been replenished.

(k) The Administrator has indicated that the specified portions of the PID Projects Cost to be paid from the proceeds of the PID Bonds are eligible to be paid with the proceeds of such PID Bonds.

(l) The PID Projects to be financed by the PID Bonds have been or will be constructed according to the approved Development Standards imposed by this Agreement, including without limitation any applicable City Regulations.

(m) The City has determined that the amount of proposed PID assessments and the structure, terms, conditions and timing of the issuance of the PID Bonds are reasonable for the PID Project Costs to be financed and the degree of development activity within the PID, and that there is sufficient security for the PID Bonds to be creditworthy.

(n) The maximum maturity for PID Bonds shall not exceed thirty (30) years from the date of delivery thereof.

(o) The City has determined that the PID Bonds meet all regulatory and legal requirements applicable to the issuance of the PID Bonds.

(p) The minimum value to lien ratio for PID Bonds, solely taking into account the portion of the Assessments related to the par amount of such PID Bonds, shall be 2:1, and any receivables due under any PID Reimbursement Agreement may be sold or assigned by the Developer without the consent of the City.

(q) No information regarding the City, including without limitation financial information, shall be included in any offering document relating to PID Bonds without the consent of the City.

(r) The Developer agrees to provide periodic information and notices of material events regarding the Developer and the Developer's development within the PID in accordance with any Developer Continuing Disclosure Agreement required to be executed by the Developer in connection with the issuance of PID Bonds.

(s) Developer is not in default under a Developer Continuing Disclosure Agreement.

(t) The Developer and the City shall have entered into a PID Reimbursement Agreement that provides for the Developer's construction of certain PID Projects and the City's reimbursement to the Developer of certain PID Projects and no material default exists.

(u) Simultaneous with closing the PID Bonds, the City may require the Developer to provide evidence of financial security sufficient to fund the Authorized

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Certificate to be violated or that would otherwise have an adverse effect on the tax-exempt status of the interest payable on the PID Bonds for federal income tax purposes.

SECTION 5
AUTHORIZED IMPROVEMENTS

5.1 Authorized Improvements. The Authorized Improvements and Authorized Improvements Cost are subject to change as may be agreed upon by Developer and the City in writing, and, if changed, shall be updated by the Developer and the City consistent with the Service and Assessment Plan and the PID Act. All approved final plats within the Project shall include those Authorized Improvements located therein and the respective Authorized Improvements Cost shall be finalized at the time the applicable final plat is approved by the City Council. The Developer shall include any updated Budgeted Cost(s) with each final plat application that shall be submitted to the City Council for consideration and approval concurrently with the submission of each final plat. Upon approval by the City Council of any such updated Budgeted Cost(s), this Agreement shall be deemed amended to include such approved updated Budgeted Cost(s) in **Exhibit E** hereto. The Budgeted Cost, Authorized Improvements Cost, and the timetable for installation of the Authorized Improvements will be reviewed at least annually by the Parties in an annual update of the Service and Assessment Plan as adopted and approved by the City.

5.2 Construction, Ownership, and Transfer of Authorized Improvements.

(a) Contract Specifications. Developer's engineers shall prepare, or cause the preparation of, and provide the City with contract specifications and necessary related documents for the Authorized Improvements in accordance with City Regulations (the "Contract Specifications"). Such Contract Specifications shall be subject to the review and approval of City in accordance with City's standard development processes pursuant to City Regulations, including without limitation the payment of applicable fees.

(b) Construction Standards, Inspections and Fees. Except as otherwise expressly set forth in this Agreement, the Authorized Improvements and all other Public Infrastructure required for the development of the Property shall be constructed and inspected, and all applicable fees, including but not limited to Impact Fees, permit fees, and inspection fees, shall be paid by Developer, in accordance with this Agreement, the City Regulations, and any other governing body or entity with jurisdiction over the Authorized Improvements.

(c) Contract Letting. The Parties understand that construction of the Authorized Improvements to be funded through Assessments are legally exempt from competitive bidding requirements pursuant to the Texas Local Government Code. As of the Effective Date, the construction contracts for the construction of Authorized Improvements have not been awarded and contract prices have not yet been determined. Before entering into any construction contract for the construction of all or any part of the Authorized Improvements, Developer's engineers shall prepare, or cause the preparation of, and submit to the City all contract specifications and necessary related documents, including the contract proposal showing the negotiated total contract price and scope of work, for the construction of any portion of the Authorized Improvements that have not been awarded.

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5.8 Screening, Landscaping, Detention Ponds, and Entryways. Before the recordation of the final plat for any phase of the Project, Developer shall construct, in a good and workmanlike manner, standard screening in accordance the City Regulations along all perimeter roadways subject to the review and approval of City in accordance with City's standard development processes pursuant to City Regulations, including without limitation the payment of applicable fees. In addition, Developer shall install enhanced screening, landscaping, and hardscaping at all street entrances to the Project subject to the review and approval of City in accordance with City's standard development processes pursuant to City Regulations, including without limitation the payment of applicable fees. The HOA shall maintain all landscaping, detention ponds, open spaces, parks, and trails on the Property.

SECTION 6
PAYMENT AND REIMBURSEMENT OF AUTHORIZED IMPROVEMENTS

6.1 PID Projects.

(a) Improvement Account of the Project Fund. The IAPF shall be administered and controlled by the City, or the trustee bank for the PID Bonds, and funds in the IAPF shall be deposited and disbursed in accordance with the terms of the Indenture.

(b) Timing of Expenditures and Reimbursements. Developer shall finance and undertake construction of the PID Projects in accordance with this Agreement, the SAP, or otherwise in conjunction with the construction of the applicable phases of the Project prior to seeking reimbursement from the IAPF. Although the terms by which Developer will be entitled to reimbursement from the IAPF shall be detailed in one or more PID Reimbursement Agreement(s), Developer will generally be entitled to the maximum available funds within the IAPF up to the actual amount of the PID Projects Cost, plus interest, following the City's acceptance of the PID Projects.

(c) Cost Overrun. Should the PID Projects Cost exceed the maximum PID Bond Proceeds deposited in the IAPF ("Cost Overrun"), the Developer shall be solely responsible to fund such part of the Cost Overrun, subject to any Cost Underrun as described in subsection (d) below.

(d) Cost Underrun. Upon the final acceptance by City of an Authorized Improvement and payment of all outstanding invoices for such Authorized Improvement, and only if the Authorized Improvement Cost is less than the Budgeted Cost (a "Cost Underrun"), any remaining funds in the Improvement Account of the Project Fund will be available to pay Cost Overruns on any other Authorized Improvement. The City shall promptly confirm to the Trustee that such remaining amounts are available to pay such Cost Overruns, and the City, with input from the Developer, will decide how to use such moneys to secure the payment and performance of the work for other Authorized Improvements, if available. If a Cost Underrun exists after payment of all costs for all Authorized Improvements contemplated in the applicable Indenture, such unused funds will be used to pay Assessments on the Property.

(e) Infrastructure Oversizing. Developer shall not be required to construct or fund any Public Infrastructure so that it is oversized, other than the Offsite Water Line as set forth

7.6 Conflicts. In the event of any direct conflict between this Agreement and any other ordinance, rule, regulation, standard, policy, order, guideline, or other City adopted or City enforced requirement, whether existing on the Effective Date or thereafter adopted, this Agreement, including its exhibits, as applicable, shall control. In the event of a conflict between the Concept Plan and the Development Standards, the Development Standards shall control to the extent of the conflict.

7.7 Compliance with City Regulations. Development and use of the Property, including, without limitation, the construction, installation, maintenance, repair, and replacement of all buildings and all other improvements and facilities of any kind whatsoever on and within the Property, shall be in compliance with City Regulations and processes. City Regulations shall apply to the development and use of the Property.

7.8 Phasing. The Property may be developed in phases and Developer may submit a replat or amending plat for all or any portions of the Property in accordance with applicable law. Any replat or amending plat shall conformance with applicable City Regulations and subject to City approval.

7.9 Public Infrastructure, Generally. Except as otherwise expressly provided for in this Agreement, Developer shall provide all Public Infrastructure necessary to serve the Project, including streets, utilities, drainage, sidewalks, trails, street lighting, street signage, and all other required improvements, at no cost to the City except as expressly provided in this Agreement or the PID Reimbursement Agreement, and as approved by the City's engineer or his or her agent. Developer shall cause the installation of the Public Infrastructure within all applicable time frames in accordance with the City Regulations unless otherwise established in this Agreement. Developer shall provide engineering studies, plan/profile sheets, and other construction documents at the time of platting as required by City Regulations. Such plans shall be reviewed and subject to the approval of the City's engineer or his or her agent prior to approval of a final plat. Construction of any portion of the Public Infrastructure shall not be initiated until a pre-construction conference with a City representative has been held regarding the proposed construction and the City has issued a written notice to proceed. No final plat may be recorded in the Real Property Records until construction of all Public Infrastructure shown thereon shall have been constructed, and thereafter inspected, approved, and accepted by the City in accordance with City's standard processes and City Regulations.

7.10 Maintenance Bonds. For each construction contract for any part of the Public Infrastructure, Developer, or Developer's contractor, must execute a maintenance bond identifying the City as a dual oblige and guaranteeing the costs of any repairs at one hundred and percent (100%) of the costs of the Public Infrastructure for a full period of two (2) years from the date of final acceptance of the Public Infrastructure constructed under such contract. The maintenance bond shall be provided on a form designated by the City.

7.11 Inspections, Acceptance of Public Infrastructure, and Developer's Remedy.

(a) Inspections, Approvals Generally. The City shall have the right to inspect, at any time, the construction of all Public Infrastructure necessary to support the Project, including water, wastewater/sanitary sewer, drainage, roads, streets, alleys, park facilities, electrical, and

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develop the Property subject to this Agreement shall be assignable, in whole or in part, by the Developer, or any lien holder on the Property, with the prior written consent of the City; City's consent shall not be unreasonably withheld. Notwithstanding the foregoing, any entity formed in which the Developer or any principal of the Developer retains an ownership interest of at least ninety percent (90%), any subsidiary of the Developer, or any entity identified by the Developer and disclosed to the City during the negotiation of this Agreement, including but not limited to D2 Development, LP or any single-asset entity formed by or with D2 Development, LP, shall be considered an approved assignee hereunder and no consent for assignment shall be required. An assignee shall be considered a "Party" for the purposes of this Agreement. Each assignment shall be in writing executed by Developer and the assignee and shall obligate the assignee to be bound by this Agreement to the extent this Agreement applies or relates to the obligations, rights, title, or interests being assigned. No assignment by Developer shall release Developer from any liability that resulted from an act or omission by Developer that occurred prior to the effective date of the assignment unless the City approves the release in writing. Developer shall maintain written records of all assignments made by Developer to assignees, including a copy of each executed assignment and, upon written request from any Party or assignee, shall provide a copy of such records to the requesting person or entity, and this obligation shall survive the assigning Party's sale, assignment, transfer, or other conveyance of any interest in this Agreement or the Property.

11.2 Encumbrance by Developer and Assignees. Developer and Assignees have the right, from time to time, to collaterally assign, pledge, grant a lien or security interest in, or otherwise encumber any of their respective rights, title, or interest under this agreement for the benefit of their respective lenders without the consent of, but with prompt written notice to, the city. The collateral assignment, pledge, grant of lien or security interest, or other encumbrance shall not, however, obligate any lender to perform any obligations or incur any liability under this agreement unless the lender agrees in writing to perform such obligations or incur such liability. Provided the city has been given a copy of the documents creating the lender's interest, including notice (hereinafter defined) information for the lender, then that lender shall have the right, but not the obligation, to cure any default under this agreement and shall be given a reasonable time to do so in addition to the cure periods otherwise provided to the defaulting party by this agreement; and the city agrees to accept a cure offered by the lender as if offered by the defaulting party. A lender is not a party to this agreement unless this agreement is amended, with the consent of the lender, to add the lender as a party. Notwithstanding the foregoing, however, this agreement shall continue to bind the property and shall survive any transfer, conveyance, or assignment occasioned by the exercise of foreclosure or other rights by a lender, whether judicial or non-judicial. Any purchaser from or successor owner through a lender of any portion of the property shall be bound by this agreement and shall not be entitled to the rights and benefits of this agreement with respect to the acquired portion of the property until all defaults under this agreement with respect to the acquired portion of the property have been cured.

11.3 Assignees as Parties. An assignee authorized in accordance with this Agreement and for which notice of assignment has been provided and consent given in accordance herewith shall be considered a "Party" for the purposes of this Agreement. With the exception of: (a) the City, (b) an End User, (c) a purchaser of a Fully Developed and Improved Lot, any person or entity upon becoming an owner of land within the PID or upon obtaining an ownership interest

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competent jurisdiction to be unenforceable for any reason, then: (a) such unenforceable provision shall be deleted from this Agreement; (b) the unenforceable provision shall, to the extent possible and upon mutual agreement of the parties, be rewritten to be enforceable and to give effect to the intent of the Parties; and (c) the remainder of this Agreement shall remain in full force and effect and shall be interpreted to give effect to the intent of the Parties.

13.10 Applicable Law; Venue. This Agreement is entered into pursuant to, and is to be construed and enforced in accordance with, the laws of the State of Texas, and all obligations of the Parties are performable in Wise County. Exclusive venue for any action related to, arising out of, or brought in connection with this Agreement shall be in the Wise County District Court.

13.11 Non Waiver. Any failure by a Party to insist upon strict performance by the other Party of any material provision of this Agreement shall not be deemed a waiver thereof, and the Party shall have the right at any time thereafter to insist upon strict performance of any and all provisions of this Agreement. No provision of this Agreement may be waived except by writing signed by the Party waiving such provision. Any waiver shall be limited to the specific purposes for which it is given. No waiver by any Party of any term or condition of this Agreement shall be deemed or construed to be a waiver of any other term or condition or subsequent waiver of the same term or condition.

13.12 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and constitute one and the same instrument.

13.13 Force Majeure. Each Party shall use good faith, due diligence and reasonable care in the performance of its respective obligations under this Agreement, and time shall be of the essence in such performance; however, in the event a Party is unable, due to force majeure, to perform its obligations under this Agreement, then the obligations affected by the force majeure shall be temporarily suspended. Within three (3) business days after the occurrence of a force majeure, the Party claiming the right to temporarily suspend its performance, shall give Notice to all the Parties, including a detailed explanation of the force majeure and a description of the action that will be taken to remedy the force majeure and resume full performance at the earliest possible time. The term "force majeure" shall include events or circumstances that are not within the reasonable control of the Party whose performance is suspended and that could not have been avoided by such Party with the good faith exercise of good faith, due diligence and reasonable care.

13.14 Complete Agreement. This Agreement embodies the entire Agreement between the Parties and cannot be varied or terminated except as set forth in this Agreement, or by written agreement of the Parties expressly amending the terms of this Agreement. By entering into this Agreement, any previous agreements or understanding between the Parties relating to the same subject matter are null and void.

13.15 Consideration. This Agreement is executed by the Parties hereto without coercion or duress and for substantial consideration, the sufficiency of which is hereby acknowledged.

DEVELOPER:

TWS LAND PARTNERS LP,
a Texas limited partnership

By: Todd Winters
Name:
Title: General Partner

STATE OF TEXAS §
COUNTY OF ELLIS §

This instrument was acknowledged before me, on the 28th day of October, 2022, by Todd Winters, GP of TWS Land the General Partner of TWS Land Partners LP, a Texas limited partnership, on behalf of said limited partnership.

[SEAL]

SUSAN G. MURRA
Notary Public, State of Texas
Comm. Expires 02-14-2023
Notary ID 3902646

Susan G Murra
Notary Public, State of Texas

Development Agreement Signature Page

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EXHIBIT – A

METES & BOUNDS 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;

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in construction, approval or acceptance of the subdivision caused by the failure to submit the association documents or the inaccuracy of the documents.

9. The proposed development will be in complete accordance with the provisions of the approved Planned Development District and all Development Plans recorded hereunder shall be binding upon the applicant thereof, their successors and assigns, and shall limit and control all building permits.

DEVELOPMENT STANDARDS – SINGLE FAMILY

1. Uses:
   A. Permitted uses allowed in Paloma Trails shall be all principal and accessory uses which are allowed by right in the SF-2 Single Family Residential District, in accordance with the Permitted Use Table of the Decatur Zoning Ordinance.
   B. A Specific Use Permit shall be required for all uses otherwise requiring a Special Use Permit in the SF-2 Single Family Residential District, in accordance with the Permitted Use table of the Decatur Zoning Ordinance.
2. The minimum allowable lot mix shall be as follows:

LOT TYPE	LOTS	% of Residential Area
TYPE 1	205	49%
TYPE 2	171	41%
TYPE 3	42	10%
TOTAL	418	**100%**

3. Single-Family Detached Lot Development Standards:

Lot Type	TYPE 1	TYPE 2	TYPE 3
Minimum Lot Width	50'	60'	70'
Minimum Lot Area (SQ FT)	6,000	7,200	8,200
Minimum Lot Depth	100'	100'	100'
Minimum Front Yard Setback	20'	20'	20'
Minimum Rear Yard Setback	10'	10'	10'
Minimum Side Yard Setback Interior	5'	5'	5'

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6. NORTH 70 DEGREES 28 MINUTES 12 SECONDS EAST A DISTANCE OF 51.05 FEET TO A CONCRETE MONUMENT FOUND;
7. NORTH 87 DEGREES 32 MINUTES 32 SECONDS EAST A DISTANCE OF 1405.91 FEET TO AN IRON ROD SET AT THE NORTHEAST CORNER OF SAID 150.672 ACRE TRACT AND THE COMMON NORTHWEST CORNER OF THE NORMAN HALL AND AIDA C. HALL CALLED 14.97 ACRE TRACT AS DESCRIBED IN INSTRUMENT NUMBER 202011286 (D.R.W.C.T.);

THENCE SOUTH 00 DEGREES 29 MINUTES 38 SECONDS WEST, ALONG THE EAST LINE OF SAID 150.672 ACRE TRACT, AT A DISTANCE OF 932.39 FEET PASS A 1/2" IRON ROD FOUND WITH YELLOW CAP AT THE SOUTHWEST CORNER OF SAID 14.97 ACRE TRACT, SAME BEING THE COMMON NORTHWEST CORNER OF THE FORTERRA PIPE & PRECAST, LLC CALLED 10.011 ACRE TRACT AS DESCRIBED IN INSTRUMENT NUMBER 201902383 (D.R.W.C.T.) AND CONTINUING ALONG THE WEST LINE OF SAID 10.011 FOR A TOTAL DISTANCE OF 2181.27 FEET TO A 3" IRON PIPE FOUND;

THENCE SOUTH 00 DEGREES 31 MINUTES 49 SECONDS WEST CONTINUING ALONG THE EAST LINE OF SAID 150.672 ACRE TRACT AND THE COMMON WEST LINE OF SAID 10.011 ACRE TRACT, A DISTANCE OF 601.04 FEET TO A MAG NAIL SET IN THE CENTER OF OLD DENTON HIGHWAY, SAME BEING THE NORTH LINE OF THE CHARLES GARY COCANOUGHER, ET UX CALLED 202.571 ACRE TRACT AS DESCRIBED IN INSTRUMENT NUMBER 2009-46718, (D.R.W.C.T.) AND BEING AT THE SOUTHEAST CORNER OF SAID 150.672 ACRE TRACT;

THENCE ALONG THE CENTERLINE OF OLD DENTON HIGHWAY, SAME BEING THE SOUTH LINE OF SAID 150.672 ACRE TRACT AND THE COMMON NORTH LINE OF SAID 202.571 ACRE TRACT, THE COMMON NORTH LINE OF THE SCOTT SHERB CALLED 28.810 ACRE TRACT AS DESCRIBED IN INSTRUMENT NUMBER 2011-482, (D.R.W.C.T.), THE COMMON NORTH LINE OF THE DON L. SUDDUTH CALLED 0.50 ACRE TRACT AS DESCRIBED IN VOLUME 420, PAGE 799, (D.R.W.C.T.), AND THE COMMON NORTH LINE OF THE ABOVE-MENTIONED SCOTT SHERB CALLED 20.375 ACRE TRACT, THE FOLLOWING THREE (3) COURSES AND DISTANCES:

1. NORTH 88 DEGREES 45 MINUTES 07 SECONDS WEST, A DISTANCE OF 964.81 FEET TO A MAG NAIL SET;
2. NORTH 88 DEGREES 37 MINUTES 27 SECONDS WEST A DISTANCE OF 244.50 FEET TO A MAG NAIL SET;
3. NORTH 88 DEGREES 22 MINUTES 54 SECONDS WEST, AT A DISTANCE OF 266.54 FEET PASS A MAG NAIL FOUND AT THE NORTHWEST CORNER OF SAID 28.810 ACRE TRACT AND COMMON NORTHEAST CORNER OF SAID 0.50 ACRE TRAT, AT A DISTANCE OF 466.46 FEET PASS A MAG NAIL FOUND AT THE NORTHWEST CORNER OF SAID 0.50 ACRE TRACT AND COMMON 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

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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, 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.

Authorized Improvements Cost means the actual costs of design, engineering, construction, acquisition, and inspection of the Authorized Improvements and all costs related in any manner to the Authorized Improvements.

Available TIRZ Revenue means TIRZ Revenues less any amounts needed by the City or the TIRZ Board to pay administrative costs of the TIRZ and as more specifically described in Section 8 of this Agreement.

Bond Ordinance means an ordinance adopted by the City Council that authorizes and approves the issuance and sale of the PID Bonds.

Budgeted Cost means, with respect to any given Authorized Improvement, the estimated cost of the improvement as set forth by phase in Exhibit E.

Chapter 245 means Chapter 245, Texas Local Government Code.

Chapter 395 means Chapter 395, Texas Local Government Code.

City Code means the Code of Ordinances, City of Decatur, Texas.

City Council means the governing body of the City.

City Manager means the current or acting City Manager of the City, or a person designated to act on behalf of that individual if the designation is in writing and signed by the current or acting City Manager.

City Regulations means the City's applicable development regulations in effect on the Effective Date, including without limitation City Code provisions, ordinances (including, without limitation, park dedication fees), design standards (including, without limitation, pavement thickness), and other policies duly adopted by the City; provided, however, that as it relates to Public Infrastructure for any given phase of the Project, the applicable construction standards (including, without limitation, uniform building codes) shall be those that the City has duly adopted at the time of the filing of an application for a preliminary plat for that phase unless construction has not commenced within two years of approval of such preliminary plat in which case the construction standards shall be those that the City has duly adopted at the time that construction commences.

Concept Plan means the Concept Plan for the development of the Project as depicted in Exhibit C attached hereto.

Developer Continuing Disclosure Agreement means any continuing disclosure agreement of Developer executed contemporaneously with the issuance and sale of PID Bonds.

Development Standards means the design specifications and construction standards permitted or imposed by this Agreement which are set forth on Exhibit D and applicable City Regulations.

Effective Date means the effective date of this Agreement, which shall be the date upon which all Parties have fully executed and delivered this Agreement and the Developer is owner of the Property.

End User means any tenant, user, or owner of a Fully Developed and Improved Lot, but excluding the HOA.

Fully Developed and Improved Lot means any privately-owned lot in the Project, regardless of proposed use, intended to be served by the Authorized Improvements and for which a final plat has been approved by the City and recorded in the Real Property Records of Wise County.

HOA means the homeowners association formed with respect to the Project, which shall privately function as a homeowners association for the Project, or such similar name as may be available with Texas Secretary of State, and its successors.

Home Buyer Disclosure Program means a disclosure program meeting the requirements of Section 5.014 of the Texas Property Code that establishes a mechanism to disclose to each End User the terms and conditions under which their lot is burdened by the PID.

Impact Fees means those fees assessed and charged against the Project in accordance with Chapter 395 and as defined therein.

Impact Fee Credits means credits against Impact Fees otherwise due from the Project.

Improvement Account of the Project Fund ("IAPF") means the construction fund account created under the Indenture, funded by the PID Bond Proceeds, and used to pay or reimburse for certain portions of the construction or acquisition of the PID Projects.

Indenture means a trust indenture by and between the City and a trustee bank under which PID Bonds are issued and funds are held and disbursed.

Mayor means the Mayor of the City.

Non-Benefited Property means parcels or lots that accrue no special benefit from the PID Projects, including but not limited to property encumbered with a public utility easement that restricts the use of such property to such easement.

Notice means any notice required or contemplated by this Agreement (or otherwise given in connection with this Agreement).

PID means the "Paloma Trails Public Improvement District" for which the City agrees to exert reasonable efforts to create for the benefit certain portions of the Project pursuant to the PID Act and this Agreement.

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

PID Bonds means assessment revenue bonds, but not Refunding Bonds, issued by the City pursuant to the PID Act to finance the PID Projects.

PID Bond Proceeds means the funds generated from the sale of the PID Bonds.

PID Documents means, collectively, the PID Resolution, the SAP, and the Assessment Ordinance(s).

PID Projects means all water, wastewater/sewer, drainage, roadway, rights-of-way and other improvements allowable under the PID Act and benefitting and necessary to serve the Project, identified in the PID Documents and outlined in Exhibit E, "Authorized Improvements".

PID Projects Cost means the actual cost of design, engineering, construction, acquisition, and/or inspection of the PID Projects, along with Administrative Expenses associated with the PID.

PID Reimbursement Agreement means an agreement by and between the City and Developer by which the Parties establish the terms by which Developer may obtain reimbursements for PID Projects through the PID Bond Proceeds or Assessments.

PID Resolution means the resolution adopted by the Council creating the PID.

Project and Financing Plan means the final TIRZ Project and Financing Plan approved and adopted by the City in accordance with Section 8, "Tax Increment and Reinvestment Zone" of this Agreement as may be amended from time to time.

Property means the real property described by metes and bounds on Exhibit A and depicted on Exhibit B.

Public Infrastructure means all water, wastewater/sewer, detention and drainage, roadway, park and trail, and other infrastructure necessary to serve the full development of the Project and/or to be constructed and dedicated to the City under this Agreement. The term includes the PID Projects and projects which are identified as an eligible expense in the Project and Financing Plan which are permitted under the TIRZ Act.

Real Property Records means the official land recordings of the Wise County Clerk's Office.

Refunding Bonds means bonds issued pursuant to Section 372.027 of the PID Act or pursuant to other provisions of the laws of the State of Texas.

Reimbursement Agreement means a reimbursement or similar agreement between the City and the Developer.

Service and Assessment Plan ("SAP") means the SAP for the PID, to be adopted and amended annually, if needed, by the City Council pursuant to the PID Act for the purpose of assessing allocated costs against portions of the Project located within the boundaries of the PID having terms, provisions, and findings approved by the City, as required by this Agreement.

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

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.

(j) No outstanding PID Bonds are in default and no reserve funds established for outstanding PID Bonds have been drawn upon that have not been replenished.

(k) The Administrator has indicated that the specified portions of the PID Projects Cost to be paid from the proceeds of the PID Bonds are eligible to be paid with the proceeds of such PID Bonds.

(l) The PID Projects to be financed by the PID Bonds have been or will be constructed according to the approved Development Standards imposed by this Agreement, including without limitation any applicable City Regulations.

(m) The City has determined that the amount of proposed PID assessments and the structure, terms, conditions and timing of the issuance of the PID Bonds are reasonable for the PID Project Costs to be financed and the degree of development activity within the PID, and that there is sufficient security for the PID Bonds to be creditworthy.

(n) The maximum maturity for PID Bonds shall not exceed thirty (30) years from the date of delivery thereof.

(o) The City has determined that the PID Bonds meet all regulatory and legal requirements applicable to the issuance of the PID Bonds.

(p) The minimum value to lien ratio for PID Bonds, solely taking into account the portion of the Assessments related to the par amount of such PID Bonds, shall be 2:1, and any receivables due under any PID Reimbursement Agreement may be sold or assigned by the Developer without the consent of the City.

(q) No information regarding the City, including without limitation financial information, shall be included in any offering document relating to PID Bonds without the consent of the City.

(r) The Developer agrees to provide periodic information and notices of material events regarding the Developer and the Developer's development within the PID in accordance with any Developer Continuing Disclosure Agreement required to be executed by the Developer in connection with the issuance of PID Bonds.

(s) Developer is not in default under a Developer Continuing Disclosure Agreement.

(t) The Developer and the City shall have entered into a PID Reimbursement Agreement that provides for the Developer’s construction of certain PID Projects and the City's reimbursement to the Developer of certain PID Projects and no material default exists.

(u) Simultaneous with closing the PID Bonds, the City may require the Developer to provide evidence of financial security sufficient to fund the Authorized

Improvements, which fiscal security shall solely be in the form of evidence of available funds to the Developer in cash or a lending facility, to the extent that the Authorized Improvements have not already been completed and paid for by Developer or otherwise to the extent that the PID Bonds are insufficient to fund such Authorized Improvements.

(v) As part of an appraisal conducted in connection with the sale of PID Bonds, and only upon the request by the City, the City shall have been delivered a certification or other evidence from an independent appraiser acceptable to the City that confirms the special benefits conferred on the properties being assessed for the PID Projects increase the value of said properties by an amount at least equal to the amount assessed against such properties. The appraisal shall be at the expense of the Developer.

4.2 Disclosure Information. Prior to the issuance of PID Bonds by the City, Developer shall provide all relevant information, including financial information that is reasonably necessary in order to provide potential bond investors with a true and accurate offering document for any PID Bonds. Developer shall, at the time of providing such information, agree, represent, and warrant that the information provided for inclusion in a disclosure document for an issue of PID Bonds does not, to Developer's actual knowledge, contain any untrue statement of a material fact or omit any statement of material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading, and Developer further shall provide a written certification to such effect as of the date of the closing of any PID Bonds.

4.3 Qualified Tax-Exempt Status.

(a) Generally. In any calendar year in which PID Bonds are issued, Developer agrees to pay the City its actual additional costs ("Additional Costs") the City may incur in the issuance of its own bonds/obligations, certificates of obligation, notes or other public securities or obligations on its own taxing power of municipal revenues (the "City Obligations"), as described in this section, if the City Obligations are deemed not to qualify for the designation of qualified tax-exempt obligations ("QTEO"), as defined in section 265(b)(3) of the Internal Revenue Code ("IRC") as amended, as a result of the issuance of PID Bonds by the City in any given year. The City agrees to deposit all funds for the payment of such Additional Costs received under this section into a segregated account of the City, and such funds shall remain separate and apart from all other funds and accounts of the City until December 31 of the calendar year in which the PID Bonds are issued, at which time the City is authorized to utilize such funds for any purpose permitted by law. On or before January 15th of the following calendar year, the final Additional Costs shall be calculated. By January 31st of such year, any funds in excess of the final Additional Costs that remain in such segregated account on December 31st of the preceding calendar year shall be refunded to the developers or owners (including the Developer, as applicable) and any deficiencies in the estimated Additional Costs paid to the City by any developer or owner (including the Developer, as applicable) shall be remitted to the City by the respective developer or owner (including the Developer, as applicable).

(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.

The City will, within ten (10) business days of the issuance of the City Obligations, provide written notice to Developer 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. 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. If Developer does not pay to the City the difference between the Additional Costs and the Estimated Costs as required under this paragraph, then Developer shall not be paid any reimbursement amounts under any PID 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.

(d) To the extent any developer(s) or property owner(s) (including Developer, as applicable) has (have) paid Additional Costs for any particular calendar year, any such Additional Costs paid subsequently by a developer or property owner (including Developer, as applicable) to the City applicable to the same calendar year shall be reimbursed by the City to the developer(s) or property owner(s) (including Developer, as applicable) as necessary so as to put all developers and property owners (including Developer, if applicable) so paying for the same calendar year in the proportion set forth in subsection (e), below, said reimbursement to be made by the City within 15 business days after its receipt of such subsequent payments of such Additional Costs.

(e) The City shall charge Additional Costs attributable to any other developer or property owner on whose behalf the City has issued debt in the same manner as described in this section, and Developer shall only be liable for its portion of the Additional Costs under this provision, and if any Additional Costs in excess of Developer's portion has already been paid to the City under this provision, then such excess of Additional Costs shall be reimbursed to Developer. The portion owed by Developer shall be determined by dividing the total proceeds from any debt issued on behalf of Developer in such calendar year by the total proceeds from any debt issued by the City for the benefit of all developers (including Developer) in such calendar year.

4.4 Tax Certificate. If, in connection with the issuance of the PID Bonds, the City is required to deliver a certificate as to tax exemption (a "Tax Certificate") to satisfy requirements of the IRC, Developer agrees 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. Developer represents that such facts and estimates will be based on its reasonable expectations on the date of issuance of the PID Bonds and will be, to the best of the knowledge of the officers of Developer providing such facts and estimates, true, correct and complete as of such date. To the extent that it exercises control or direction over the use or investment of the PID Bond Proceeds, including, but not limited to, the use of those proceeds on the PID Projects, Developer further agrees that it will not knowingly make, or permit to be made, any use or investment of such funds that would cause any of the covenants or agreements of the City contained in a Tax

Certificate to be violated or that would otherwise have an adverse effect on the tax-exempt status of the interest payable on the PID Bonds for federal income tax purposes.

SECTION 5
AUTHORIZED IMPROVEMENTS

5.1 Authorized Improvements. The Authorized Improvements and Authorized Improvements Cost are subject to change as may be agreed upon by Developer and the City in writing, and, if changed, shall be updated by the Developer and the City consistent with the Service and Assessment Plan and the PID Act. All approved final plats within the Project shall include those Authorized Improvements located therein and the respective Authorized Improvements Cost shall be finalized at the time the applicable final plat is approved by the City Council. The Developer shall include any updated Budgeted Cost(s) with each final plat application that shall be submitted to the City Council for consideration and approval concurrently with the submission of each final plat. Upon approval by the City Council of any such updated Budgeted Cost(s), this Agreement shall be deemed amended to include such approved updated Budgeted Cost(s) in Exhibit E hereto. The Budgeted Cost, Authorized Improvements Cost, and the timetable for installation of the Authorized Improvements will be reviewed at least annually by the Parties in an annual update of the Service and Assessment Plan as adopted and approved by the City.

5.2 Construction, Ownership, and Transfer of Authorized Improvements.

(a) Contract Specifications. Developer's engineers shall prepare, or cause the preparation of, and provide the City with contract specifications and necessary related documents for the Authorized Improvements in accordance with City Regulations (the "Contract Specifications"). Such Contract Specifications shall be subject to the review and approval of City in accordance with City's standard development processes pursuant to City Regulations, including without limitation the payment of applicable fees.

(b) Construction Standards, Inspections and Fees. Except as otherwise expressly set forth in this Agreement, the Authorized Improvements and all other Public Infrastructure required for the development of the Property shall be constructed and inspected, and all applicable fees, including but not limited to Impact Fees, permit fees, and inspection fees, shall be paid by Developer, in accordance with this Agreement, the City Regulations, and any other governing body or entity with jurisdiction over the Authorized Improvements.

(c) Contract Letting. The Parties understand that construction of the Authorized Improvements to be funded through Assessments are legally exempt from competitive bidding requirements pursuant to the Texas Local Government Code. As of the Effective Date, the construction contracts for the construction of Authorized Improvements have not been awarded and contract prices have not yet been determined. Before entering into any construction contract for the construction of all or any part of the Authorized Improvements, Developer's engineers shall prepare, or cause the preparation of, and submit to the City all contract specifications and necessary related documents, including the contract proposal showing the negotiated total contract price and scope of work, for the construction of any portion of the Authorized Improvements that have not been awarded.

(d) Ownership. All of the Authorized Improvements and Public Infrastructure shall be owned by the City upon acceptance of them by the City. Developer agrees to take any action reasonably required by the City to transfer, convey, or otherwise dedicate or ensure the dedication of land, right-of-way, or easements for the Authorized Improvements and Public Infrastructure to the City for public use. PID Bond Proceeds and/or the proceeds from PID Assessments will be used in part to reimburse Developer for PID Projects Cost related to the PID Projects and, in the event PID Bond Proceeds and/or proceeds from PID Assessments are not available at the time that all or a portion of the PID Projects are substantially complete and the City is ready to accept said PID Projects or portion thereof, PID Bond Proceeds and/or proceeds from PID Assessments, once available, will be used to reimburse Developer in accordance with this Agreement, by applicable law, and as otherwise agreed to in writing by the Parties for said PID Projects Cost following acceptance by the City.

5.3 Operation and Maintenance.

(a) Upon inspection, approval, and acceptance of the Authorized Improvements or any portion thereof, the City shall maintain and operate the accepted public infrastructure and provide retail water and sewer service to the Property in accordance with applicable City Regulations.

(b) Upon final inspection, approval, and acceptance of the roadway Authorized Improvements required under this Agreement or any portion thereof, the City shall maintain and operate the Authorized Improvements.

(c) The HOA shall maintain and operate any open spaces, trails, amenity pavilion, common areas, landscaping, detention ponds, screening walls, development signage, and any other common improvements or appurtenances within the Property that are not maintained or operated by the City, including without limitation such facilities financed by the PID.

5.4 Water Facilities.

(a) Developer's General Obligations. Developer is responsible for design, installation, and construction of all water improvements necessary to serve the Property. The design of water 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 water facilities (the size and extent of each such easement or other property interest to be approved by the City) for all development upon and within the Property. 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 water facility improvements necessary to serve each phase of the Project prior to the recordation of the final plat covering such phase.

(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.

(b) Upon acceptance by the City of the water and wastewater facilities described herein, the City shall operate or cause to be operated said water and wastewater facilities serving the Project and use them to provide service to all customers within the Project at the same rates as similar projects located within the City. Upon acceptance by the City, the City shall at all times maintain said water and wastewater facilities, or cause the same to be maintained, in good condition and working order in compliance with all applicable laws and ordinances and all applicable regulations, rules, policies, standards, and orders of any governmental entity with jurisdiction over same.

5.7 Roadway Facilities and Drainage Improvements.

(a) Developer's General Obligations. Developer is responsible for the design, installation, and construction of all roadway facilities and related improvements required to serve the Property (the "Roadway Improvements"). The design of all construction plans and specifications for Roadway Improvements shall be subject to the approval of the City and shall be approved by the City in advance of the construction of same. Such Roadway Improvement specifications shall be subject to the review and approval of City in accordance with City's standard development processes pursuant to City Regulations, including without limitation the payment of applicable fees.

(b) Timing of General Obligations. Prior to the recordation of any final plat for any phase of the Project, Developer shall complete, in a good and workmanlike manner, construction of all Roadway Improvements necessary to serve such phase in accordance with construction plans and specifications approved by the City. Upon final inspection, approval, and acceptance of the Roadway Improvements required under this Agreement or any portion thereof, the City shall maintain and operate the public roadways and related drainage improvements.

(c) Arterial Roadway Improvements. The Developer shall construct or cause to be constructed the minor arterial Roadway Improvements consisting of 37' of paving (B-B) on the "West Arterial" and 37' of paving (B-B) on the "East Arterial" as shown on the Concept Plan (the "Arterial Roadway Improvements"). The West Arterial portion of the Arterial Roadway Improvements shall be constructed in the first phase of development of the Project and the East Arterial portion of the Arterial Roadway Improvements shall be constructed in the second phase of development of the Project. All Arterial Roadway Improvements shall be considered PID Projects.

(d) Drainage/Detention Infrastructure. Developer shall have full responsibility for designing, installing, and constructing the drainage/detention infrastructure that will serve the Property in accordance with City Regulations, and the cost thereof. The specifications and constructions plans for drainage/detention infrastructure shall be subject to the review and approval of City in accordance with City's standard development processes pursuant to City Regulations, including without limitation the payment of applicable fees. Prior to the recordation of the final plat for any phase of development, Developer shall complete in a good and workmanlike manner construction of the drainage/detention improvements necessary to serve such phase. Upon inspection, approval and acceptance, the HOA shall maintain and operate the drainage improvements and detention ponds and the City shall maintain and operate the roadway improvements for the Property.

5.8 Screening, Landscaping, Detention Ponds, and Entryways. Before the recordation of the final plat for any phase of the Project, Developer shall construct, in a good and workmanlike manner, standard screening in accordance the City Regulations along all perimeter roadways subject to the review and approval of City in accordance with City's standard development processes pursuant to City Regulations, including without limitation the payment of applicable fees. In addition, Developer shall install enhanced screening, landscaping, and hardscaping at all street entrances to the Project subject to the review and approval of City in accordance with City's standard development processes pursuant to City Regulations, including without limitation the payment of applicable fees. The HOA shall maintain all landscaping, detention ponds, open spaces, parks, and trails on the Property.

SECTION 6
PAYMENT AND REIMBURSEMENT OF AUTHORIZED IMPROVEMENTS

6.1 PID Projects.

(a) Improvement Account of the Project Fund. The IAPF shall be administered and controlled by the City, or the trustee bank for the PID Bonds, and funds in the IAPF shall be deposited and disbursed in accordance with the terms of the Indenture.

(b) Timing of Expenditures and Reimbursements. Developer shall finance and undertake construction of the PID Projects in accordance with this Agreement, the SAP, or otherwise in conjunction with the construction of the applicable phases of the Project prior to seeking reimbursement from the IAPF. Although the terms by which Developer will be entitled to reimbursement from the IAPF shall be detailed in one or more PID Reimbursement Agreement(s), Developer will generally be entitled to the maximum available funds within the IAPF up to the actual amount of the PID Projects Cost, plus interest, following the City's acceptance of the PID Projects.

(c) Cost Overrun. Should the PID Projects Cost exceed the maximum PID Bond Proceeds deposited in the IAPF ("Cost Overrun"), the Developer shall be solely responsible to fund such part of the Cost Overrun, subject to any Cost Underrun as described in subsection (d) below.

(d) Cost Underrun. Upon the final acceptance by City of an Authorized Improvement and payment of all outstanding invoices for such Authorized Improvement, and only if the Authorized Improvement Cost is less than the Budgeted Cost (a "Cost Underrun"), any remaining funds in the Improvement Account of the Project Fund will be available to pay Cost Overruns on any other Authorized Improvement. The City shall promptly confirm to the Trustee that such remaining amounts are available to pay such Cost Overruns, and the City, with input from the Developer, will decide how to use such moneys to secure the payment and performance of the work for other Authorized Improvements, if available. If a Cost Underrun exists after payment of all costs for all Authorized Improvements contemplated in the applicable Indenture, such unused funds will be used to pay Assessments on the Property.

(e) Infrastructure Oversizing. Developer shall not be required to construct or fund any Public Infrastructure so that it is oversized, other than the Offsite Water Line as set forth

in Section 5.4(c) hereof and the Offsite Sewer Improvements as set forth in Section 5.5(c), to provide a benefit to land outside the Property ("Oversized Public Infrastructure") unless, by the commencement of construction, the City has made arrangements to finance the City's portion of the costs of construction attributable to the oversizing requested by the City from sources other than PID Bond Proceeds or Assessments. In the event Developer constructs or causes the construction of any Oversized Public Infrastructure on behalf of the City, the City shall be solely responsible for all costs attributable to oversized portions of the Oversized Public Infrastructure and the PID shall not be utilized for financing the costs of Oversized Public Infrastructure.

(f) Reimbursement of PID Projects Cost. The Parties shall, prior to or substantially contemporaneously with the initial levy of assessments on a phase(s) of the Project, enter into a PID Reimbursement Agreement (or similar agreement) to provide for reimbursement to Developer for PID Projects Cost for such phase(s) from the PID Bond Proceeds issued for such phase(s) or Assessments levied on such phase(s).

6.2 Payee Information. With respect to any and every type of payment/remittance due to be paid at any time by the City to Developer after the Effective Date under this Agreement, the name and delivery address of the payee for such payment shall be:

TWS Land Partners LP
Attn: Todd Wintters
117 North Eighth Street
Midlothian, Texas 76065

Developer may change the name of the payee and/or address set forth above by delivering written notice to the City designating a new payee and/or address or through an assignment of Developer's rights hereunder.

SECTION 7
ADDITIONAL OBLIGATIONS AND AGREEMENTS

7.1 Impact Fee Credits – Offsite Water Line. The City acknowledges that the Offsite Water Line depicted on Exhibit E, which Developer is to construct is or shall be reflected on the City's Capital Improvements Plan and constitute "Water Capital Improvements". The City agrees that Developer shall be entitled to Impact Fee Credits up to the full amount of the cost of said Water Capital Improvements (the "Water Impact Fee Credits"). The primary source of funding due to Developer from the City as relates to the costs of the Water Capital Improvements (the "Water Capital Improvements Costs") shall be in the form of Water Impact Fee Credits derived from the Project even if the cumulative value of said credits is less than the Water Capital Improvements Costs. Notwithstanding the foregoing, to the extent that a portion of the Water Capital Improvements are allocable to the PID, such portion of the Water Capital Improvements may constitute an Authorized Improvement and may be funded through the PID.

The City acknowledges that the Offsite Sewer Improvements depicted on Exhibit E, which Developer is to construct is or shall be reflected on the City's Capital Improvements Plan and constitute "Sewer Capital Improvements". The City agrees that Developer shall be entitled to Impact Fee Credits up to the full amount of the cost of said Sewer Capital Improvements (the

"Sewer Impact Fee Credits"). The primary source of funding due to Developer from the City as relates to the costs of the Sewer Capital Improvements (the "Sewer Capital Improvements Costs") shall be in the form of Sewer Impact Fee Credits derived from the Project even if the cumulative value of said credits is less than the Sewer Capital Improvements Costs. Notwithstanding the foregoing, to the extent that a portion of the Sewer Capital Improvements are allocable to the PID, such portion of the Sewer Capital Improvements may constitute an Authorized Improvement and may be funded through the PID

All Impact Fee Credits inuring to the Property belong to Developer and may not be allocated to any other party without Developer's prior written consent in the form of an assignment specifying the assignee and the categories and amounts of Impact Fee Credits assigned. Developer shall deliver a copy of any such assignment to the City within ten (10) days of its effective date and Developer shall not make any claim to or have any entitlement to any such Impact Fee Credits once assigned. Except to the extent such assignment(s) has been provided by Developer and delivered to the City, the City shall collect Impact Fees from all third-party permit applicants within the Project regardless of any otherwise applicable Impact Fee Credits. At the conclusion of each annual quarter (January 1, April 1, July 1, and October 1), Developer may request reimbursement from the City for any Impact Fees collected by the City from the Project to offset any Impact Fee Credits acquired by Developer hereunder. All such requests shall include a certification that the Impact Fee Credits being requested have not been assigned to any third party(ies). The City shall remit such reimbursement to Developer within 30 days of receipt of Developer's request under this paragraph.

7.2 Amenity Pavilion. The Developer shall construct or cause to be constructed an amenity pavilion and playground equipment within the Project as set forth in the Development Standards attached hereto.

7.3 Trails; Park Dedication Credit. The Developer is expected to dedicate approximately 17.85 acres of open space and a network of trails constructed in phases within the Project as generally depicted on the Concept Plan (the "Trails and Open Space Acreage"). Provided the Developer causes such Trails and Open Space Acreage to be owned and maintained by the HOA, Developer shall be deemed to have satisfied all applicable parkland dedication or improvement requirements to the City or payment of fees to the City required in lieu thereof, of any kind whatsoever. The open space portions of the Trails and Open Space Acreage shall be platted as open space and/or common area and may include or be improved with public or private improvements.

7.4 Dedications for Public Facilities. The Developer agrees to donate and dedicate or cause to be donated and dedicated the following parcels to the City, as such parcels are shown on the Concept Plan: (i) an approximately 2.28 acre tract of land for use as a fire station; and (ii) an approximately 0.65 acre tract of land for use as a water tower site.

7.5 Administration of Construction of Public Infrastructure. Subject to the terms of this Agreement, the Parties agree that Developer will be solely responsible to construct all Public Infrastructure. The public on-site and off-site infrastructure and all other related improvements will be considered a City project and the City will own all such Public Infrastructure upon completion and acceptance.

7.6 Conflicts. In the event of any direct conflict between this Agreement and any other ordinance, rule, regulation, standard, policy, order, guideline, or other City adopted or City enforced requirement, whether existing on the Effective Date or thereafter adopted, this Agreement, including its exhibits, as applicable, shall control. In the event of a conflict between the Concept Plan and the Development Standards, the Development Standards shall control to the extent of the conflict.

7.7 Compliance with City Regulations. Development and use of the Property, including, without limitation, the construction, installation, maintenance, repair, and replacement of all buildings and all other improvements and facilities of any kind whatsoever on and within the Property, shall be in compliance with City Regulations and processes . City Regulations shall apply to the development and use of the Property.

7.8 Phasing. The Property may be developed in phases and Developer may submit a replat or amending plat for all or any portions of the Property in accordance with applicable law. Any replat or amending plat shall conformance with applicable City Regulations and subject to City approval.

7.9 Public Infrastructure, Generally. Except as otherwise expressly provided for in this Agreement, Developer shall provide all Public Infrastructure necessary to serve the Project, including streets, utilities, drainage, sidewalks, trails, street lighting, street signage, and all other required improvements, at no cost to the City except as expressly provided in this Agreement or the PID Reimbursement Agreement, and as approved by the City's engineer or his or her agent. Developer shall cause the installation of the Public Infrastructure within all applicable time frames in accordance with the City Regulations unless otherwise established in this Agreement. Developer shall provide engineering studies, plan/profile sheets, and other construction documents at the time of platting as required by City Regulations. Such plans shall be reviewed and subject to the approval of the City's engineer or his or her agent prior to approval of a final plat. Construction of any portion of the Public Infrastructure shall not be initiated until a pre-construction conference with a City representative has been held regarding the proposed construction and the City has issued a written notice to proceed. No final plat may be recorded in the Real Property Records until construction of all Public Infrastructure shown thereon shall have been constructed, and thereafter inspected, approved, and accepted by the City in accordance with City's standard processes and City Regulations.

7.10 Maintenance Bonds. For each construction contract for any part of the Public Infrastructure, Developer, or Developer's contractor, must execute a maintenance bond identifying the City as a dual oblige and guaranteeing the costs of any repairs at one hundred and percent (100%) of the costs of the Public Infrastructure for a full period of two (2) years from the date of final acceptance of the Public Infrastructure constructed under such contract. The maintenance bond shall be provided on a form designated by the City.

7.11 Inspections, Acceptance of Public Infrastructure, and Developer's Remedy.

(a) Inspections, Approvals Generally. The City shall have the right to inspect, at any time, the construction of all Public Infrastructure necessary to support the Project, including water, wastewater/sanitary sewer, drainage, roads, streets, alleys, park facilities, electrical, and

street lights and signs. The City's inspections and/or approvals provided for in this section or any other section of this Agreement shall not release Developer from its responsibility to design, construct, or cause the construction of, adequate Authorized Improvements and Public Infrastructure in accordance with approved engineering plans, construction plans, and other approved plans related to development of the Property. Notwithstanding any provision of this Agreement, it shall not be a breach or violation of the Agreement if the City withholds building permits, certificates of occupancy or City utility services as to any portion of the Project until Developer has met its obligations to provide for required Public Infrastructure necessary to serve such portion according to the approved engineering plans and City Regulations and until such Public Infrastructure has been dedicated to and accepted by the City. Acceptance by the City shall not be unreasonably withheld, conditioned, or delayed.

(b) Acceptance; Ownership. From and after the inspection and acceptance by the City of the Public Infrastructure and any other dedications required under this Agreement, such improvements and dedications shall be owned by the City. Acceptance of Public Infrastructure by the City shall be evidenced in a writing issued in accordance with the City's standard processes for acceptance of ownership of infrastructure.

(c) Approval of Plats/Plans. Approval by the City, the City's engineer, or other City employee or representative, of any plans, designs, or specifications submitted by Developer pursuant to this Agreement or pursuant to applicable City Regulations shall not constitute or be deemed to be a release of the responsibility and liability of Developer, his engineer, employees, officers, or agents for the accuracy and competency of their design and specifications. Further, any such approvals shall not be deemed to be an assumption of such responsibility and liability by the City for any defect in the design and specifications prepared by Developer or Developer's engineer, or engineer's officers, agents, servants or employees, it being the intent of the parties that approval by the City's engineer signifies the City's approval on only the general design concept of the improvements to be constructed. In accordance with Chapter 245, all development related permits issued for the Project, including preliminary plats, shall remain valid for a period of at least two years and shall not thereafter expire so long as progress has been made toward completion of the Project. Upon recordation of the final plat for the first phase of the Project, the preliminary plat shall remain valid for the duration of this Agreement or as long as progress toward completion of the Project is being made, whichever is longer.

7.12 Insurance. Developer or its contractor(s) shall acquire and maintain, during the period of time when any of the Public Infrastructure is under construction (and until the full and final completion of the Public Infrastructure and acceptance thereof by the City): (a) workers compensation insurance in the amount required by law; and (b) commercial general liability insurance including personal injury liability, premises operations liability, and contractual liability, covering, but not limited to, the liability assumed under any indemnification provisions of this Agreement, with limits of liability for bodily injury, death and property damage of not less than $1,000,000.00. Such insurance shall also cover any and all claims which might arise out of the Public Infrastructure construction contracts, whether by Developer, a contractor, subcontractor, material man, or otherwise. Coverage must be on a "per occurrence" basis. All such insurance shall: (i) be issued by a carrier which is rated "A-1" or better by A.M. Best's Key Rating Guide and licensed to do business in the State of Texas; and (ii) name the City as an additional insured and contain a waiver of subrogation endorsement in favor of the City. Upon the execution of

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.

(c) THIS SECTION 7.13 SHALL SURVIVE THE TERMINATION OF THIS AGREEMENT.

(d) THE PARTIES AGREE AND STIPULATE THAT THIS INDEMNIFICATION AND THE EXPRESS NEGLIGENCE TEXT COMPLIES WITH THE CONSPICUOUSNESS REQUIREMENT, AND IS VALID AND ENFORCEABLE AGAINST THE DEVELOPER.

7.14 THE DEVELOPER'S ACKNOWLEDGEMENT OF THE CITY'S COMPLIANCE WITH FEDERAL AND STATE CONSTITUTIONS, STATUTES AND CASE LAW AND FEDERAL, STATE AND LOCAL ORDINANCES, RULES AND REGULATIONS/DEVELOPERS' WAIVER AND RELEASE OF CLAIMS FOR OBLIGATIONS IMPOSED BY THIS AGREEMENT.

(a) THE DEVELOPER ACKNOWLEDGES AND AGREES THAT, PROVIDED THERE ARE NO CITY MONETARY OR LAND USE DEFAULTS UNDER THIS AGREEMENT:

(I) THE PUBLIC INFRASTRUCTURE TO BE CONSTRUCTED UNDER THIS AGREEMENT, AND THE FEES TO BE IMPOSED BY THE CITY PURSUANT TO THIS AGREEMENT, REGARDING THE PROPERTY, IN WHOLE OR IN PART, DO NOT CONSTITUTE A:

(A) TAKING UNDER THE TEXAS OR UNITED STATES CONSTITUTION;

(B) VIOLATION OF THE TEXAS LOCAL GOVERNMENT CODE, AS IT EXISTS OR MAY BE AMENDED; AND/OR

(C) NUISANCE.

(II) THE AMOUNT OF THE DEVELOPER'S FINANCIAL AND INFRASTRUCTURE CONTRIBUTION FOR THE PUBLIC INFRASTRUCTURE IS ROUGHLY PROPORTIONAL TO THE DEMAND THAT THE DEVELOPER'S ANTICIPATED IMPROVEMENTS AND DEVELOPER'S DEVELOPMENT OF THE PROPERTY PLACES ON THE CITY'S INFRASTRUCTURE.

(III) THE DEVELOPER HEREBY AGREES AND ACKNOWLEDGES THAT: (A) ANY PROPERTY WHICH IT CONVEYS TO THE CITY OR ACQUIRES FOR THE CITY PURSUANT TO THIS AGREEMENT IS ROUGHLY PROPORTIONAL TO THE BENEFIT RECEIVED BY THE DEVELOPER FOR SUCH LAND, AND THE DEVELOPER HEREBY WAIVES ANY CLAIM THEREFOR THAT IT MAY HAVE; AND (B) ALL PREREQUISITES TO SUCH DETERMINATION OF ROUGH PROPORTIONALITY HAVE BEEN MET, AND ANY VALUE RECEIVED BY THE CITY RELATIVE TO SAID CONVEYANCE IS RELATED BOTH IN NATURE AND EXTENT TO THE IMPACT OF THE DEVELOPMENT OF THE PROPERTY ON THE CITY'S INFRASTRUCTURE. THE DEVELOPER FURTHER AGREES TO WAIVE AND RELEASE ALL CLAIMS IT MAY HAVE AGAINST THE CITY UNDER THIS AGREEMENT RELATED TO ANY AND ALL: (A) CLAIMS OR CAUSES OF ACTION BASED ON ILLEGAL OR EXCESSIVE EXACTIONS; AND (B) ROUGH PROPORTIONALITY AND INDIVIDUAL DETERMINATION REQUIREMENTS MANDATED BY THE UNITED STATES SUPREME COURT IN ***DOLAN V. CITY OF TIGARD***, 512 U.S.374(1994), AND ITS PROGENY, AS WELL AS ANY OTHER REQUIREMENTS OF A NEXUS BETWEEN DEVELOPMENT CONDITIONS AND THE PROJECTED IMPACT OF THE PUBLIC INFRASTRUCTURE.

(b) THIS SECTION 7.14 SHALL SURVIVE THE TERMINATION OF THIS AGREEMENT.

7.15 Status of Parties. At no time shall the City have any control over or charge of Developer's design, construction or installation of any of the Public Infrastructure, nor the means, methods, techniques, sequences or procedures utilized for said design, construction or installation. This Agreement does not create a joint enterprise or venture, partnership or employment relationship between the City and Developer.

7.16 Eminent Domain. Notwithstanding any other provision of this Agreement, Developer agrees to use commercially reasonable efforts to obtain all third-party rights-of-way, consents, or easements, if any, required for the Public Infrastructure. If, however, Developer is unable to obtain such third-party rights-of-way, consents, or easements within ninety (90) days of commencing efforts to obtain the needed easements and right-of-way, the City agrees to take reasonable steps to secure same (subject to City Council authorization after a finding of public necessity) through the use of the City's power of eminent domain. Developer shall be responsible for funding all reasonable and necessary legal proceeding/litigation costs, attorney's fees and related expenses, and appraiser and expert witness fees (collectively, "Eminent Domain Fees") actually incurred by the City in the exercise of its eminent domain powers that for any reason are not funded by the PID Bond Proceeds and shall escrow with a mutually agreed upon escrow agent the City's reasonably estimated Eminent Domain Fees both in advance of the initiation of each eminent domain proceeding and as funds are needed by the City. Provided that the escrow fund remains appropriately funded in accordance with this Agreement, the City will use all reasonable efforts to expedite such condemnation procedures so that the Public Infrastructure can be constructed as soon as reasonably practicable. If the City's Eminent Domain Fees exceed the amount of funds escrowed in accordance with this paragraph, Developer shall deposit additional funds as requested by the City into the escrow account within ten (10) days after written notice from the City. Any unused escrow funds will be refunded to Developer with thirty (30) days after any condemnation award or settlement becomes final and non-appealable. Nothing in this section is intended to constitute a delegation of the police powers or governmental authority of the City, and the City reserves the right, at all times, to control its proceedings in eminent domain.

7.17 Sole Source of Funding. Notwithstanding any other provision of this Agreement, the only source of funding for which the City is obligated to use to reimburse Developer for Developer's obligations under this Agreement are PID Bond Proceeds in accordance with this Agreement and any future PID Reimbursement Agreements (or similar agreements) and Assessments. All other funding for Developer's obligations under this Agreement shall be the sole responsibility of Developer.

7.18 Vested Rights. This Agreement shall constitute a "permit" (as defined in Chapter 245) that is deemed filed with the City on the Effective Date.

SECTION 8
TAX INCREMENT REINVESTMENT ZONE

8.1 Creation. Within thirty (30) days after the creation of the PID pursuant to this Agreement, the City agrees to commence creation of the TIRZ, the boundaries of which will

encompass the Property, and to complete creation of the TIRZ in accordance with all statutory requirements no later than ninety (90) days after commencement. After creation of the TIRZ, the City agrees to approve the TIRZ Documents in a form and substance to comply with the terms of this Agreement.

8.2 Increment/ Available TIRZ Revenue. The City agrees to use fifty percent (50%) of the City's ad valorem tax increment, less collection and administrative costs attributable to the TIRZ, as based upon the City's tax rate each year and as authorized by law, (hereinafter "Available TIRZ Revenue") 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. Such Available TIRZ Revenue shall be deposited into a TIRZ Fund and shall be used exclusively to offset or pay a portion of any PID Assessment levied on benefitted land within the Property on a parcel by parcel basis for the costs of Authorized Improvements (as defined herein) that qualify as projects under the TIRZ Act paid in accordance with the Project and Financing Plan and Service and Assessment Plan.

8.3 Available TIRZ Revenue. Upon the establishment of the TIRZ, the City will, on an annual basis, remit the Available TIRZ Revenue collected on the Property, and shall deposit those monies into a tax increment fund in accordance with the TIRZ Act. Those funds shall be used to credit, on a basis established by the Service and Assessment Plan and TIRZ Documents, any PID assessments to be paid by property owners, on an annual basis.

8.4 Term of the TIRZ. The term of the TIRZ shall be 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, with the base year being the year 2023 (term beginning January 1, 2023). The TIRZ shall not terminate prior to December 31, 2053.

SECTION 9
ANNEXATION AND POST- ANNEXATION MATTERS

9.1 Annexation. The City acknowledges that the Developer has submitted a voluntary irrevocable petition for annexation of the ETJ Property to the City in compliance with Chapter 43, Texas Local Government Code, or other applicable law, as amended (the "Annexation Petition"). Developer agrees to execute and supply any and all instruments and/or other documentation necessary for the City to annex the ETJ Property into the City's corporate limits. This Agreement constitutes the service plan agreement for providing City services to the ETJ Property. If the City is unable to complete the annexation of the ETJ Property for any reason, including but not limited to procedural error or legal challenge, Developer shall execute another voluntary annexation petition for the ETJ Property within ten (10) days of being requested to do so. Prior to annexation of the ETJ Property, the City shall have considered this Agreement, shall have submitted to Developer, and Developer shall review and approve, and this annexation service plan shall be considered a binding, and mutually agreed upon, contractual obligation between the City and Developer.

9.2 Zoning of Property. While the Parties expressly acknowledge that the ETJ Property will be voluntarily annexed in accordance with Section 9.1 of this Agreement, the Parties agree that the Development Standards and the applicable provisions of this Agreement memorialize

the plan for development of the Property as provided for in Section 212.172 of the Texas Local Government Code and other applicable law. The City shall consider zoning the Property consistent with the Development Standards and applicable provisions of this Agreement contemporaneously with the annexation of the ETJ Property. Through this Agreement, the Developer expressly consents and agrees to the zoning of the Property consistent with and as contemplated by this section. In the event of a conflict between this Agreement and the zoning of the Property, the Parties agree that the adopted zoning ordinance shall control. The Developer agrees that nothing in this Agreement shall prevent the Development Standards, including but not limited to zoning, from being enforced against an End User.

9.3 Disannexation. City agrees that if the City Council determines not to create the PID in accordance with this Agreement, City Council shall disannex the ETJ Property upon petition by Developer or owners as allowed by law, including without limitation Chapter 43 of the Texas Local Government Code.

SECTION 10
EVENTS OF DEFAULT; REMEDIES

10.1 Events of Default. No Party shall be in default under this Agreement until notice of the alleged failure of such Party to perform has been given in writing (which notice shall set forth in reasonable detail the nature of the alleged failure) and until such Party has been given a reasonable time to cure the alleged failure (such reasonable time to be determined based on the nature of the alleged failure, but in no event more than thirty (30) days (or any longer time period to the extent expressly stated in this Agreement as relates to a specific failure to perform) after written notice of the alleged failure has been given. Notwithstanding the foregoing, no Party shall be in default under this Agreement if, within the applicable cure period, the Party to whom the notice was given begins performance and thereafter diligently and continuously pursues performance until the alleged failure has been cured and within such thirty (30) day period gives written notice to the non-defaulting Party of the details of the reasons that the cure will take longer than thirty (30) days with a statement of how many days are needed to cure.

Notwithstanding the foregoing, however, a Party shall be in default of its obligation to make any payment required under this Agreement that is not disputed if such payment is not made within twenty (20) business days after it is due.

10.2 Remedies. As compensation for the other party's default, an aggrieved Party is limited to seeking specific performance of the other party's obligations under this Agreement. However, the Parties agree that Developer will not be required to specifically perform under this Agreement in the event that Developer satisfies all of its then applicable obligations under Section 4.1 and the City does not issue PID Bonds within one (1) year of the receipt of a written request from Developer pursuant to Section 4.1.

SECTION 11
ASSIGNMENT; ENCUMBRANCE

11.1 Assignment. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto. The obligations, requirements, or covenants to

develop the Property subject to this Agreement shall be assignable, in whole or in part, by the Developer, or any lien holder on the Property, with the prior written consent of the City; City's consent shall not be unreasonably withheld. Notwithstanding the foregoing, any entity formed in which the Developer or any principal of the Developer retains an ownership interest of at least ninety percent (90%), any subsidiary of the Developer, or any entity identified by the Developer and disclosed to the City during the negotiation of this Agreement, including but not limited to D2 Development, LP or any single-asset entity formed by or with D2 Development, LP, shall be considered an approved assignee hereunder and no consent for assignment shall be required. An assignee shall be considered a "Party" for the purposes of this Agreement. Each assignment shall be in writing executed by Developer and the assignee and shall obligate the assignee to be bound by this Agreement to the extent this Agreement applies or relates to the obligations, rights, title, or interests being assigned. No assignment by Developer shall release Developer from any liability that resulted from an act or omission by Developer that occurred prior to the effective date of the assignment unless the City approves the release in writing. Developer shall maintain written records of all assignments made by Developer to assignees, including a copy of each executed assignment and, upon written request from any Party or assignee, shall provide a copy of such records to the requesting person or entity, and this obligation shall survive the assigning Party's sale, assignment, transfer, or other conveyance of any interest in this Agreement or the Property.

11.2 Encumbrance by Developer and Assignees. Developer and Assignees have the right, from time to time, to collaterally assign, pledge, grant a lien or security interest in, or otherwise encumber any of their respective rights, title, or interest under this agreement for the benefit of their respective lenders without the consent of, but with prompt written notice to, the city. The collateral assignment, pledge, grant of lien or security interest, or other encumbrance shall not, however, obligate any lender to perform any obligations or incur any liability under this agreement unless the lender agrees in writing to perform such obligations or incur such liability. Provided the city has been given a copy of the documents creating the lender's interest, including notice (hereinafter defined) information for the lender, then that lender shall have the right, but not the obligation, to cure any default under this agreement and shall be given a reasonable time to do so in addition to the cure periods otherwise provided to the defaulting party by this agreement; and the city agrees to accept a cure offered by the lender as if offered by the defaulting party. A lender is not a party to this agreement unless this agreement is amended, with the consent of the lender, to add the lender as a party. Notwithstanding the foregoing, however, this agreement shall continue to bind the property and shall survive any transfer, conveyance, or assignment occasioned by the exercise of foreclosure or other rights by a lender, whether judicial or non-judicial. Any purchaser from or successor owner through a lender of any portion of the property shall be bound by this agreement and shall not be entitled to the rights and benefits of this agreement with respect to the acquired portion of the property until all defaults under this agreement with respect to the acquired portion of the property have been cured.

11.3 Assignees as Parties. An assignee authorized in accordance with this Agreement and for which notice of assignment has been provided and consent given in accordance herewith shall be considered a "Party" for the purposes of this Agreement. With the exception of: (a) the City, (b) an End User, (c) a purchaser of a Fully Developed and Improved Lot, any person or entity upon becoming an owner of land within the PID or upon obtaining an ownership interest

in any part of the Property shall be deemed to be a "Developer" and have all of the rights and obligations of Developer as set forth in this Agreement and all related documents to the extent of said ownership or ownership interest.

11.4 Third Party Beneficiaries. Except as otherwise provided herein, this Agreement inures to the benefit of, and may only be enforced by, the Parties. No other person or entity shall have any right, title, or interest under this Agreement or otherwise be deemed to be a third-party beneficiary of this Agreement.

11.5 Notice of Assignment - Property. Subject to Section 11.1 of this Agreement, the following requirements shall apply in the event that Developer sells, assigns, transfers, or otherwise conveys the Property or any part thereof and/or any of its rights or benefits under this Agreement: (i) Developer must provide written notice to the City and receive approval as provided under Section 11.1; (ii) said notice must describe the extent to which any rights or benefits under this Agreement will be sold, assigned, transferred, or otherwise conveyed; (iii) said notice must state the name, mailing address, telephone contact information, and, if known, email address, of the person(s) that will acquire any rights or benefits as a result of any such sale, assignment, transfer or other conveyance; and (iv) said notice must be signed by a duly authorized person representing Developer and a duly authorized representative of the person that will acquire any rights or benefits as a result of the sale, assignment, transfer or other conveyance.

SECTION 12
RECORDATION AND ESTOPPEL CERTIFICATES

12.1 Binding Obligations. This Agreement and all amendments thereto and assignments hereof shall be recorded in the Real Property Records. This Agreement binds and constitutes a covenant running with the Property and, upon the Effective Date, is binding upon Developer and the City, and forms a part of any other requirements for development within the Property. This Agreement, when recorded, shall be binding upon the Parties and their successors and assigns as permitted by this Agreement and upon the Property.

12.2 Estoppel Certificates. From time to time, upon written request of Developer or any future owner, and upon the payment to the City of a $500.00 fee plus all reasonable costs incurred by the City in providing the certificate described in this section, the City Manager, or his/her designee will, in his/her official capacity and to his/her reasonable knowledge and belief, execute a written estoppel certificate identifying any obligations of an owner under this Agreement that are in default.

SECTION 13
GENERAL PROVISIONS

13.1 Term. Unless otherwise extended by mutual agreement of the Parties, the term of this Agreement shall be thirty-five (35) years after the Effective Date (the "Original Term"). Upon expiration of the Original Term, the City shall have no obligations under this Agreement with the exception of maintaining and operating the PID in accordance with the SAP and the Indenture.

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:

To the City:	City of Decatur, Texas Attn: Mayor 201 E. Walnut Decatur, TX 76234
With a copy to:	Patricia Adams Messer Fort McDonald 6371 Preston Rd, Ste 200 Frisco, TX 75034
To Developer:	TWS Land Partners LP Attn: Todd Wintters 117 North Eighth Street Midlothian, Texas 76065
With a copy to:	Winstead PC Attn: Drew Slone 2728 N. Harwood St., Suite 500 Dallas, Texas 75201

Any Party may change its address or addresses for delivery of notice by delivering written notice of such change of address to the other Party.

13.5 Interpretation. Each Party has been actively involved in negotiating this Agreement. Accordingly, a rule of construction that any ambiguities are to be resolved against the drafting Party will not apply to interpreting this Agreement. In the event of any dispute over the meaning or application of any provision of this Agreement, the provision will be interpreted fairly and reasonably and neither more strongly for nor against any Party, regardless of which Party originally drafted the provision.

13.6 Time. In this Agreement, time is of the essence and compliance with the times for performance herein is required.

13.7 Authority and Enforceability. The City represents and warrants that this Agreement has been approved by official action by the City Council of the City in accordance with all applicable public notice requirements (including, but not limited to, notices required by the Texas Open Meetings Act) and that the individual executing this Agreement on behalf of the City has been duly authorized to do so. The Developer represents and warrants that this Agreement has been approved by appropriate action of Developer, and that each individual executing this Agreement on behalf of Developer has been duly authorized to do so. Each Party respectively acknowledges and agrees that this Agreement is binding upon such Party and is enforceable against such Party, in accordance with its terms and conditions.

13.8 Intentionally Deleted.

13.9 Severability. This Agreement shall not be modified or amended except in writing signed by the Parties. If any provision of this Agreement is determined by a court of

competent jurisdiction to be unenforceable for any reason, then: (a) such unenforceable provision shall be deleted from this Agreement; (b) the unenforceable provision shall, to the extent possible and upon mutual agreement of the parties, be rewritten to be enforceable and to give effect to the intent of the Parties; and (c) the remainder of this Agreement shall remain in full force and effect and shall be interpreted to give effect to the intent of the Parties.

13.10 Applicable Law; Venue. This Agreement is entered into pursuant to, and is to be construed and enforced in accordance with, the laws of the State of Texas, and all obligations of the Parties are performable in Wise County. Exclusive venue for any action related to, arising out of, or brought in connection with this Agreement shall be in the Wise County District Court.

13.11 Non Waiver. Any failure by a Party to insist upon strict performance by the other Party of any material provision of this Agreement shall not be deemed a waiver thereof, and the Party shall have the right at any time thereafter to insist upon strict performance of any and all provisions of this Agreement. No provision of this Agreement may be waived except by writing signed by the Party waiving such provision. Any waiver shall be limited to the specific purposes for which it is given. No waiver by any Party of any term or condition of this Agreement shall be deemed or construed to be a waiver of any other term or condition or subsequent waiver of the same term or condition.

13.12 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and constitute one and the same instrument.

13.13 Force Majeure. Each Party shall use good faith, due diligence and reasonable care in the performance of its respective obligations under this Agreement, and time shall be of the essence in such performance; however, in the event a Party is unable, due to force majeure, to perform its obligations under this Agreement, then the obligations affected by the force majeure shall be temporarily suspended. Within three (3) business days after the occurrence of a force majeure, the Party claiming the right to temporarily suspend its performance, shall give Notice to all the Parties, including a detailed explanation of the force majeure and a description of the action that will be taken to remedy the force majeure and resume full performance at the earliest possible time. The term "force majeure" shall include events or circumstances that are not within the reasonable control of the Party whose performance is suspended and that could not have been avoided by such Party with the good faith exercise of good faith, due diligence and reasonable care.

13.14 Complete Agreement. This Agreement embodies the entire Agreement between the Parties and cannot be varied or terminated except as set forth in this Agreement, or by written agreement of the Parties expressly amending the terms of this Agreement. By entering into this Agreement, any previous agreements or understanding between the Parties relating to the same subject matter are null and void.

13.15 Consideration. This Agreement is executed by the Parties hereto without coercion or duress and for substantial consideration, the sufficiency of which is hereby acknowledged.

13.16 Exhibits. The following exhibits are attached to this Agreement and are incorporated herein for all purposes:

Exhibit A	Metes and Bounds Description of the Property
Exhibit B	Depiction of the Property
Exhibit C	Concept Plan
Exhibit D	Development Standards
Exhibit E	Authorized Improvements and Budgeted Costs

13.17 Anti-Boycott Verification. To the extent this Agreement constitutes a contract for goods or services within the meaning of Section 2270.002 of the Texas Government Code, as amended, solely for purposes of compliance with Chapter 2270 of the Texas Government Code, and subject to applicable Federal law, Developer represents that neither Developer nor any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of Developer (i) boycotts Israel or (ii) will boycott Israel through the term of this Agreement. The terms "boycotts Israel" and "boycott Israel" as used in this paragraph have the meanings assigned to the term "boycott Israel" in Section 808.001 of the Texas Government Code, as amended.

13.18 Verification under Chapter 2252, Texas Government Code. To the extent this Agreement constitute a governmental contract within the meaning of Section 2252.151 of the Texas Government Code, as amended, solely for purposes of compliance with Chapter 2252 of the Texas Government Code, and except to the extent otherwise required by applicable federal law, Developer represents that Developer nor any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of Developer is a company listed by the Texas Comptroller of Public Accounts under Sections 2270.0201, or 2252.153 of the Texas Government Code.

13.19 No Discrimination Against Fossil-Fuel Companies. To the extent this Agreement constitutes a contract for goods or services for which a written verification is required under Section 2274.002, Texas Government Code, as amended, the Developer hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of this Agreement. The foregoing verification is made solely to enable the City to comply with such Section and to the extent such Section does not contravene applicable Texas or federal law. As used in the foregoing verification, "boycott energy companies" shall mean, without an ordinary business purpose, refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations with a company because the company (a) engages in the exploration, production, utilization, transportation, sale, or manufacturing of fossil fuel-based energy and does not commit or pledge to meet environmental standards beyond applicable federal and state law; or (b) does business with a company described by (a) above.

13.20 No Discrimination Against Firearm Entities and Firearm Trade Associations. To the extent this Agreement constitutes a contract for goods or services for which a written verification is required under Section 2274.002, Texas Government Code, as amended, the Developer hereby verifies that it and its parent company, wholly- or majority-owned

subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate 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.]

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]

DEVELOPER:

PARTNERS

Texas partn

By: Todd Winters
Name:
Title: General Partner

TEXA
COUNTY ELLI

This nstrum was acknowledged before me, on the 28th day of October, 2022 by Todd Winters, GP of TWS Land the General Partner of TWS Land Partners LP, a Texas imited partnership, beh partnership

Exhibit D
Development Standards

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ïX oo Œ}}(• •Z oo r]uo v•]]yvšZŒŒ Z]š šµŒ o •Z]vPo •X
&X ••}ŒÇ µ]o]vP• voo•šŒ•µ}Œš Ç Œµ•]W]vP• v •šŒµ šµŒ • •Z o
Œ Z]š šµŒ o v }š•Z] ŒŒ š•]]Pvv•]v šZ •}y]yvP [šŒ}y]všy šZ • š
Œ ‹µ]Œ u vš•] vš[(] Z Œ]v

KDDhE/dz ^/'E ^d E Z ^
íX }uuµv]šÇ W((Œ•
XWŒ}‰}• D]v}W Œš Œ] o•
íX u]v]uµíù[Á] o v • ‰ µ((Œ •Z oo ‰ Œ}Œ]‰}• i D]wš}Œ
Œš Œ] o• v Á]voZ]v o]µ‰ Œ }À Œ•š}ŒÇX šŒ Œ•u•À vŒ ÇŒ ñš]v]
Á oo• u Ç }v•šŒµ š Á]šZ]v šZ µ((ŒX
îX'Œ}µv }À Œ u Ç o•} ‰o vš šZŒ}µPZ}µš šZ µ((ŒX
o]u]šš} •ZŒµ •U PŒ •• •U šµŒ(Uvuµo Œ • %‰o Xš Œ •

DEVELOPMENT STANDARDS - COMMERCIAL

ò X Æ š Œ] } Œ ^ & Œ µ š µ Œ • • Z v o o Z µ v À Œ ‰ í Œ 9 • v š š } v } Œ • } Œ Œ Æ ç š Œ] } Œ X
v Ç ‰ Œ } ‰ } • À Œ] u š š } Œ] v o] š Œ Z ‰ Œ v š P u } (} • v š Œ Æ Z Ç o } o Œ Œ ‰] Œ Ì • v š
š Z] š Ç } µ v] o (X } Œ ‰ ‰ Œ } À o

DEVELOPMENT STANDARDS – MULTI-FAMILY

D µ o š] & ‰ o] o Ç À o } ‰ u v š • Z o o P } À Œ v Ç ^ š] } v ñ X U š X ò } [P š v Z] š
^ š v Œ • v ^ µ] À] •] } X v Z P µ o š] } v •

t Z Œ š Z Œ] • } v (o] š } Œ v } Œ (Œ v U] š Z (( ] š Ç [• } (} š Z š ‰ Œ • P µ o
W o } u d Œ] o • • } v] u P Z k ó Œ] w š v Œ } o X

> ' > ^ Z/Wd/KE
y,/ /d

/E'íòñXñí Z ^ K& > E ^/dh d /E d, ,X X KE > ^hZs zU ^dZ d E
>K' E ^hZs zU ^dZ d EKX ðõðU t/^ KhEdzU d y ^U /E' >> K& d,
>zEE <E WW E : D ^ ,Z/^dKW, Z <E WW d>>^ íñìXòóî /EZsK>hD óîì
W ' ðôóU Z KZ ^ t/^ KhEdzU d y ^ ~ XZXtX XdX• E >> K& d,
Z dZ d ^ ^ Z/ /E sK>hD ïññU W ' ðõ ~ XZXtX XdX•

'/EE/E'd D ' E /> ^ d d d, DK^d ^Khd, Z>z ^K^hd,tíñìXòóî /E Z K&Z dU
/E d, Ed Z K& K> EdKE ,/',t z ~EK Z KZ &KhE z ^hZs zKZ• E
>/E K& d, ^ Kdd ^, Z >> îìXïóñ Z dZ d ^ ^ Z/ /E íìE ^dZhD
~ XZXtX XdX•U &ZKD t,/ , D ' EE/K>Z&,t ^d KZE, Z K& ^ / îìXïóñ Z
Z^ EKZd, ôô 'Z ^ îî D/Ehd ^ ñð ^ KE ^ t ^dU /^d E K& íïíXñí &

d, E EKZd, ìì 'Z ^ ïó D/Ehd ^ îó ^ KE ^ ^d d /^d E K& îïXôì &
/E KE Z d &KhE d d, ^KEhd Z, K^&d d,KZ D Z/ E dKt Z D E ' D EdU /E X
íXîìñ Z dZ d ^ ^ Z/ /E sK>hD õðòU W ' ïíí ~ XZXtX XdX• E
t z >/E K& ^ / K> EdKE ,/',t zU E KEd/Eh/E' dKd > /^d E K&
/ZKE ZK ^ dW^d DW ^KE > òñóì_ ~, Z /E &d Z >> /ZKE ZK ^ d• d
^ / íñìXòóî Z dZ d E d d, KDDKE EKZd, ^d KZE Z K& ^ / íXîìñ

d, E EKZd, ôõ 'Z ^ îî D/Ehd ^ ïï ^ KE ^ t ^dU d /^d E K& îî
EKZd, Z>z ^Khd,t ^d KZE Z K& ^ / íñìXòóî Z dZ dU ^ D /E' d, ^K
íñXìì Z dZ dU E KEd/Eh/E' &KZ dKd > /^d E K& ïñìXôî & d d
^Khd,t ^d KZE Z K& ^ / íñXìì Z dZ dV

d, E EKZd, ìì 'Z ïð D/Ehd ^ ïí ^ KE ^ ^dU /^d E K& íñïñXòì & d
&KhE d E /Ed Z/KZ KZE Z K& ^ / íñXìì Z dZ dV

d, E ^Khd, ôõ 'Z ^ îô D/Ehd ^ ðò ^ KE ^ t ^dU /^d E K& ðïìXïó &
&KhE d d, yd Z/KZ& ^ Z/E íñXìì Z dZ dV

d, E EKZd, ìì 'Z ^ ìõ D/Ehd ^ ðõ ^ KE ^ ^dU /^d E K& ôìòXõô &
/E d, ^Khd, rZ&'z d >/E K& hX^X ,/',t z ïôì ~EK Z KZ &KhE z ^hZ
EKZd,t ^d KZE Z K& ^ / díñXìì Z

d, E >KE' d, EKZd, >/E K& ^ / íñXìì Z dZ dU d, EKZd, >/E K&
E d, KDDKE ^Khd, >/E K& hX^X ,/',t z ïôì d, &K>>Kt/E' ^ s E ~ó•

íXEKZd, ôò 'Z ^ ñõ D/Ehd ^ ìð ^ KE ^ ^dñî &/^d E K& /ïõ KE ZK
îXEKZd, óõ 'Z ^ ìì D/Ehd ^ ìì ^ KE ^ ^d /^d E K& íìíXñí &
DKEhD Ed &KhE V
ïXEKZd, ôó 'Z ^ ïñ D/Ehd ^ ìì ^ KE ^ ^d /^d E K& óõóXñî &
ðX^Khd, ôñ 'Z ^ ñí D/Ehd ^ ìó^d KE/^d E K& íìîXïô & d dK
DKEhD Ed &KhE V
ñXEKZd, ôó 'Z ^ îô D/Ehd ^ îï ^ KE ^ ^d /^d E K& ðñìXõì
DKEhD Ed &KhE V

W Fô}(õ

òXEKZd, óì 'Z ^ îô D/Ehd ^ íî ^ KE ^ ^d /^d E K& ñíXìñ &
DKEhD Ed &KhE V
óXEKZd, ôó 'Z ^ ïî D/Ehd ^ ïî ^ KE ^ ^d /^d E K& íðìñXõí &
d d, EKZd, ^d KZE Z K& ^ / íñìXòóî Z dZ Kd,t ^d KZE Z
K& d, EKZD E , >> E / X , >> >> íðXõó Z dZ d ^ ^ Z
EhD Z îìîìííîôò ~ XZXtX XdX•V

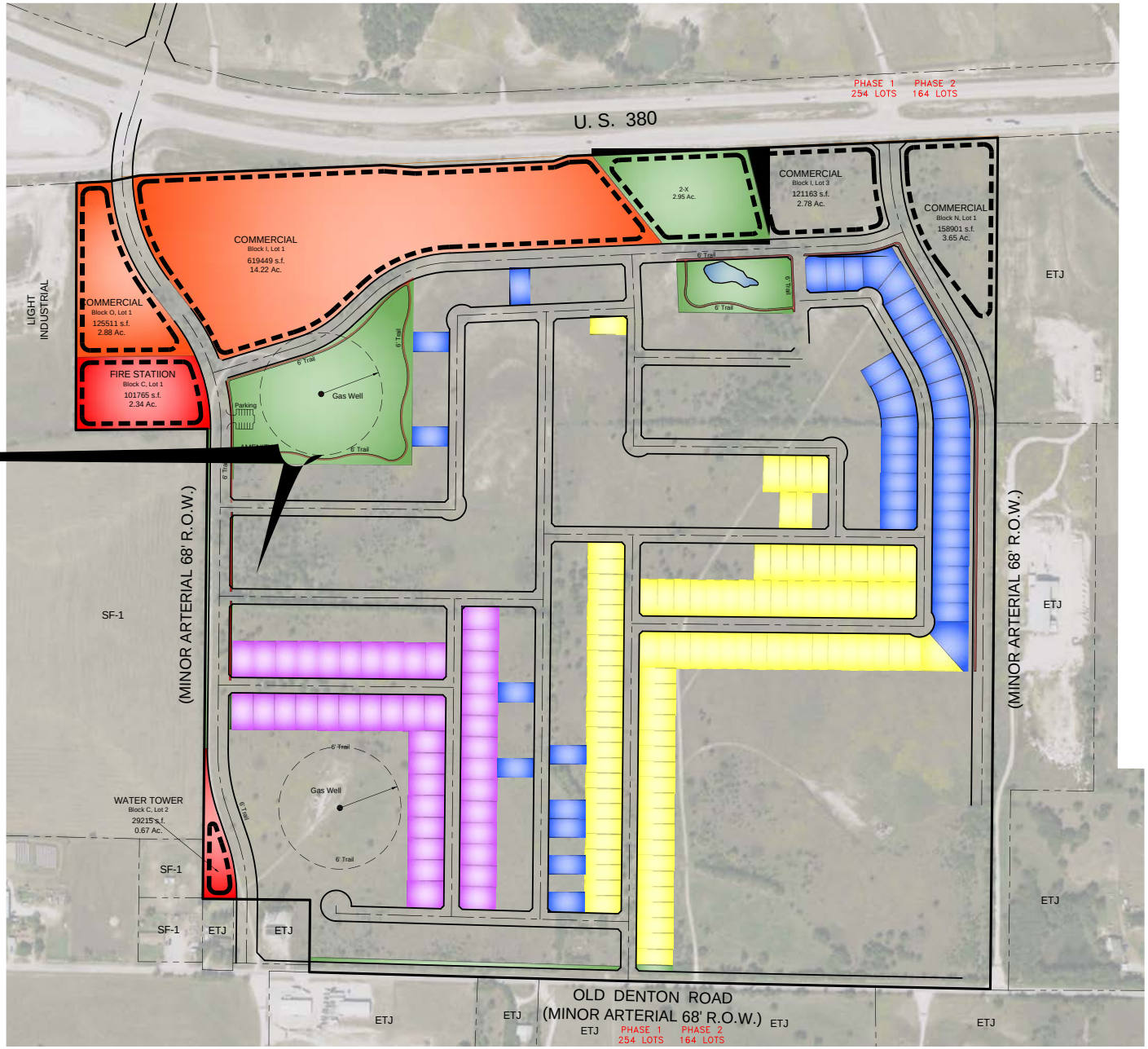
d, E ^Khd, ìì 'Z ^ îõ D/Ehd ^ ïô ^ KE ^ t ^dU >KE' d, ^d >/E K
dZ dU d /^d E õ K& ðïìXï^^ ílî— /ZKE ZK &KhE t/d, z >>Kt W d
KZE Z K& ^ / íðXõó Z dZ dU ^ D /E' d, KDDKE EKZd,t ^d KZE
˜ WZ ^dU >> >> íìXìíí Z dZ d ^ ^ Z/ /E /E^dZhD Ed EhD
E KEd/Eh/E' >KE' d, t ^d >/E K& ^ / íìXìíí &KZ dKd > /^d E
/ZKE W/W &KhE V

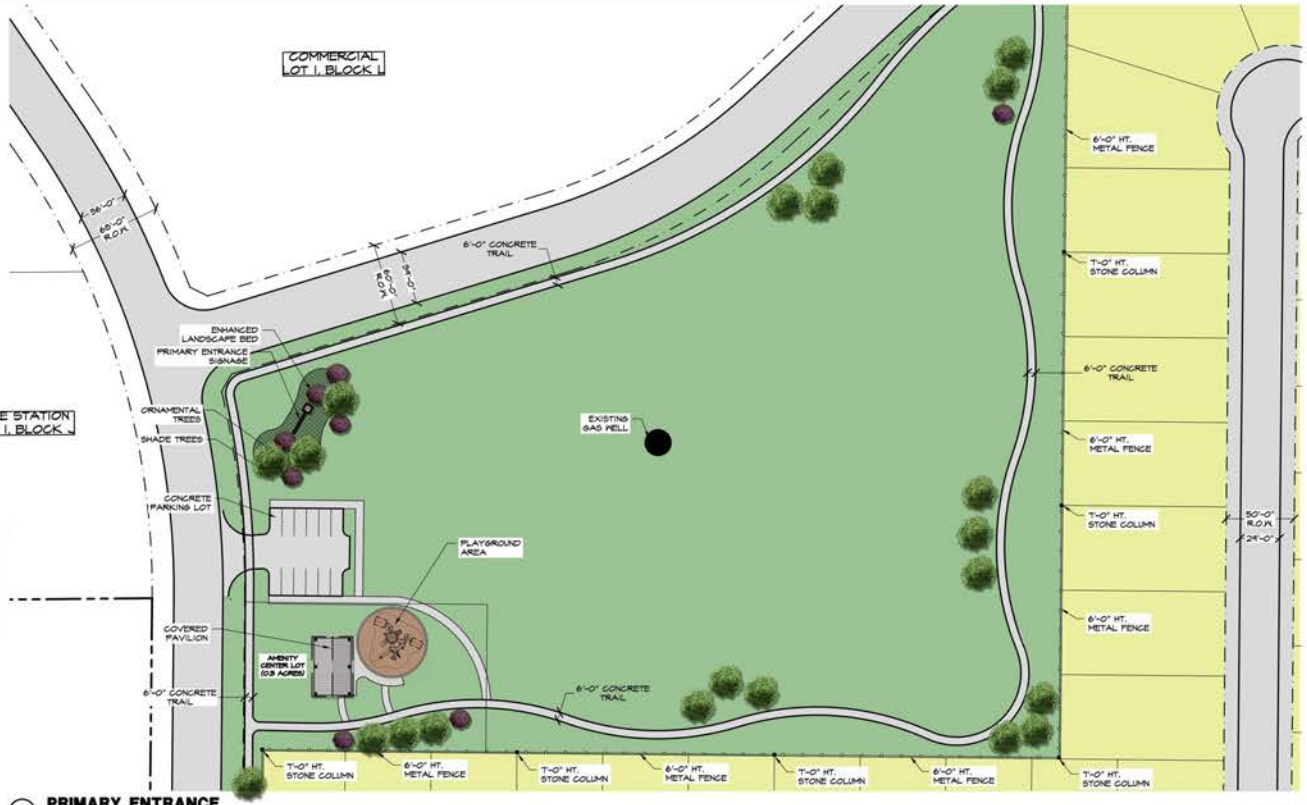
d, E ^Khd, ìì 'Z ^ ïí D/Ehd ^ ðõ ^ KE ^ t ^d KEd/Eh/E' >KE' d,
íñìXòóî Z dZ d E d, KDDKE t ^ìXìíí/E Z K&d^Z / dU /^d E K& òìíX
dK D ' E /> ^ d /E d, Ed Z K& K> EdKE ,/',t zU ^ D /E' d, EKZ
' Zz K EKh', ZU d hy >> îìîXñóí Z dZ d ^ ^ Z/ /Er/E^dZh
ðòóíôU ~ XZXtX E'dX• d, E ^K/hd, ^d KZE Z K& ^ / íñìXòóî Z dZ dV

d, E >KE' d, Ed Z>/E K& K> EdKE ,/',t zU ^ D /E' d, ^Khd, >/
Z dZ d E d, KDDKE EKZd, >/E K& ^ / îìîXñóí Z dZ dU d, KD
^ Kdd ^, Z>> îôXôíì Z dZ d ^ ^ Z/ /E /E^dZhD Ed ~ EhZ XtX Xìíí•U
KDDKE EKZd, >/E K& d, KE >X ^h hd, >> ìXñì Z dZ d ^ ^ Z/
óõõU ~ XZXtX XdX•U E d, KDDKE EKZd, >/E K&, dZ ^ >> îìXïóñ
Z dZ dU d, &K>>Kt/E' d,Z ~ï• KhZ^ ^ E /^d E ^W

íXEKZd, ôô 'Z ^ ðñ D/Ehd ^ ìó ^ KE ^ t ^dU /^d E K& õòðXôí
îXEKZd, ôô 'Z ^ ïó D/Ehd ^ îó ^ KE ^ t ^d /^d E K& îððXñì &
ïXEKZd, ôô 'Z ^ îî D/Ehd ^ ñð ^ KE ^ t ^dU d /^d E K& îòòXñ
&KhE d d, EKZd,t ^d KZE Z K& ^ / îôXôíì Z dZ d E KDDKE
K& ^ / ìXñì Z dZ dU d /^d E K& ðòòXðò & d EKZd,t ^d E />
KZE Z K& ^ / ìXñì Z dZ d E KDDKE EKZd, ^d KZE Z K& ^
E KEd/Eh/E' &KZ dKd > /^d E K& íìXíí/E Z K&d d/KEd/E'
KEd /E/E' íòñXñí Z ^ K& > E DKZ KZ > ^^

W Fõ}(õ


PHASE 1 254 LOTS
PHASE 2 164 LOTS
U. S. 380
COMMERCIAL
Block I, Lot 1
619449 s.f.
14.22 Ac.
2-X
2.95 Ac.
COMMERCIAL
Block I, Lot 3
121163 s.f.
2.78 Ac.
COMMERCIAL
Block N, Lot 1
158901 s.f.
3.65 Ac.
COMMERCIAL
Block O, Lot 1
125511 s.f.
2.88 Ac.
FIRE STATIION
Block C, Lot 1
101765 s.f.
2.34 Ac.
LIGHT INDUSTRIAL
Gas Well
Parking
6' Trail
(MINOR ARTERIAL 68' R.O.W.)
SF-1
ETJ
WATER TOWER
Block C, Lot 2
29215 s.f.
0.67 Ac.
OLD DENTON ROAD
(MINOR ARTERIAL 68' R.O.W.)
PHASE 1 254 LOTS
PHASE 2 164 LOTS



1 PRIMARY ENTRANCE PLAN

SCALE: 1" = 30'-0"

2 PRIMARY ENTRANCE SIGNAGE ELEVATION

SCALE: 1/4" = 1'-0"

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

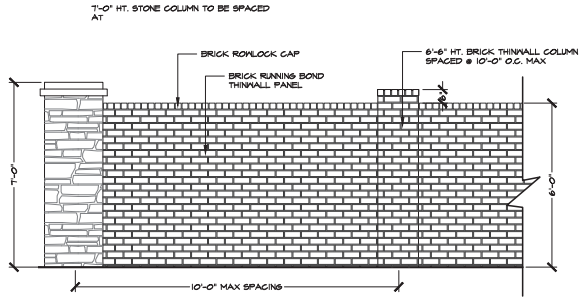
OWNER:
JAME & MILDRED KNAPP
P.O. BOX 637
RIO VISTA, TEXAS 76093

CIVIL ENGINEER:
ENGINEERING CONCEPTS & DESIGN, L.P.
201 WINDCO CIRCLE, SUITE 200
WYLIE, TEXAS 75098

ZONING CASE
#PD 2022-01

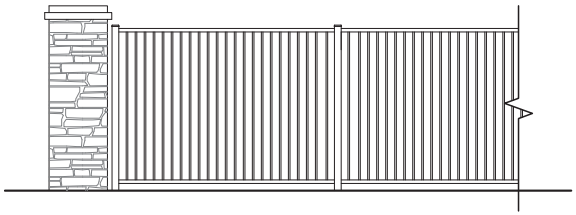
STUDIO 13 DESIGN GROUP

EXHIBIT E2



1 PARTIAL ELEVATION: 6'-0' HT. BRICK THINWALL & 7'-0" HT. STONE COLUMN
ELEVATION

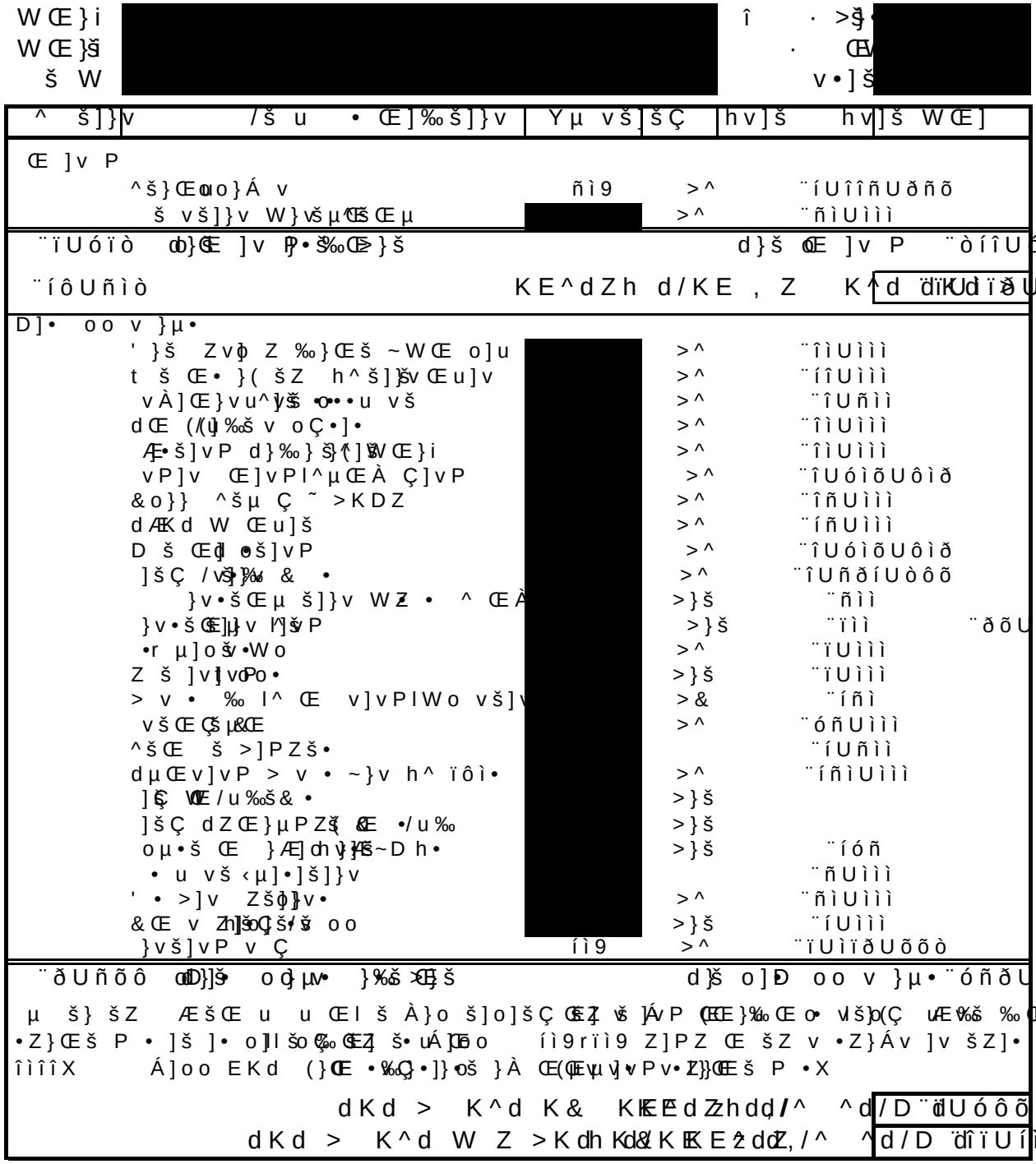
SCALE: 1/2" = 1'-0"



NOTE:
ALL IMPROVEMENTS SHOWN ON THIS PLAN ARE CONCEPTUAL IN NATURE & SUBJECT TO CHANGE.

EXHIBIT	E3

Drawing: W:\Shared With Me\shared\Projects\EC0003 – Paloma Trails\Concepts\EC0003 – Zoning Exhibits.dwg Saved By: Station14 Save Time: 9/15/2022 11:05 AM
Plotted by: ###### Plot Date: 9/15/2022 11:06 AM



^ š] } v / š u • Œ] ‰ š] } v	Y µ v š] š Ç	h v] š h v] š W Œ]	Æ š v
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s o À ~ ï ‰ Œ d } ^ v U š Œ E / š } Œ • š] } v • ô		¨ ñ U ñ ì ì	¨ ð ð U ì ì ì
&] š š] v P • U } v v š] } v • U š • š] v P ò X ò		> ^ ¨ í ì U ì ì ì	¨ ò ò U ì ì ì
• ‰ Z o š Z ‰] Œ	í	> ^ ¨ ï ì U ì ì ì	¨ ï ì U ì ì ì
D] • o o v } µ • Z ‰] Œ	í	> ^ ¨ ñ ì U ì ì ì	¨ ñ ì U ì ì ì
&] Œ , Ç Œ v š •	õ	> ^ ¨ ó U ñ ì ì	¨ ò ó U ñ ì ì
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K ((•] š ^ v] š Œ Œ Ç ^ A			
ô — Z r í ô õ ì ì & v Œ D	ñ U î ó ì	> & ¨ ò ñ ¨ ï ð î U ñ ñ ì	
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W } v & }] µ w š	í	¨ ð ñ U ì ì ì	¨ ð ñ U ì ì ì
W Œ Ç P Œ } µ o v o } Á v	í	> ^ ¨ ô ì U ì ì ì	¨ ô ì U ì ì ì
W À] o o] } v	í	¨ õ ñ U ì ì ì	¨ õ ñ U ì ì ì
W] v d] o •	ð	> ^ ¨ ñ U ì ì ì	¨ ì ì U ì ì ì
W Œ l Z v •	î	¨ í U î ì ì	¨ î U ð ì ì
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ò – l Œ d] Z] v o Á o	ð U î ð ì	> & ¨ í í ì	¨ ð ò ò U ð ì ì
ò – D o s & v	î U õ î ì	> & ¨ ð ñ	¨ í ï í U ð ì ì
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ð — v } Œ P] v P	ï ì ì	> & ¨ ñ X ì ì	¨ í U ñ ì ì
ï — o] ‰ Œ ^ Z d Œ	í ñ ì	¨ ñ ì ì	¨ ó ñ U ì ì ì
î — o] ‰ u Œ v š k o Œ d v Œ	ï ì	¨ ï ñ ì	¨ í ì U ñ ì ì
^ Z Œ µ • ˜ ' Œ } µ v v š } À v P Œ W o	í	> ^ ¨ í ô U ñ ì ì	¨ í ó U ñ ì ì
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E š] À ^ D] Æ , Z Ç Œ } u µ o	î ñ ì U ì ì ì	^ & ¨ ì X î ñ	¨ ò î U ñ ì ì
h v Œ P Œ } µ v W Œ Œ E š]] W ^ v Ç • š u	õ	> ^ ¨ ñ ì U ì ì ì	¨ ð ò ñ U ì ì ì
d u ‰] Œ E Ç / Œ Œ Ç] P š š u] v ^	î ñ ì U ì ì ì	^ & ¨ ì X ï ñ	¨ ô ó U ñ ì ì
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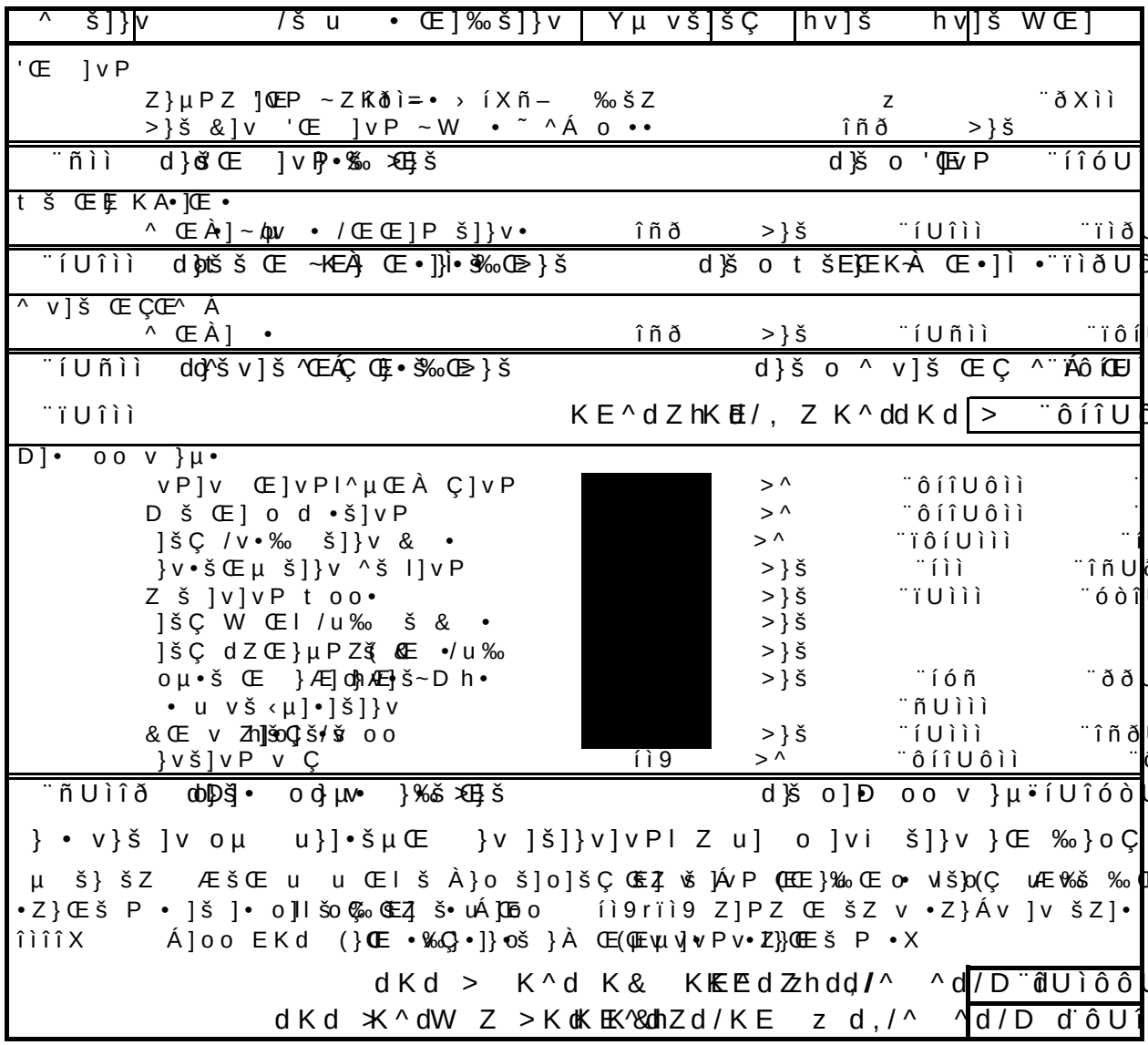
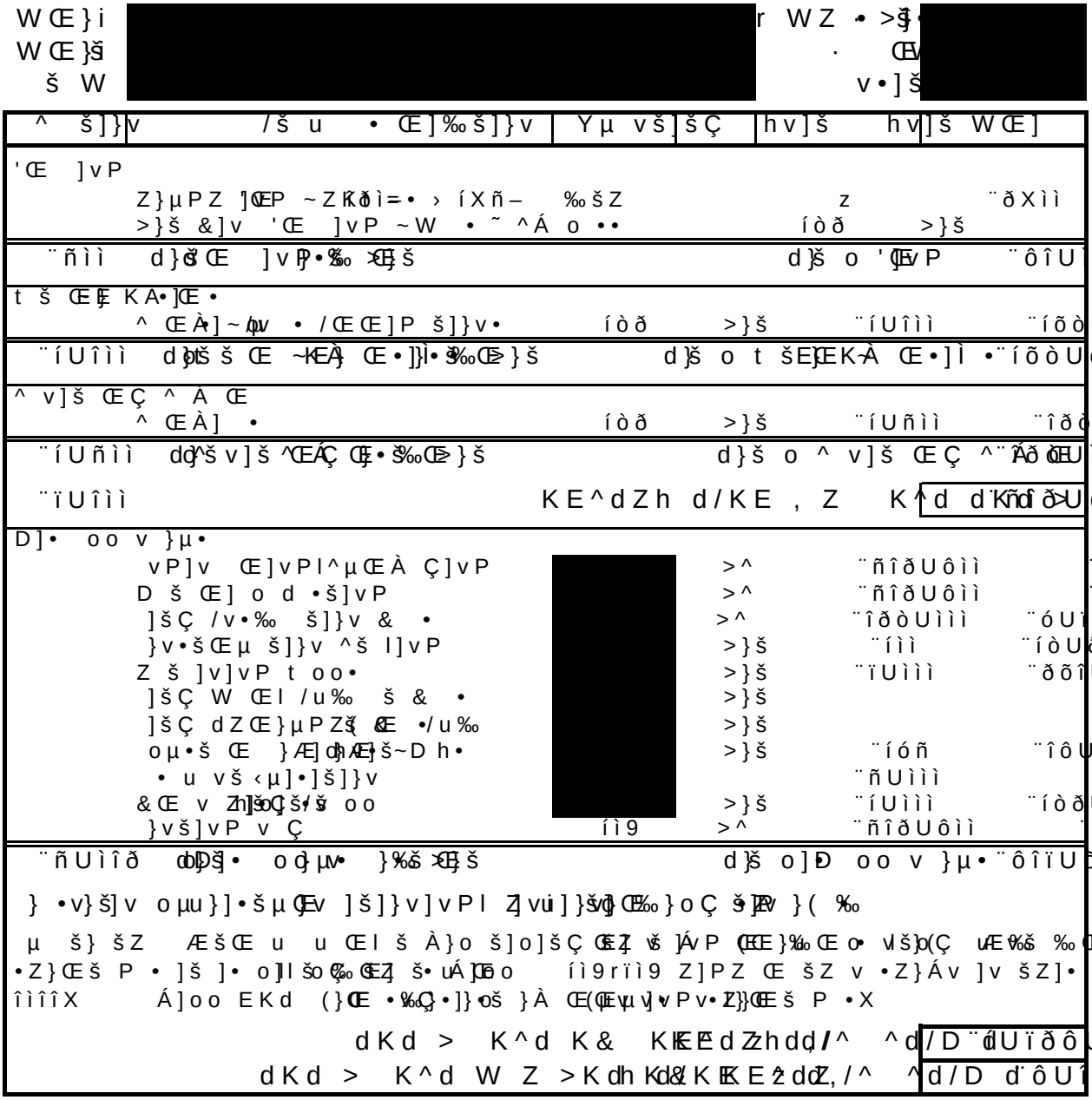
[redacted]





WŒ}šiW [redacted] Œ · >}š [redacted] ô
WŒ}i [redacted] · Œ [redacted]
š W [redacted] v•]š [redacted]

^ š]}v	/šu • Œ]‰š]}v	Yµ vš]šÇ	hv]š	hv]š WŒ]	Æšv
'Œ]vP					
	dŒ ŽÀuõ]•‰}• o	î	>^	¨ïìUììì	¨òìUììì
	^]š o Œ]vP ˜ 'Œµ]vP	íîóXóï		¨íUîñì	¨íñôUòòï
	Z}µPŒ]vP Kt= îðì–• › ‰Æšñ–	ïîñUôìì	z	¨ðXìì	¨íUïììUîìì
	'Œ š Œ]v	íUñìì	>&	¨íìXìì	¨íñUììì
	>}&]v 'Œ]vP~W• ˜ Á o ••	ðíô	>}š	¨ñìì	¨îìõUììì
	D}]•šµŒ v]š]}v]vP l Z uš]]}v /vi		>}š	¨îUñìì	
¨ðUîñí	d}š o 'Œ]vP š}‰ >}š			d}š o 'Œ]vP	¨íUóóòUôòï
Œ}•]}v šŒ}o					
	^tWWW W Œ šuEK/ WŒ }š ^]Pv	í	>^	¨ðUñìì	¨ðUñìì
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	}v•šŒµ š]}v Ÿ v	î		¨ðUñìì	¨ðUììì
	^]v}Œ]•šµŒ Œ •	íìóXìñ		¨ñìì	¨ñïUñîñ
	Œ}•]}v šš]vP	îìóUôìì	^&	¨ìXôì	¨íòòUîðì
	Z} l Œ•u	îì		¨íUñìì	¨ïìUììì
	^]o šv	ñîUììì	>&	¨íXîñ	¨òñUììì
¨ôìó	d}š o Œ}•]}v }vŒ}o š}‰ >}š			d}š o Œ}•]}v }vŒ}o	¨ïïóUîòñ
W À]vP					
	ò–Æò ìì‰• ïì– Œ] vZ š Œ š••	ñïUîôì	^z	¨ññ	¨îUðìì
	ó–Æò ìì‰• ïó– oo ~š}Œ•	õUõõì	^z	¨òñ	¨òðõUïñì
	ô–Æò ìì‰• ïó–]v Œ~DŒ o˜ •	îïUòîì	^z	¨óñ	¨íUóðñìì
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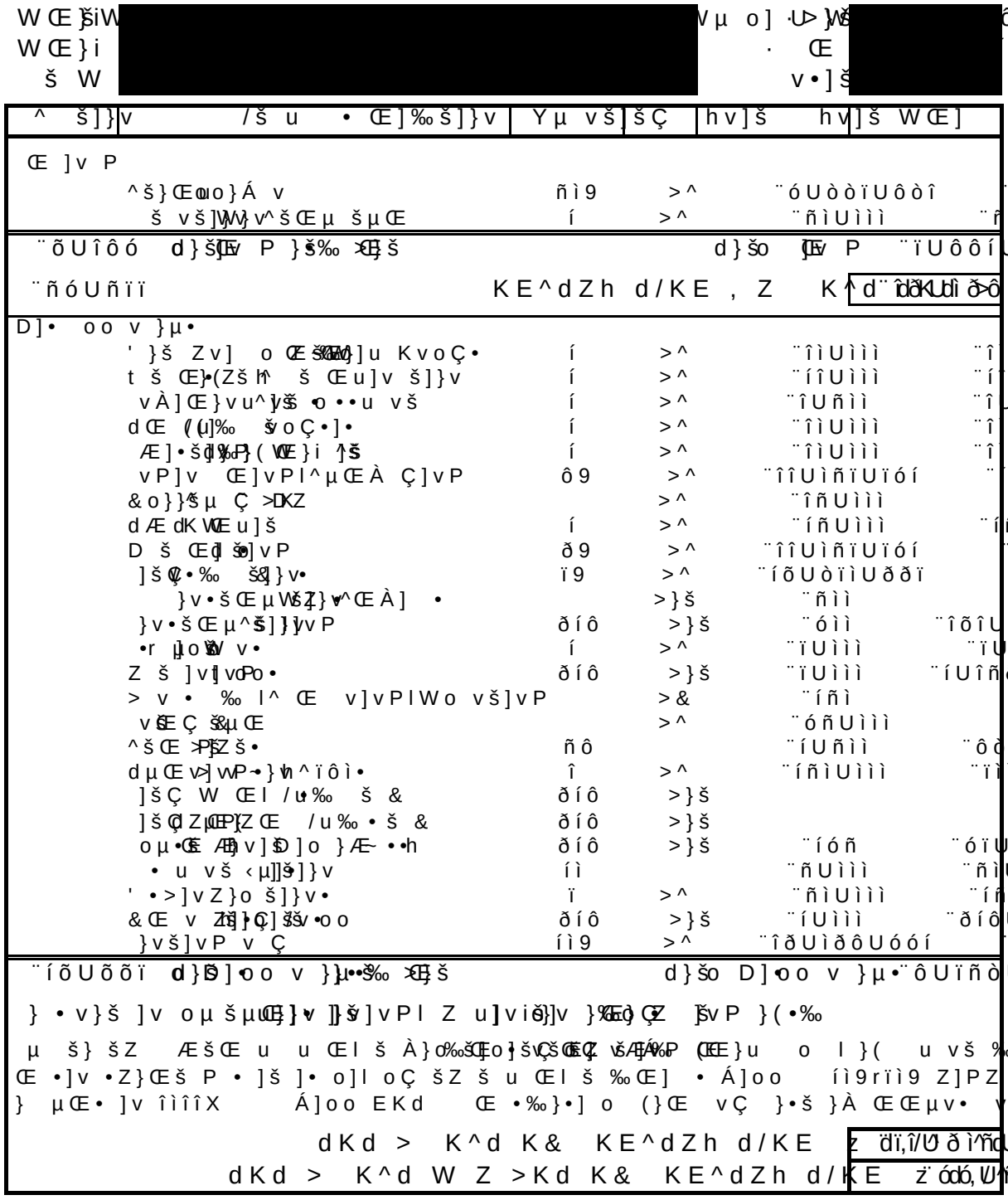

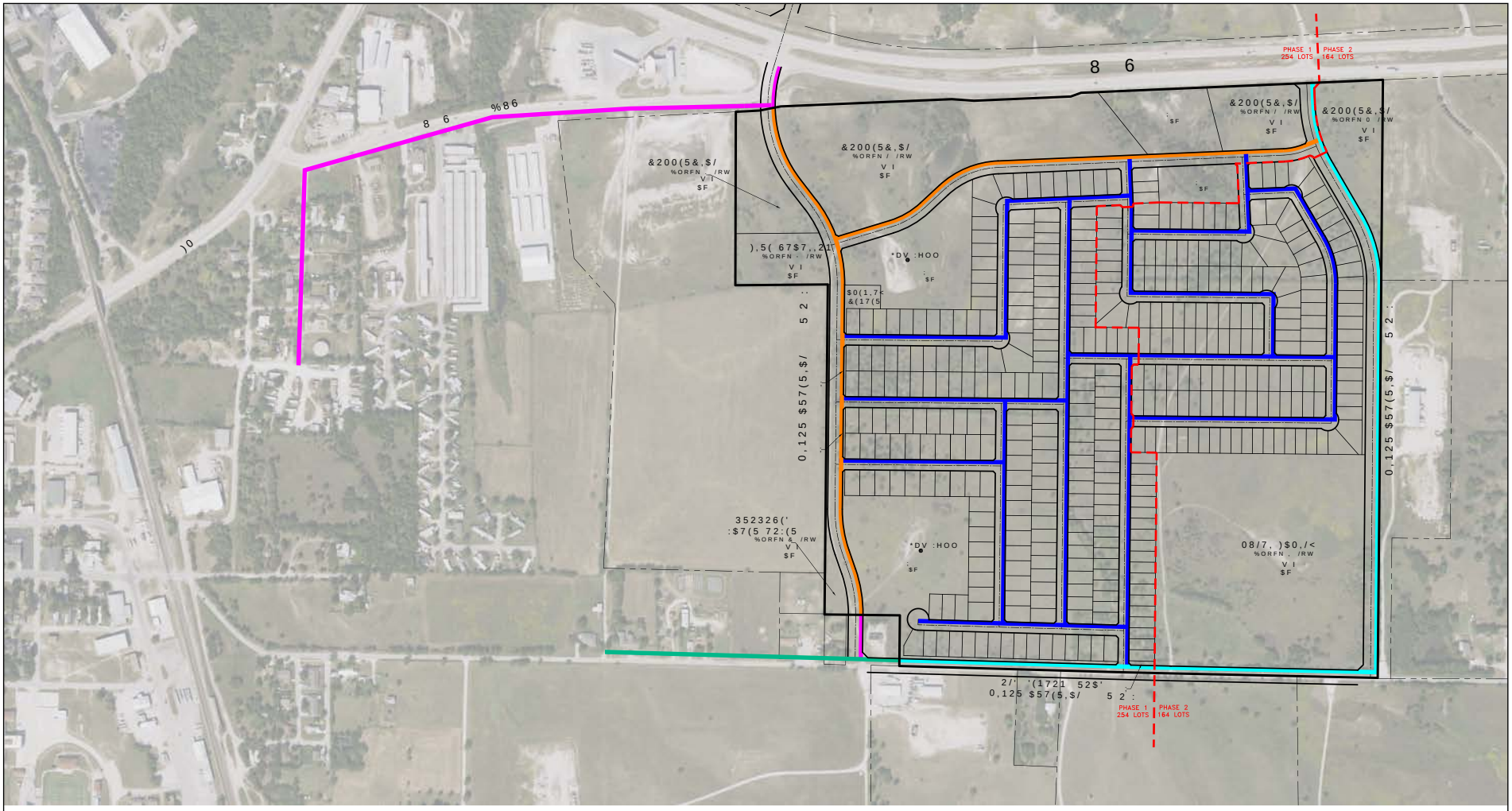

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Graphic Scale

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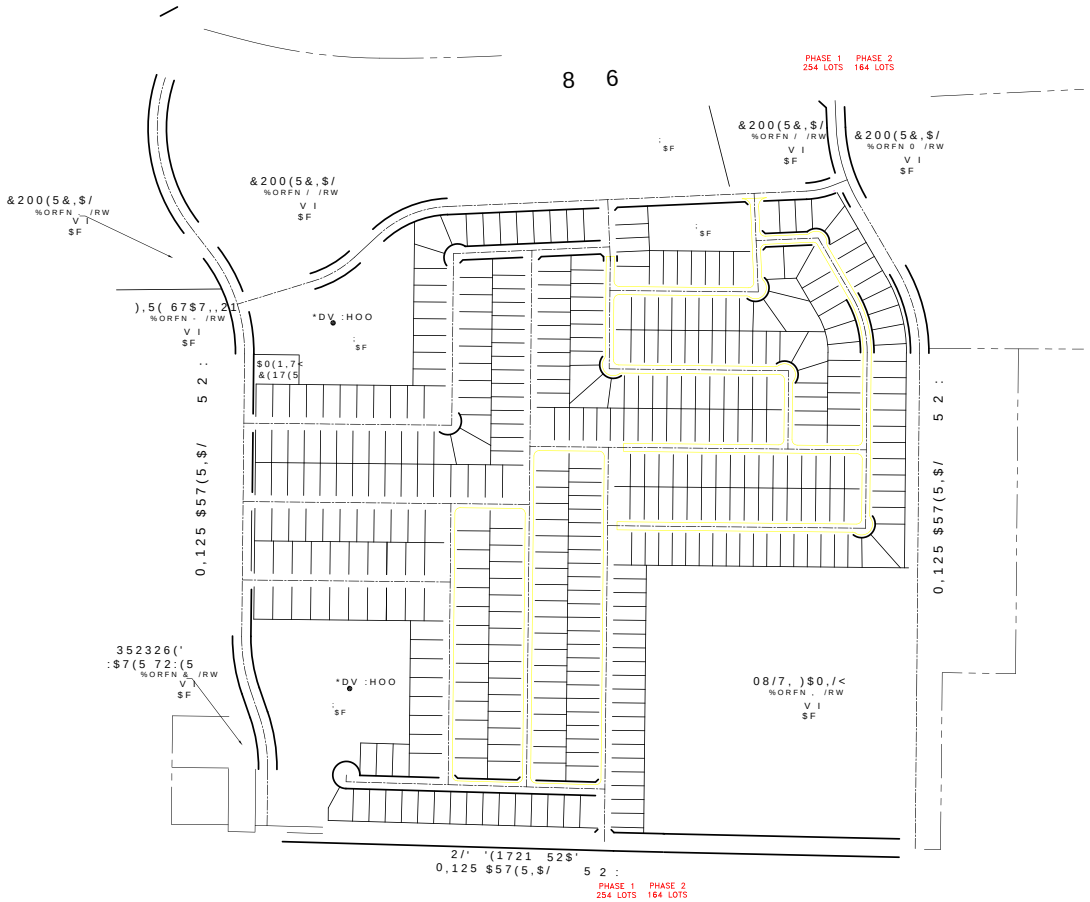
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(b) The Developer shall not be relieved of its obligation to construct or cause to be constructed each Major Improvement Area Project and, upon completion, inspection, and acceptance, convey each such Major Improvement Area Project to the City, in 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 Major Improvement Area Projects required in connection with the development of the land within the District.

Section 4.02. No Competitive Bidding. The Major Improvement Area 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 Major Improvement Area Projects.

Section 4.04. Remaining Funds After Completion of a Major Improvement Area Project. Upon the Final Completion of a Major Improvement Area Project and payment of all outstanding invoices for such Major Improvement Area Project, if the Actual Cost of such Major Improvement Area Project is less than the Budgeted Cost of such Major Improvement Area Project (a "Cost Underrun"), any remaining Budgeted Cost may be made available to pay Cost Overruns on any other Major Improvement Area 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 Major Improvement Area Projects and shall include this update in the next Annual Service Plan Update. Any Cost Underrun for any Major Improvement Area Project is available to pay Cost Overruns on any other Major Improvement Area 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 Major Improvement Area Projects. Developer or its contractors may approve and implement any change orders, even if such change order would increase the Cost of a Major Improvement Area 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 Major Improvement Area Projects Account of the Project Fund 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 a Major Improvement Area Project from the Major Improvement Area 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 Major Improvement Area Projects Account of the Project Fund.

Section 5.02. Certification for Payment for an Major Improvement Area Project.

(a) No payment hereunder shall be made from the Project Fund to the Developer for work on a Major Improvement Area 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 Major Improvement Area 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. 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.

Section 5.03. Payment for Major Improvement Area Project.

(a) Upon receipt of a reviewed and approved Certification for Payment, the Trustee shall make payment from the Major Improvement Area 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 Major Improvement Area Project, unless a Cost Overrun amount has been approved for a particular Major Improvement Area 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 Major Improvement Area 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 Major Improvement Area 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 Major Improvement Area Projects to foreclosure, forfeiture, or sale. In the event that any such mechanics or materialman's lien and/or judgment with respect to any Major Improvement Area 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 Major Improvement Area Projects until such mechanics or materialman's lien and/or judgment is satisfied.

ARTICLE VI
OWNERSHIP AND TRANSFER OF MAJOR IMPROVEMENT AREA PROJECT

Section 6.01. Major Improvement Area 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 a Major Improvement Area 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 a Major Improvement Area 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 Major Improvement Area Project until the Developer has cured such objections to title to the satisfaction of the City.

Section 6.02. Major Improvement Area Project Constructed on City Land or Developer Land. If a Major Improvement Area 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 Major Improvement Area Project. If the Major Improvement Area 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 Major Improvement Area 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 Major Improvement Area 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 Major Improvement Area Project. The provisions for inspection and acceptance of such Major Improvement Area 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 Major Improvement Area 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 Major Improvement Area 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 Major Improvement Area 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 Major Improvement Area Projects, the Developer covenants to maintain proper books of record and

account for the construction of the Major Improvement Area 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 Major Improvement Area 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 Major Improvement Area 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 Major Improvement Area 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 Major Improvement Area 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 MAJOR IMPROVEMENT AREA 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 MAJOR IMPROVEMENT AREA PROJECTS; (IV) ANY CLAIMS OF PERSONS EMPLOYED BY THE DEVELOPER OR ITS AGENTS TO CONSTRUCT THE MAJOR IMPROVEMENT AREA 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 MAJOR IMPROVEMENT AREA PROJECTS OR ANY AGREEMENT OR RESPONSIBILITY REGARDING THE MAJOR IMPROVEMENT AREA 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.

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 (7) BUSINESS DAYS OF WRITTEN NOTICE FROM AN INDEMNIFIED PARTY THAT IT IS INVOKING ITS RIGHT TO INDEMNIFICATION UNDER THIS AGREEMENT. IF DEVELOPER FAILS TO RETAIN COUNSEL WITHIN SUCH TIME PERIOD, INDEMNIFIED PARTIES SHALL HAVE THE RIGHT TO RETAIN DEFENSE COUNSEL ON ITS OWN BEHALF, AND DEVELOPER SHALL BE JOINTLY AND SEVERALLY LIABLE FOR ALL REASONABLE COSTS INCURRED BY INDEMNIFIED PARTIES.

THIS SECTION 7.02 SHALL SURVIVE THE TERMINATION OF THIS AGREEMENT.

THE PARTIES AGREE AND STIPULATE THAT THIS INDEMNIFICATION COMPLIES WITH THE CONSPICUOUSNESS REQUIREMENT AND THE EXPRESS NEGLIGENCE TEST, AND IS VALID AND ENFORCEABLE AGAINST THE DEVELOPER.

Section 7.03. Use of Monies by City; Changes to Indenture. The City agrees not to take any action or direct the Trustee to take any action to expend, disburse or encumber the monies held in the Project Fund and any monies to be transferred thereto for any purpose other than the purposes permitted by the Indenture. Prior to the acceptance of all the Major Improvement Area Projects, the City agrees not to modify or supplement the Indenture without the approval of the Developer if as a result or as a consequence of such modification or supplement: (a) the amount of monies that would otherwise have been available under the Indenture for disbursement for the Costs of the Major Improvement Area Projects is reduced, delayed or deferred, (b) the obligations or liabilities of the Developer is or may be substantially increased or otherwise adversely affected in any manner, or (c) the rights of the Developer are or may be modified, limited, restricted or otherwise substantially adversely affected in any manner.

Section 7.04. No Reduction of Assessments. The Developer agrees not to take any action or actions to reduce the total amount of such Assessments to be levied as of the effective date of this Agreement.

ARTICLE VIII
TERMINATION

Section 8.01. Mutual Consent. This Agreement may be terminated by the mutual, written consent of the City and the Developer, in which event the City may either execute contracts for or perform any remaining work related to the Major Improvement Area Projects not accepted by the City or other appropriate entity and use all or any portion of funds on deposit in the Project Fund or other amounts transferred to the Project Fund under the terms of the Indenture to pay for same, and the Developer shall have no claim or right to any further payments for the Costs of a Major Improvement Area Project hereunder, except as otherwise may be provided in such written consent.

Section 8.02. City's Election for Cause.

(a) The City, upon notice to Developer and the passage of the cure period identified in subsection (b) below, may terminate this Agreement, without the consent of the Developer if the Developer shall breach any material covenant or default in the performance of any material obligation hereunder.

(b) If any such event described in Section 8.02(a) occurs, the City shall give written notice of its knowledge of such event to the Developer, and the Developer agrees to promptly meet and confer with the City Inspector and other appropriate City staff and consultants as to options available to assure timely completion, subject to the terms of this Agreement, of the Major Improvement Area Projects. Such options may include, but not be limited to, the termination of this Agreement by the City. If the City elects to terminate this Agreement, the City shall first notify the Developer (and any mortgagee or trust deed beneficiary specified in writing by the Developer to the City to receive such notice) of the grounds for such termination and allow the Developer a minimum of 45 days to eliminate or to mitigate to the satisfaction of the City the grounds for such termination. Such period may be extended, at the sole discretion of the City, if the Developer, to the reasonable satisfaction of the City, is proceeding with diligence to eliminate or mitigate such grounds for termination. If at the end of such period (and any extension thereof), as determined reasonably by the City, the Developer has not eliminated or completely mitigated such grounds to the satisfaction of the City, the City may then terminate this Agreement. In the event of the termination of this Agreement, the Developer is entitled to payment for work accepted by the City related to a Major Improvement Area Project only as provided for under the terms of the Indenture and this Agreement prior to the termination date of this Agreement. Notwithstanding the foregoing, so long as the Developer has breached any material covenant or defaulted in the performance of any material obligation hereunder, notice of which has been given by the City to the Developer, and such event has not been cured or otherwise eliminated by the Developer, the City may in its discretion cause the Trustee to cease making payments for the Actual Costs of Major Improvement Area Projects, provided that the Developer shall receive payment of the Actual Costs of any Major Improvement Area Projects that were accepted by the City at the time

of the occurrence of such breach or default by the Developer upon submission of the documents and compliance with the other applicable requirements of this Agreement.

(c) If this Agreement is terminated by the City for cause, the City may either execute contracts for or perform any remaining work related to the Major Improvement Area Projects not accepted by the City and use all or any portion of the funds on deposit in the Project Fund or other amounts transferred to the Project Fund and the Developer shall have no claim or right to any further payments for the Major Improvement Area Projects hereunder, except as otherwise may be provided upon the mutual written consent of the City and the Developer. The City shall have no obligation to perform any work related to a Major Improvement Area Project or to incur any expense or cost in excess of the remaining balance of the Project Fund.

Section 8.03. Termination Upon Redemption or Defeasance of Bonds. This Agreement will terminate automatically and with no further action by the City or the Developer upon the redemption or defeasance of all outstanding Bonds (including any refunding bonds issued to refund the Bonds) issued under the Indenture.

Section 8.04. Construction of the Major Improvement Area Projects Upon Termination of this Agreement. Notwithstanding anything to the contrary contained herein, upon the termination of this Agreement pursuant to this Article VIII, the Developer shall perform its obligations with respect to the Major Improvement Area Projects in accordance with this Agreement and the Development Agreement.

Section 8.05. Force Majeure. Whenever performance is required of a party hereunder, that party shall use all due diligence and take all necessary measures in good faith to perform, but if completion of performance is delayed by reasons of floods, earthquakes or other acts of God, war, civil commotion, riots, strikes, picketing or other labor disputes, damage to work in progress by casualty or by other cause beyond the reasonable control of the party (financial inability excepted) ("Force Majeure"), then the specified time for performance shall be extended by the amount of the delay actually so caused. The extension of time to perform allowed by this Section 8.05 shall not apply unless, upon the occurrence of an event of Force Majeure, the party needing additional time to perform notifies the other party of the event of Force Majeure and the amount of additional time reasonably required within ten (10) business days of the occurrence of the event of Force Majeure.

ARTICLE IX
MISCELLANEOUS

Section 9.01. Limited Liability of City. The Developer agrees that any and all obligations of the City arising out of or related to this Agreement are special obligations of the City, and the City's obligations to make any payments hereunder are restricted entirely to the moneys, if any, in the Project Fund and from no other source. Neither the City, the City Inspector, City

Representative nor any other City employee, officer, official or agent shall incur any liability hereunder to the Developer or any other party in their individual capacities by reason of their actions hereunder or execution hereof.

Section 9.02. Audit. The City Inspector, City Representative or a finance officer of the City shall have the right, during normal business hours and upon the giving of three business days' prior written notice to the Developer, to review all books and records of the Developer pertaining to costs and expenses incurred by the Developer with respect to any of the Major Improvement Area Projects and any bids taken or received for the construction thereof or materials therefor.

Section 9.03. Notices. Any notice, payment or instrument required or permitted by this Agreement to be given or delivered to any party shall be deemed to have been received when personally delivered or transmitted by telecopy or facsimile transmission (which shall be immediately confirmed by telephone and shall be followed by mailing an original of the same within 24 hours after such transmission) or 72 hours following deposit of the same in any United States Post Office, registered or certified mail, postage prepaid, addressed as follows:

To the City:
Attn: City Manager
City of Decatur, Texas
201 E. Walnut Street
Decatur, Texas 76234

With a copy to:
Attn: Pam Liston
City Attorney
City of Decatur, Texas
201 E. Walnut Street
Decatur, Texas 76234

And to:
Attn: Bond Counsel
Robert Dransfield
Norton Rose Fulbright US LLP
2200 Ross Avenue, Suite 3600
Dallas, Texas 75201-7932

To the Developer:
Attn: Jonathan Jobe
Terrance Jobe
Paloma Trails Development, LLC
520 Hawkins Run Road
Midlothian, Texas 76065

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

Any party may change its address or addresses for delivery of notice by delivering written notice of such change of address to the other party.

The City shall advise the Developer of the name and address of any person who is to receive any notice or other communication pursuant to this Agreement.

Section 9.04. Severability. If any part of this Agreement is held to be illegal or unenforceable by a court of competent jurisdiction, the remainder of this Agreement shall be given effect to the fullest extent possible.

Section 9.05. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto. Any receivables due under this Agreement may be assigned by the Developer without the consent of, but upon written notice to the City pursuant to Section 9.03 of this Agreement. The obligations, requirements, or covenants of this Agreement shall be able to be assigned to an affiliate or related entity of the Developer, or any lien holder on the Property, without prior written consent of the City. The obligations, requirements, or covenants of this Agreement shall not be assigned by the Developer to a non-affiliate or non-related entity of the Developer without prior written consent of the City Manager, except pursuant to a collateral assignment to any person or entity providing construction financing to the Developer for a Major Improvement Area Project, provided such person or entity expressly agrees to assume all obligations of the Developer hereunder if there is a default under such financing and such Person elects to complete the Major Improvement Area Project. No such assignment shall be made by the Developer or any successor or assignee of the Developer that results in the City being an "obligated person" within the meaning of Rule 15c2-12 of the United States Securities and Exchange Commission without the express written consent of the City. In connection with any consent of the City, the City may condition its consent upon the acceptability of the financial condition of the proposed assignee, upon the assignee's express assumption of all obligations of the Developer hereunder and/or upon any other reasonable factor which the City deems relevant in the circumstances. In any event, any such assignment shall be in writing, shall clearly identify the scope of the rights and/or obligations assigned. The City may assign by a separate writing certain rights as described in this Agreement and in the Indenture, to the Trustee and the Developer hereby consents to such assignment.

Section 9.06. Other Agreements. The obligations of the Developer hereunder shall be those of a party hereto and not as an owner of property in the District. Nothing herein shall be construed as affecting the City's or the Developer's rights or duties to perform their respective obligations under other agreements, use regulations, ordinances or subdivision requirements relating to the development of the lands in the District, including the applicable Construction Contracts and the Development Agreement. To the extent there is a conflict between this Agreement and the Development Agreement, the Development Agreement shall control. To the extent there is a conflict between this Agreement and the Indenture, the Indenture shall control.

Section 9.07. Waiver. Failure by a party to insist upon the strict performance of any of the provisions of this Agreement by any other party, or the failure by a party to exercise its rights upon the default of any other party, shall not constitute a waiver of such party's right to insist and demand strict compliance by such other party with the terms of this Agreement thereafter.

Section 9.08. Merger. No other agreement, statement or promise made by any party or any employee, officer or agent of any party with respect to any matters covered hereby that is not in writing and signed by all the parties to this Agreement shall be binding.

Section 9.09. Parties in Interest. Nothing in this Agreement, expressed or implied, is intended to or shall be construed to confer upon or to give to any person or entity other than the City and the Developer any rights, remedies or claims under or by reason of this Agreement or any covenants, conditions or stipulations hereof, and all covenants, conditions, promises and agreements in this Agreement contained by or on behalf of the City or the Developer shall be for the sole and exclusive benefit of the City and the Developer.

Section 9.10. Amendment. This Agreement may be amended upon agreement of the parties, from time to time in a manner consistent with the Act, the Indenture, and the Bond Ordinance by written supplement hereto and executed in counterparts, each of which shall be deemed an original.

Section 9.11. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original.

Section 9.12. Effective Date. This Agreement has been dated as of the date first above written solely for the purpose of convenience of reference and shall become effective upon its execution and delivery, on the Closing Date of the Bonds, by the parties hereto. All representations and warranties set forth therein shall be deemed to have been made on the Closing Date of the Bonds.

Section 9.13. Term. The term of this Agreement, other than the provisions contained in Section 7.02, which shall survive the termination of this Agreement, shall be thirty (30) years or upon redemption or defeasance of the Bonds (including any refunding bonds issued to refund the Bonds) issued under the Indenture. If the Developer defaults under this Agreement or the Development Agreement, this Agreement and the Development Agreement shall not terminate with respect to the Costs of the Major Improvement Area Projects that have been approved by the City pursuant to a Certification for Payment prior to the date of default.

Section 9.14 No Waiver of Powers or Immunity. The City does not waive or surrender any of its governmental powers, immunities, or rights except as necessary to allow Developer to enforce its remedies under this Agreement.

Section 9.15. Statutory Verifications**.** The Developer makes the following representations and covenants pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as heretofore amended (the "Government Code"), in entering into this Agreement. As used in such verifications, "affiliate" means an entity that controls, is controlled by, or is under common control with the Developer within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification during the term of this Agreement shall survive until barred by the applicable statute of limitations, and shall not be liquidated or otherwise limited by any provision of this Agreement, notwithstanding anything in this Agreement to the contrary.

a. Not a Sanctioned Company. The Developer represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Government Code. The foregoing representation excludes the Developer and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

b. No Boycott of Israel. The Developer hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this Agreement. As used in the foregoing verification, "boycott Israel" has the meaning provided in Section 2271.001, Government Code.

c. No Discrimination Against Firearm Entities. The Developer hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of this Agreement. As used in the foregoing verification, "discriminate against a firearm entity or firearm trade association" has the meaning provided in Section 2274.001(3), Government Code.

d. No Boycott of Energy Companies. The Developer hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of this Agreement. As used in the foregoing verification, "boycott energy companies" has the meaning provided in Section 2276.001(1), Government Code.

Section 9.16. Term of Verifications in Section 9.15**.** Notwithstanding anything contained herein, the representations and covenants contained in Section 9.15 shall survive termination of this Agreement until the applicable statute of limitations has run.

[signatures to follow]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of February 10, 2025.

CITY OF DECATUR, TEXAS

By: _____
City Manager

ATTEST:

_____
City Secretary

(City Seal)

DEVELOPER:

PALOMA TRAILS DEVELOPMENT, LLC,
a Texas limited liability company

By: Alluvium Development, Inc., a
Texas corporation

By:_____
Jonathan Jobe, President

Exhibit A

FORM OF CLOSING DISBURSEMENT REQUEST

The undersigned is an agent for Paloma Trails Development, LLC (the "Developer") and requests payment from [the Major Improvement Area Projects Account][the Costs of Issuance Account] of the Project Fund (as defined in the Paloma Trails Public Improvement District Major Improvement Area Construction, Funding, and Acquisition Agreement) from Wilmington Trust, National Association (the "Trustee") in the amount of _____ DOLLARS ($_____) for costs incurred in the establishment, administration, and operation of Paloma Trails Public Improvement District (the "District") or costs of issuance of the Bonds, as follows:

Closing Costs Description	**Cost**	**Applicable Project Fund Account**
TOTAL		

In connection with the above referenced payments, the Developer represents and warrants to the City as follows:

1. The undersigned is a duly authorized officer of the Developer, is qualified to execute this Closing Disbursement Request on behalf of the Developer, and is knowledgeable as to the matters set forth herein.

2. The payment requested for the above referenced establishment, administration, and operation of the District at the time of the delivery of the Bonds has not been the subject of any prior payment request submitted to the City.

3. The amount listed for the above itemized costs is a true and accurate representation of the Actual Costs incurred by Developer with the establishment of the District at the time of the delivery of the Bonds, and such costs are in compliance with the Service and Assessment Plan.

4. The Developer is in compliance with the terms and provisions of the Paloma Trails Public Improvement District Major Improvement Area Construction, Funding, and Acquisition Agreement, the Development Agreement, and the Service and Assessment Plan.

5. All conditions set forth in the Indenture (as defined in the Paloma Trails Public Improvement District Major Improvement Area Construction, Funding, and Acquisition Agreement) for the payment hereby requested have been satisfied.

6. The Developer agrees to cooperate with the City in conducting its review of the requested payment, and agrees to provide additional information and documentation as is reasonably necessary for the City to complete said review.

Payments requested hereunder shall be made as directed below:

a. X amount to Person or Account Y for Z goods or services.

b. Etc.

I hereby declare that the above representations and warranties are true and correct.

PALOMA TRAILS DEVELOPMENT, LLC

By: _____

Name: _____

Title: _____

Date: _____

APPROVAL OF REQUEST BY CITY

The City is in receipt of the attached Closing Disbursement Request. After reviewing the Closing Disbursement Request, the City approves the Closing Disbursement Request and shall include said payments in the City Certificate submitted to the Trustee directing payments to be made from the appropriate Project Fund account upon delivery of the Bonds. The City's approval of the Closing Disbursement Request shall not have the effect of estopping or preventing the City from asserting claims under the Paloma Trails Public Improvement District Major Improvement Area Construction, Funding and Acquisition Agreement, the Development Agreement, the Service and Assessment Plan, and any other agreement between the parties or that there is a defect in a Major Improvement Area Project.

CITY OF DECATUR, TEXAS

By: _____

Name: _____

Title: _____

Date: _____

Exhibit B

CERTIFICATION FOR PAYMENT FORM – MAJOR IMPROVEMENT AREA PROJECTS

CERTIFICATION FOR PAYMENT NO. _____

The undersigned is a lawfully authorized representative for Paloma Trails Development, LLC (the "Developer") and requests payment from the Major Improvement Area Projects Account of the Project Fund from Wilmington Trust, National Association (the "Trustee") in the amount of _____ for labor, materials, fees, and/or other general costs related to the construction and installation of the following Major Improvement Area Projects related to the Paloma Trails Public Improvement District:

[insert specific Major Improvement Area Project this request is for here]

Unless otherwise defined, any capitalized terms used herein shall have the meanings ascribed to them in the Paloma Trails Public Improvement District Major Improvement Area Construction, Funding, and Acquisition Agreement.

In connection with this Certification for Payment, the Developer represents and warrants to the City as follows:

1. The undersigned is a duly authorized officer of the Developer, is qualified to execute this Certification for Payment on behalf of the Developer, and is knowledgeable as to the matters set forth herein.

2. The payment requested herein for the Major Improvement Area Project(s) has not been the subject of any prior payment request submitted for the same work to the City or, if previously requested, no disbursement was made with respect thereto.

3. The itemized amounts listed for the Major Improvement Area Project(s) below are a true and accurate representation of the Actual Costs incurred by Developer with the construction and installation of said Major Improvement Area Project(s) identified above, and such costs are (i) in compliance with the Paloma Trails Public Improvement District Major Improvement Area Construction, Funding, and Acquisition Agreement, and (ii) consistent with the Service and Assessment Plan.

4. The Developer is in compliance with the terms and provisions of the Paloma Trails Public Improvement District Major Improvement Area Construction, Funding, and Acquisition Agreement, the Development Agreement, and the Service and Assessment Plan.

5. All conditions set forth in the Indenture for the payment hereby requested have been satisfied.

6. The work with respect to the Major Improvement Area Project(s) identified above (or its completed portion or segment) has been completed and the City has inspected or may begin inspection of the Major Improvement Area Project(s). If this request for payment results in ninety percent (90%) or more of the Budgeted Costs for the Major Improvement Area Project(s) identified above being paid, then the work with respect to the Major Improvement Area Project(s) has been completed and the City has inspected AND accepted the Major Improvement Area Project(s).

7. The Developer agrees to cooperate with the City in conducting its review of the requested payment, and agrees to provide additional information and documentation as is reasonably necessary for the City to complete said review.

Payments requested are as follows:

[FOR EXPENDITURES SUBMITTED TO PROVE UP PRIOR EXPENDED FUNDS, AMOUNT TO BE PAID FROM PROJECT FUND SHALL = $0]

Payee / Description of Major Improvement Area Project	**Total Cost of Major Improvement Area Project**	**Budgeted Cost of Major Improvement Area Project**	**Amount to be paid from Major Improvement Area Projects Account of the Project Fund**

Attached hereto, are receipts, purchase orders, change orders, and similar instruments which support and validate the above requested payments or Actual Costs incurred.

Pursuant to the Paloma Trails Public Improvement District Major Improvement Area Construction, Funding, and Acquisition Agreement, after receiving this Payment Request, the City is authorized to inspect the Major Improvement Area Project (or completed segment, portion or segment) and confirm that said work has been completed in accordance with all applicable governmental laws, rules, and Plans.

I hereby declare that the above representations and warranties are true and correct.

PALOMA TRAILS DEVELOPMENT, LLC

By:_____

Name: _____

Title: _____

Date: _____

APPROVAL OF REQUEST BY CITY

The City is in receipt of the attached Certification for Payment. After reviewing the Certification for Payment, the City approves the Certification for Payment and shall include said payments in the City Certificate submitted to the Trustee directing payments to be made from the appropriate Project Fund account. The City's approval of the Certification for Payment shall not have the effect of estopping or preventing the City from asserting claims under the Paloma Trails Public Improvement District Major Improvement Area Construction, Funding, and Acquisition Agreement, the Development Agreement, the Service and Assessment Plan, and any other agreement between the parties or that there is a defect in the Major Improvement Area Projects.

CITY OF DECATUR, TEXAS

By: _____

Name: _____

Title: _____

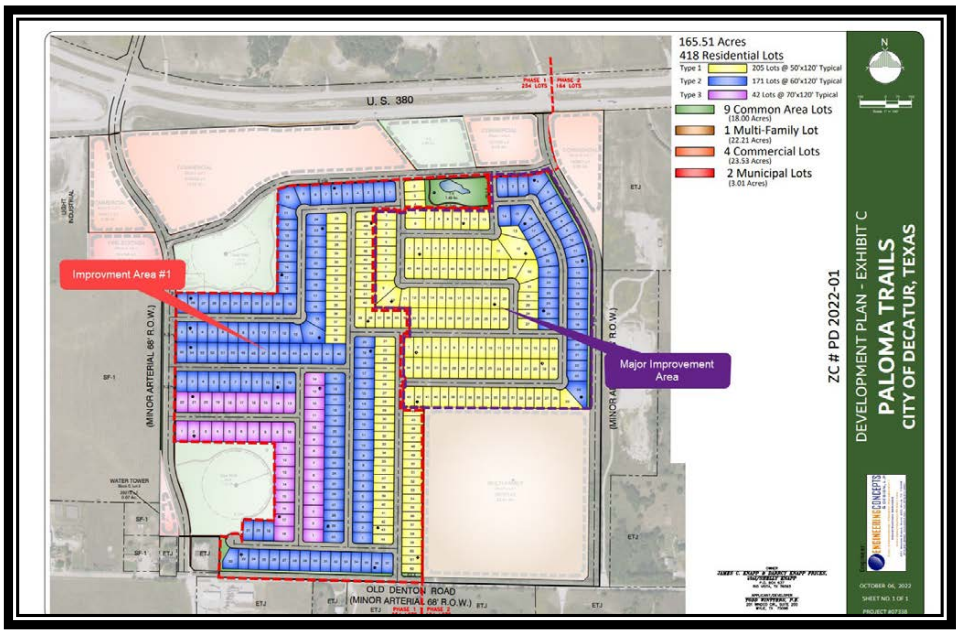
Date: _____

APPENDIX H

APPRAISAL

APPRAISAL REPORT

PROJECT # A24-0530-04



PALOMA TRAILS PUBLIC IMPROVEMENT DISTRICT
66.220 ACRES CONTAINING 254 PROSPECTIVE RESIDENTIAL LOTS IN IMPROVEMENT AREA #1 AND 164 RESIDENTIAL PAPER LOTS ON APPROXIMATELY 48.260-AC IN THE MAJOR IMPROVEMENT AREA
DECATUR, TX 76234

FOR:

FMSBONDS, INC.
5 COWBOYS WAY, SUITE 300-25
FRISCO, TEXAS 75034

EFFECTIVE DATE OF APPRAISAL:
JULY 1, 2025 (DATE OF SUBSTANTIAL COMPLETION) FOR 254 RESIDENTIAL LOTS AND 164 RESIDENTIAL PAPER LOTS,

PREPARED BY:
JAMES L. MAIBACH, CPM, STATE CERTIFIED GENERAL REAL ESTATE APPRAISER,
LESLIE TOLLIVER, STATE CERTIFIED GENERAL REAL ESTATE APPRAISER,
BROOKE CLOCK, LICENSED RESIDENTIAL REAL ESTATE APPRAISER, AND
BRANDON LAWSON, APPRAISER TRAINEE
OF:

PEYCO SOUTHWEST REALTY, INC.
1703 NORTH PEYCO DRIVE
ARLINGTON, TEXAS 76001

January 22, 2025

Mr. R.R "Tripp" Davenport, III
Director
FMSbonds, Inc.
5 Cowboys Way, Suite 300-25
Frisco, Texas 75034
tdavenport@fmsbonds.com

SUBJECT: Prospective Market Value "Upon Completion" Appraisal
Paloma Trails Public Improvement District, Improvement Area #1 and Major Improvement Area
Decatur, Wise County, Texas

Mr. Davenport,

At your request, we have inspected and appraised the above-referenced property. The purpose of the appraisal is to develop an opinion of prospective market value of the Fee Simple interest of the 254 residential lots located in Improvement Area #1 of the Paloma Trails Public Improvement District (referred to as Paloma Trails PID), and the prospective market value of 164 residential paper lots on approximately 48.260-acres. Paloma Trails PID has a total of 165.510-acres consisting of the following:

Prospective Market Value "Upon Completion" as of **July 1, 2025 for 254 detached residential improved lots on approximately 66.220 acres. The improved lots are as follows:**

- **78 lots with 50-foot frontages (~6,000-SF),**
- **134 lots with 60-front footages (~7,200-SF), and**
- **42 lots with 70-front footages (~8,400-SF)**

x Prospective Market Value "Upon Completion" as of **July 1, 2025 for 164 detached residential paper lots* of various sizes on approximately 48.260 acres within the Major Improvement Area**

**Note: A paper lot consists of a portion of land with the necessary legal (zoning and platting) and engineering entitlements (site plan approvals) in place but lacking the necessary direct improvements (such as earthwork, erosion control, drainage, retaining walls, and landscaping in addition to lacking direct access from a paved street and utilities) to develop a lot with a residence. The paper lots have access to utilities stubbed nearby and have a status between raw ground and a fully developed lot upon which home construction can begin.*

The clients for the assignment are FMSbonds, Inc. and the City of Decatur The intended use is underwriting of a proposed Public Improvement District bond transaction. This appraisal is not for purposes of determining the amount of any assessments to be levied by the City of Decatur, nor is it the basis of a determination of the benefit of any constructed or installed public improvements will have on properties within the Paloma Trails PID.

At Substantial Completion, which is forecast for July 1, 2025, the subject property is expected to consist of the infrastructure necessary to provide residential streets, drainage, and utilities to the individual lots within the Paloma Trails PID. A public improvement district containing the property within Paloma Trails PID, which comprises 165.510 acres is governed by a Development Agreement between the City of Decatur and Paloma Trails Development, LLC (as assigned to such entity) which the Development Agreement allows mixed-use development consisting of single-family, commercial, and multifamily uses at the subject property. The focus of this report is the single-family lots. Each of the lots are located in Decatur ISD.

Paloma Trails Public Improvement District

Per the developer (Paloma Trails Development, LLC), Paloma Trails PID is comprised of a total of approximately 165.510 contiguous acres of land with a final estimated build-out of 78 detached single-family residential 50-FF lots, 134 detached single-family residential 60-FF lots, and 42 detached single-family residential 70-FF lots, totaling 254 improved residential lots within Improvement Area #1 (IA #1) on approximately 66.220-acres, along with 164 entitled paper lots on approximately 48.260-acres located in Decatur, Wise County, Texas. The subject property of this assignment - Paloma Trails PID - will be developed in two phases.

Within Improvement Area #1, each of the 50-FF lot types will have a minimum of 6,000-SF, each of the 60-FF lot types will have a minimum of 7,200-SF, and each of the 70-FF lot types will have a minimum of 8,400-SF. The minimum lot depths for each of the 50-FF, 60-FF, and 70-FF lots of the subject property will be 120' in depth. The three lot types may have different market values with identical characteristics; however, the homebuilders and developer reflect different market values in their purchase contracts as such: $67,500 for the 50' lots, $81,000 for the 60' lots, and $94,500 for the 70' lots. We have considered any difference in market value based on lot depth is negligible, and other attributes, such as overall situs of the PID, are more important to the market value consideration of a single lot.

Within the Major Improvement Area, the subject property contains approximately 99.290-acres, which is separated out into single-family lots (with a total of 48.260-AC), commercial land (23.510-AC), and a multi-family land (22.210-AC) in the Major Improvement Area. The focus of this report is the single-family lots in IA #1 and the Major Improvement Area; therefore, the appraisers did not value the commercial land or the multi-family land. Paloma Trails PID is projected to contain approximately 164 residential paper land of various sizes and the development will be in two phases. The breakdown of the subject property improved lots are as follows:

Paloma Trails PID			
Lot Type	***Improvement Area #1***	***Major Improvement Area Paper Lots***	***Total***
50-FF	78	127	205
60-FF	134	37	171
70-FF	42	0	42
Improvement Area #1	**254**		
Total Major Improvement Area Paper Lots		**164**	**164**
Total Lots at Paloma Trails PID			**418**

The focus of our appraisal of the Paloma Trails PID for Improvement Area #1 and the Major Improvement Area Paper Lots which is broken down below:

Paloma Trails PID					
Area Type	**Size (Acres)**	**50' Lot Type**	**60' Lot Type**	**70' Lot Type**	**Total Lots Appraised**
IA #1	*66.220*	***78***	***134***	***42***	***254***
Major Improvement Area Paper Lots	**48.260**	127	37	0	***164***

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following **Extraordinary Assumptions** that may affect the assignment results. An Extraordinary Assumption is uncertain information accepted as fact. If the assumption is found to be false as of the Effective Date of the appraisal, we reserve the right to modify our value conclusions. Extraordinary Assumptions are used in this assignment because the improved residential lots to be delivered by the dates utilized in this report are currently incomplete as of the report date.

- Our opinions of prospective market value at completion assumes that the proposed improvements are completed in accordance with plans and specifications provided by the engineering plans published by Petitt-ECD as of May 14, 2024 for 254 improved residential lots and 164 residential paper lots in Paloma Trails PID.
- All information relative to the property located within Paloma Trails PID including land areas, lot totals, lot sizes, and other pertinent data that was provided by Paloma Trails Development LLC (Owner/Developer), Petitt-ECD (Professional Engineers and Surveyor), the City of Decatur, Wise County, and the Wise County Appraisal District is assumed to be correct.
- The subject is proposed residential lots construction with an expected completion date of July 1, 2025; therefore, this report contains a prospective opinion of value. Considering this, we have assumed that the market conditions as discussed and considered within this report will be similar on the prospective valuation date. Further, we cannot be held responsible for unforeseeable global events that alter market conditions prior to the prospective Effective Date.

The use of these Extraordinary Assumptions has affected assignment results.

In addition to the Extraordinary Assumptions, the value conclusions are based on the following **Hypothetical Conditions** that may affect the assignment results. A Hypothetical Condition is a condition contrary to known fact on the Effective Date of the appraisal but is supposed for the purpose of analysis.

- No Hypothetical Conditions are used in this report.

This appraisal report is intended to conform with the 2024-2025 Uniform Standards of Professional Appraisal Practice (USPAP) and applicable state appraisal regulations. To report the assignment results, we use the Appraisal Report option of Standards Rule 2-2(a) of USPAP. Based upon the valuation analysis in the accompanying report, and subject to the definitions, assumptions, and limiting conditions expressed in the report, our final value conclusion as of the Expected Completion Date are as follows:

FINAL MARKET VALUE CONCLUSION PALOMA TRAILS PID			
	Cost	***Sales***	***Income (Subdivision)***
Fee Simple Interest, Complete July 1, 2025	**N/A**	**N/A**	***$18,980,000 (75,000/Lot Rounded)***
Improvement Area #1			
254 Improved Lots			
Fee Simple Interest, Complete July 1, 2025	***$8,940,000 ($54,500/Lot Rounded)***	**N/A**	**N/A**
Major Improvement Area			
164 Residential Paper Lots on ~48.26 Acres			

Attached is our Appraisal Report which summarizes the investigation and analyses undertaken in arriving at our value conclusions. Should you have any questions, please contact our office.

Respectfully submitted,

Peyco Southwest Realty

James L. Maibach, C.P.M
TX-1323658
State Certified General Real Estate Appraiser

Leslie Tolliver
TX-1381494
State Certified General Real Estate Appraiser
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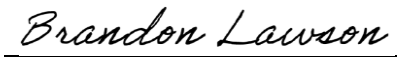

Brandon Lawson
TX-1343865
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EXECUTIVE SUMMARY

Property Name	**Paloma Trails PID; Improvement Area #1 and Major Improvement Area**
Property Type	Master-Planned Community
Location	South side of US Highway 380 and north side of Old Denton Road
City, County, State, Zip	Decatur, Wise County, TX 76234
Legal Descriptions (Wise CAD)	A-494 JC LOGAN 150. ACRES
	A-1158 HD DONALD 15.51 ACRES
Owner of Record	Paloma Trails Development, LLC
Census Tract	1502.02
Tax ID's – Wise County	741316
Appraisal District	751651
Total Land Area	165.51-AC - Total Land Area (Per Engineer)
Total Lots	78 50-FF Width Lots in Improvement Area #1 134 60-FF Width Lots in Improvement Area #1 42 70-FF Width Lots in Improvement Area #1 164 Entitled Paper Lots of various sizes on ~48.26 Acres in Major Improvement Area
Topography	Gently Sloping
FEMA Flood Zones	Unshaded Zone X (outside the floodplain)
FEMA Panel	48497C0350D
FEMA Map Date	12/16/2011
Utilities	
Water	City of Decatur
Sewer	City of Decatur
Electric	Oncor
Natural Gas	Atmos
Zoning	Planned Development (PD)
Future Land Use	Single-Family Residential Subdivision
Highest & Best Use	Single-Family Residential Subdivision
Final Value Conclusion	**$18,980,000 ($75,000/Lot Rounded) Effective Date of July 1, 2025, for 254 Improved Residential Lots in Improvement Area #1 on 66.22 Acres**
	$8,940,000 ($54,500/Lot Rounded) Effective Date of July 1, 2025, for 164 Improved Residential Paper Lots on ~48.26 Acres in Major Improvement Area
Exposure Period	6-12 Months
Marketing Period	6-12 Months
Date of Inspection	June 7, 2024
Dates of Valuation	July 1, 2025 for Improvement Area #1
	July 1, 2025 for Major Improvement Area
Report Date	January 22, 2025

CERTIFICATION

We certify that, to the best of our knowledge and belief that:

(1) The statements of fact contained in this report are true and correct.

(2) The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.

(3) We have no present or prospective interest in the property that is the subject of this analysis, and we have no personal interest with respect to the parties involved.

(4) We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

(5) Our compensation for completing this assignment is not contingent on an action or event resulting from the analyses, opinions, or conclusions in, or use of, this report, or upon developing or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal. Our engagement in this assignment is not contingent upon developing or reporting predetermined results.

(6) The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of FIRREA guidelines and the Code of Professional Ethics & Standards of Professional Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.

(7) Leslie Tolliver has inspected the subject property. James L. Maibach, Brooke Clock, and Brandon Lawson have not physically viewed the subject property. The values herein were developed and reported by James L. Maibach, Leslie Tolliver, Brooke Clock, and Brandon Lawson.

(8) This assignment was not based on a requested minimum value, a specific valuation, or the approval of a loan.

(9) None of the signatories have previously performed services as an appraiser or in any other capacity, other than that specifically stated, regarding the property that is the subject of this report within the three-year period immediately preceding the acceptance of this assignment.

(10) James L. Maibach and Brooke Clock are not members of the Appraisal Institute. Leslie Tolliver and Brandon Lawson are Practicing Affiliates of the Appraisal Institute. As of the date of this report, Leslie Tolliver and Brandon Lawson have completed the Standards and Ethics Education Requirements for Affiliate Member's of the Appraisal Institute. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

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State Certified General Real Estate Appraiser

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State Certified General Real Estate Appraiser
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Brooke Clock
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State Licensed Residential Appraiser

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SCOPE OF WORK

Scope of Work is defined by the Uniform Standards of Professional Appraisal Practice as "the type and extent of research and analyses in an assignment." Under the Scope of Work Rule, the appraiser must:

- ü Identify the problem to be solved;
- ü Determine and perform the scope of work necessary to develop credible assignment results; and
- ü Disclose the scope of work in the report.

The problems to be solved are:

- o Determine the *Prospective Market Value* with a Substantial Completion Date of July 1, 2025 for the Fee Simple interest of 254 improved single-family residential lots in Improvement Area #1 of Paloma Trails PID as such.
  - Á 78 lots with 50-FF
  - Á 134 lots with 60-FF
  - Á 42 lots with 70-FF
- o Determine the Prospective Market Value "Upon Completion" for the Fee Simple interest of 164 residential paper lots* with 48.260-acres within the Major Improvement Area with an expected Substantial Completion Date of July 1, 2025.

**Note: A paper lot consists of a portion of land with the necessary legal (zoning and platting) and engineering entitlements (site plan approvals) in place but lacking the necessary direct improvements (such as earthwork, erosion control, drainage, retaining walls, and landscaping in addition to lacking direct access from a paved street and utilities) to develop a lot with a residence. The paper lots have access to utilities stubbed nearby and have a status between raw ground and a fully developed lot upon which home construction can begin.*

The definition of market value[1] utilized herein is as follows:

Market Value is defined as the most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite for a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and acting in what they consider their own best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.[2]

1 The Appraisal Foundation, Uniform Standards of Professional Appraisal Practice, Washington, D.C.: Appraisal Standards Board (2020-2021), DEFINITIONS

The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of FIRREA guidelines and the Code of Professional Ethics & Standards of Professional Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice, in a manner necessary to produce a credible result.

This Appraisal Report has been prepared under Standards Rule 2-2(a) of an appraisal performed under Standards Rule 1 of USPAP. The value set forth herein was determined after consideration and appropriate application and analysis by three approaches to value i.e., the Cost Approach, the Income (Subdivision Development) Approach, and the Sales Comparison Approach.

As part of this appraisal, we completed a thorough investigation and analysis of the data considered pertinent to valuing the subject property.

Property Identification
The property has been identified using the following sources:

- Public records – Wise County Appraisal District (WCAD)
- Legal descriptions
- Deed Records –Wise County
- Paloma Trails PID Development Plan by Engineering Concepts & Designs, L.P., Professional Engineers

Type and Extent of Data Researched
The following information was reviewed in preparing this report:

- Public record data
- Flood plain maps
- Topographic maps
- Demographics – CoStar, ESRI, and US Census Bureau
- Market Conditions Data – S&P Case Schiller, CoreLogic, NTREIS, JLL, CBRE, Integra, CoStar, etc.
- Information provided by the client
- Development Agreement between Paloma Trails Development, LLC and the City of Decatur
- Development Plan by Engineering Concepts & Designs, L.P., Professional Engineers
- Estimated development costs provided by Petitt-ECD, the Professional Engineers
- Executed Contract between the seller, Paloma Trails Development, LLC, and Antares Acquisition, LLC, the Buyer
- Executed Contract between the seller, Paloma Trails Development, LLC, and First Texas Homes, Inc., the Buyer
- Executed Contract between the seller, Paloma Trails Development, LLC, and Lillian Custom Homes, LLC, the Buyer
- Conversations with developers and homebuilders in DFW market

Valuation Methodology

Three approaches to value are typically considered when developing a market value opinion for real property. These are the Cost Approach, the Sales Comparison Approach, and the Income (Subdivision Development) Approach. A summary of each portion of the subject property that requires valuation is shown below:

- ¶ 254 Improved Single-Family Residential Lots (50-FF, 60-FF, and 70-FF) in Improvement Area #1
- **x** 48.260-Acres with 164 Paper Lots for future single-family residential use in the Major Improvement Area

Improved Detached Single-Family Residential Lots in IA #1 (254 Improved Residential Lots)

Cost Approach

The Cost Approach involves research, verification, and comparison of sales of other vacant land with the subject land. The sales are then adjusted for value-related differences. Cost figures are obtained from the developer and engineer and compared to cost figures on competing developments. A developer's profit is based on profit expectations reported by developers as well as actual profit on similar developments.

The Cost Approach provides information that contrasts with information from the Income Capitalization and Sales Comparison Approaches. It allows the appraiser to address the feasibility and highest and best use issues inherent in new construction. This approach is most beneficial when appraising a proposed or recently built project and is typically used when finished lots make up a substantial portion of the entire project. The subject property is being developed in two phases and there are no major improvements in place, *the Cost Approach is not the most appropriate and thus was not utilized* for the 254 Improved Residential Lots in Improvement Area #1.

Income (Subdivision Development) Approach

In the Income Capitalization Approach, the retail value of the residential lots is estimated. The individual lot values are based on lot sales in competing developments. The absorption rates, expenses, and discount rates are also based on competing developments. Since sales of individual lots to an end-user homeowner is exceedingly rare in tract home subdivisions in this market, the value of an individual retail lot is effectively the same value of a portion of lots to a homebuilder because homebuilders tend to be the exclusive buyers of vacant developed lots from land developers. In addition, discussions with developers and homebuilders as well as review of contracts indicate that lots are typically received by the builders on a takedown schedule with annual price escalations of approximately 6% so the lots are not released in bulk to the home builders. The indicated value by the Income (Subdivision) Approach is based on the sellout of the lots with deductions for holding costs and discounted to a net present value.

The Income (Subdivision Development) Approach applied in subdivision analysis simulates what occurs in a bulk sale where one buyer purchases a subdivision or large group of lots at a discount. Income capitalization is the primary method used in subdivision valuation because value is determined by future sales over time. Along with discounted cash flow analysis, income capitalization directly measures differences in present value based on future cash flow projections. This approach provides a direct measure of the market value or wholesale value of a group of lots or units, which is different from the sum of the retail lot prices. Since one of the problems to be solved in this assignment is to determine the bulk sale value of 254 improved residential lots, as of the date of Substantial Completion (Effective Date), *the Income (Subdivision Development) Approach is appropriate and was developed.*

Sales Comparison Approach

The Sales Comparison Approach involves comparing recent sales of entire subdivisions or a large group of lots that involved a single purchaser. The sales are then adjusted for value-related differences. Determining market values for the subdivision or the group of lots is the objective of the analysis, and that determination requires recent and relevant similar bulk sales for the comparison. Finding highly similar and recent sales of improved subdivisions to a single buyer in most markets can be difficult, perhaps impossible. Comparison requires comparable sales with about the same or similar remaining absorption period, a similar mix of lots or unit types, location, home price points, and other characteristics. As Texas is a non-disclosure state, sales data available is limited to sales confirmed by associated parties. Since data on highly similar bulk sales to a single purchaser is difficult to find and verify, *the Sales Comparison Approach was not fully developed by the appraisers*. Use of the approaches for the valuation of the improved lots in Improvement Area #1 of the Paloma Trails PID is summarized as follows:

Approach	***Applicability to Subject***	***Use in Assignment***
Cost Approach	*Not Appropriate in the Improvement Area #1 Portion of the Subject Property Since the Subject Property will be Developed in Two Phases*	*Not Utilized*
Income (Subdivision Development) Approach	*Appropriate in Determining Residential Subdivision Value*	*Utilized*
Sales Comparison Approach	*Aspects Used in Subdivision Valuation to Determine Retail Market Value of the 50-FF, 60-FF, and 70- FF Lots*	*Partially Utilized*

<u>Major Improvement Area</u> - 164 Residential Paper Lots* on 48.260 Acres

**Note: A paper lot consists of a portion of land with the necessary legal (zoning and platting) and engineering entitlements (site plan approvals) in place but lacking the necessary direct improvements (such as earthwork, erosion control, drainage, retaining walls, and landscaping in addition to lacking direct access from a paved street and utilities) to develop a lot with a residence. The paper lots have access to utilities stubbed nearby and have a status between raw ground and a fully developed lot upon which home construction can begin.*

Cost Approach

The Cost Approach is the most appropriate method of valuing paper residential lots. We concluded the paper lot value by conducting the following steps:

1. Estimate the value of the underlying land (Sales Comparison Approach used here)
2. Gather hard and soft costs associated to develop the raw ground to paper lot status which includes engineering, zoning costs, and any infrastructure to the site
3. Apply appropriate entrepreneurial incentive that a developer would expect to undertake the project
4. Subtract any depreciation from the project
5. Add in the value of the underlying land

Income Approach

Since paper lots are not yet improved to a state where they are available for sale to builders or other end users, the Income Approach is not applicable for the Major Improvement Area and was not developed.

Sales Comparison Approach

Sales of paper lots are relatively infrequent in the market. Our due diligence could not uncover sufficient reliable sales to develop the Sales Comparison Approach for the paper lots, so we did not develop this approach for the residential paper lots in the Major Improvement Area. Aspects of the Sales Comparison Approach were utilized to determine the market value of the vacant land prior to any development.

Use of the approaches for the valuation of the 164 residential paper lots on 48.260 acres in the Major Improvement Area of the Paloma Trails PID is summarized as follows:

Approach	***Applicability to Subject***	***Use in Assignment***
Cost Approach	*Appropriate Since the Paper Lots will be Improved from an Undeveloped State*	*Utilized*
Income (Subdivision Development) Approach	*Not Appropriate Since the Land is Not Utilized to Generate Income and Land is Not Yet Developed*	*Not Utilized*
Sales Comparison Approach	*Aspects Used in Cost Approach to Determine the Value of the Land Prior to Development*	*Partially Utilized*

COMPETENCY OF THE APPRAISER

James L. Maibach, C.P.M. is a State Certified General Real Estate Appraiser according to the Texas Appraiser Licensing and Certification Board and has appraised numerous properties similar to the subject since 1993. The appraiser also manages, through his commercial real estate management company, approximately 2.25 million SF of which 70% is industrial warehouse, 20% is Class B and C office and 10% in retail product in Tarrant, Dallas, and Johnson counties. Mr. Maibach has been personally involved in over 135 residential development projects as a broker, developer, bank director, and zoning consultant in the past 35 years. Leslie Tolliver is a State Certified General Real Estate Appraiser who has assisted in the analysis and appraisal of numerous properties similar to the subject. Brooke Clock is a Licensed Residential Appraiser and Brandon Lawson is an Appraiser Trainee and have assisted in numerous properties similar to the subject property. Attention is paid to the qualifications of each individual, which are presented in the Addenda of this report.

Peyco Southwest Realty is a full-service professional real estate appraisal and consulting firm, providing service to a variety of corporate, institutional, governmental, and private clientele. In the past 12 months, our firm has completed numerous valuation assignments involving similar properties. Mr. Maibach currently owns, represents, and manages multiple properties throughout the DFW Metroplex, mostly in Tarrant, Dallas, Johnson, and Ellis Counties. The subject is located in Decatur, Wise County, Texas.

INTENDED USE AND USERS

The intended use of the appraisal is to estimate the prospective market value upon completion of the underwriting of a proposed Public Improvement District bond transaction. The client and intended users are the City of Decatur and FMSbonds, Inc. The appraisal is not intended for any other use or user. No party or parties other the City of Decatur and FMSbonds, Inc. may use or rely on the information, opinions, and conclusions contained in this report; provided, however, it is acknowledged that this Appraisal will be used in a preliminary and final limited offering memorandum for the Public Improvement District bonds. The Client may, without Appraiser's prior authorization or notice to Appraiser, provide the Appraisal to other parties for their use in analysis-related activities, however, it does not make the recipient an intended user of this engagement.

DATE OF THE APPRAISAL REPORT

The preparation of this Appraisal Report was completed on **January 22, 2025.** The initial draft of this appraisal report was completed on **July 4, 2024.**

EFFECTIVE DATE OF THE APPRAISAL

The descriptions, analyses, and conclusions of this report for the designated Market Values of the subject property are applicable as of **July 1, 2025,** which is the expected date of Substantial Completion. Leslie Tolliver inspected

the subject property on **June 7, 2024**. James L. Maibach, Brooke Clock, and Brandon Lawson have not inspected the subject property.

ASSIGNMENT CONDITIONS
Assignment conditions include assumptions that affect the scope of work, other than those previously discussed in the "Assumptions and Limiting Conditions". There are no other material and specific hypothetical conditions or extraordinary assumptions other than those referenced in this report.

PROPERTY RIGHTS APPRAISED
The property rights appraised in this assignment are the Fee Simple Estate in the subject property. A commitment for Title Insurance was not submitted to the appraisers and reservations, if any, are unknown. If property rights differ from the above definitions, the value may be affected.

ASSETS APPRAISED
The assets appraised in this appraisal assignment include land, any primary and ancillary site improvements. No furniture, fixtures, equipment (FF&E), personal property, mineral rights or business value were included in the valuation process.

ENVIRONMENTAL CONDITIONS
No environmental report was available to us, and no recent environmental tests were performed. Because we have no evidence to the contrary, we have assumed that the property is free of any material defects, other than those noted, which would adversely affect the value, including, but not limited to, asbestos and toxic waste. Our value conclusions are subject to revision should these assumptions prove incorrect. We caution and advise the user of this report to obtain environmental studies which may be required to ascertain the status of the property regarding asbestos and other hazardous materials.

HISTORY OF SUBJECT PROPERTY
The subject property is currently owned by Paloma Trails Development LLC. The subject property consists of two separate parcels, both of which were purchased by Paloma Trails Development LLC on March 12, 2024. The purchase was between Paloma Trails Development LLC and Todd Wintters to acquire 165.51-AC at a sales price of $8,500,000 (~$51,356 /AC). The purchase price is within market rates at the time of purchase. The history of the subject property follows as such:

- Per Wise County Appraisal District, parcel #741316 was deeded to Paloma Trails Development LLC on March 12, 2024, from Todd Wintters via Deed Instrument #202403146. Prior to this, the property was deeded to Todd Wintters on September 26, 2023, from James Christopher Knapp via Deed Instrument #202313699. Both appear to be an arms-length sale.
- Per Wise County Appraisal District, parcel #751651 was deeded Paloma Trails Development LLC on March 12, 2024, from Todd Wintters via Deed Instrument #202403146. Prior to this, the property was deeded to Todd Wintters on September 26, 2023, from James Christopher Knapp via Deed Instrument #202313699. Both appear to be an arms-length sale.

The subject property has no other transfers in the prior three years.

We are unaware of any other attempts to sell the subject property, as of the report date, except for the contracts for the improved lots between the developer and the homebuilders.

LEGAL DESCRIPTIONS

The subject property includes two tracts of land known as follows:

- A-494 JC LOGAN 150. ACRES (Wise County Tax ID number 741316)
- A-1158 HD DONALD 15.51 ACRES (Wise County Tax ID number 751651)

PENDING TRANSACTIONS TO BUILDERS

The land within the development is owned and being developed by Paloma Trails Development, LLC. The subject property has three executed sales contracts. The first sales contract is between the Developer, Paloma Trails Development, LLC, and Antares Acquisition, LLC (Purchaser) dated June 14, 2023, and as amended to purchase a total of 83 fully developed single-family residential lots. Per the purchase contract, Antares Acquisition, LLC is to purchase 26 of the 50-FF lots at $67,500 each, 43 of the 60-FF lots at $81,000 each, and 14 of the 70-FF lots at $94,500 each. In addition to the Basic Price, Antares Acquisition, LLC agrees to pay on each Lot closed after the initial closing date an additional amount calculated as a percentage of the Basic Price, commencing on the scheduled date of the Initial Closing, and continuing until the date of Closing of such Lot, at a per annum rate equal to six percent (6%). The purchase prices are within market rates.

The second sales contract is between the owner, Paloma Trails Development, LLC, and First Texas Homes, Inc. (Purchaser) dated May 15, 2023, to purchase a total of 83 fully developed single-family residential lots. Per the purchase contract, First Texas Homes, Inc. is to purchase 26 of the 50-FF lots at $67,500 each, 43 of the 60-FF lots at $81,000 each, and 14 of the 70-FF lots at $94,500 each. In addition to the Basic Price, First Texas Homes, Inc. agrees to pay on each Lot closed after the initial closing date an additional amount calculated as a percentage of the Basic Price, commencing on the scheduled date of the Initial Closing, and continuing until the date of Closing of such Lot, at a per annum rate equal to six percent (6%). The purchase prices are within market rates.

The third sales contract is between the owner, Paloma Trails Development, LLC, and Lillian Custom Homes, LLC, Inc. (Purchaser) dated May 9, 2023, to purchase a total of 83 fully developed single-family residential lots. Per the purchase contract, Lillian Custom Homes, LLC is to purchase 26 of the 50-FF lots at $67,500 each, 43 of the 60-FF lots at $81,000 each, and 14 of the 70-FF lots at $94,500 each. In addition to the Basic Price, Lillian Custom Homes, LLC, agrees to pay on each Lot closed after the initial closing date an additional amount calculated as a percentage of the Basic Price, commencing on the scheduled date of the Initial Closing, and continuing until the date of Closing of such Lot, at a per annum rate equal to six percent (6%). The purchase prices are within market rates.

The chart below shows the breakdown of the subject's lots. The Substantial Completion Date for Improvement Area #1 is July 1, 2025, and the projected Substantial Completion Date for the Major Improvement Area is July 1, 2025:

Paloma Trails PID			
Lot Type	***Improvement Area #1***	***Major Improvement Area Paper Lots***	***Total***
50-FF	78	127	205
60-FF	134	37	171
70-FF	42	0	42
Improvement Area #1	**254**		
Total Major Improvement Area Paper Lots		**164**	**164**
Total Lots at Paloma Trails PID			**418**

**Note the focus of our appraisal report is to value the improved lots in Improvement Area #1 and the 164 paper lots on 48.260-acres in the Major Improvement Area of the Paloma Trails PID.*

According to the Takedown Schedule we were provided by the Client, the quarterly takedown below are projected for the 254 improved residential lots within Improvement Area #1 of the Paloma Trails PID.

Projected Quarterly Takedown Summary - Paloma Trails PID IA #1												
Lot Type	*Jul-2025*	*Oct-2025*	*Jan-2026*	*Apr-2026*	*Jul-2026*	*Oct-2026*	*Jan-2027*	*Apr-2027*	*Jul-2027*	*Oct-2027*	*Jan-2028*	**TOTAL**
50-FF	12	8	8	8	7	8	8	8	7	4	-	**78**
60-FF	12	8	8	8	9	16	16	16	17	20	4	**134**
70-FF	12	8	8	8	6	-	-	-	-	-	-	**42**
Total	**36**	**24**	**24**	**24**	**22**	**24**	**24**	**24**	**24**	**24**	**4**	**254**

As seen in the previous table, sales are expected to begin in July 2025 for all lots sizes. The sellout date is different for each lot size with the 50-FF lots expected to be sold out during 4Q27, the 60-FF lots are expected to be sold out during 1Q28, and the 70-FF lots are expected to be sold out during 3Q26.

There is not a projected takedown or absorption schedule for the Major Improvement Area as this area has not been devised and development within the Major Improvement Area has not yet commenced.

Real Estate Taxes

Wise County Appraisal District

Real estate tax assessments are administered by the Wise County Appraisal District (WCAD) and are estimated by jurisdiction on a county basis for the subject. Real estate taxes in this state and this jurisdiction represent ad valorem taxes, meaning a tax applied in proportion to value. The real estate taxes for an individual property may be determined by dividing the assessed value for a property by $100, then multiplying the estimate by the composite rate.

Real estate taxes and assessments for the most recent tax year are shown in the following table which include taxes due in 2024 to the City of Decatur, Wise County, Decatur ISD, Wise County Water Supply, Wise FM Flood-Latera, and Wise County Branch Maintenance. The current combined tax rate for those entities is **1.813868 per $100 assessed** as shown in the table below:

Property Taxes - 2024	
Entity	**Rate**
Wise County	0.220000
Decatur ISD	0.902900
City of Decatur	0.581168
Wise County Water Supply	0.032400
Wise FM Flood-Latera	0.045000
Wise County Branch Maintenance	0.032400
Total	**1.813868**

The current (2024) tax burden for the subject property is $39,682.90. There is a possibility this figure could be reduced in the 2024 tax year as the owner of the property (Paloma Trails Development, LLC) has agreed to a grazing lease with McCowan Valley Cattle Company dated April 22, 2024, which would potentially provide the property with an Agriculutal Exemption. As this has not yet been reflected on the Wise County Appraisal District, a table of the property taxes for the subject without a potential exemption is shown below:

TAXES (WISE CAD - 2024)						
ID	**Owner**	**Size (AC)**	**Improvement Market Value**	**Land Market Value**	**Assessed Value**	**Estimated Taxes**
741316	Paloma Trails Development LLC	150.00	$ -	$ 1,800,000	$1,800,000	$ 32,649.62
751651	Paloma Trails Development LLC	15.51	$ -	$ 387,750	$ 387,750	$ 7,033.27
Total Combined:		**165.51**	**$0.00**	**$2,187,750**	**$2,187,750**	**$39,682.90**

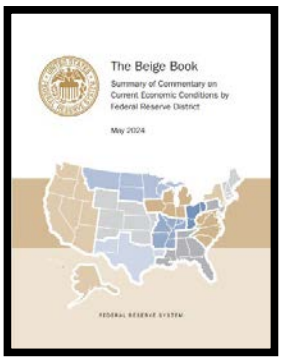
The market value that Wise County Appraisal District has determined **$2,187,750 which is $13,218/AC or $0.30/SF** – which leads to a tax burden of $39,682.90. The subject property is likely appraised for Wise CAD at below true market value for ±165.510 acres of developable land. When the property is redeveloped into a residential use, there may be rollback taxes due to the municipal entities. We have not considered the effect of rollback taxes herein and that is beyond the scope of work of this report.

When Substantial Construction is complete on the improved lots, the appraised value is expected to increase significantly; however, based on our company's experience as licensed property tax consultants working with tax districts and homebuilders, we believe the finished lots will be assessed by the appraisal district at below retail lot value. Finished lots are often assessed by tax districts at approximately 70% of the retail value because the tax district does not have reliable information on updated costs and because developers are eligible for an inventory reduction on their lots.

MARKET OVERVIEW

ECONOMIC INDICATORS: BEIGE BOOK

FEDERAL RESERVE BANK (May 29, 2024)



Due to the subject's location in North Texas, coupled with integrated business economies, it is relevant to consider the national and regional economic indicators presented by the Federal Reserve Bank of Dallas in the Beige Book. Excerpts from the most recent Beige Book are presented below:

Overall Economic Activity

National economic activity continued to expand from early April to mid-May; however, conditions varied across industries and Districts. Most Districts reported slight or modest growth, while two noted no change in activity. Retail spending was flat to up slightly, reflecting lower discretionary spending and heightened price sensitivity among consumers. Auto sales were roughly flat, with a few Districts noting that manufacturers were offering incentives to spur sales. Travel and tourism strengthened across much of the country, boosted by increased leisure and business travel, but hospitality contacts were mixed in their outlooks for the summer season. Demand for nonfinancial services rose, and activity in transportation services was mixed, as port and rail activity increased whereas reports of trucking and freight demand varied. Nonprofits and community organizations cited continued solid demand for their services, and manufacturing activity was widely characterized as flat to up, though two Districts cited declines. Tight credit standards and high interest rates continued to constrain lending growth. Housing demand rose modestly, and single-family construction increased, though there were reports of rising rates impacting sales activity. Conditions in the commercial real estate sector softened amid supply concerns, tight credit conditions, and elevated borrowing costs. Energy activity was largely stable, whereas agricultural reports were mixed, as drought conditions eased in some Districts, but farm finances/incomes remained a concern. Overall outlooks grew somewhat more pessimistic amid reports of rising uncertainty and greater downside risks.

Labor Markets

Employment rose at a slight pace overall. Eight Districts reported negligible to modest job gains, and the remaining four Districts reported no changes in employment. A majority of Districts noted better labor availability, though some shortages remained in select industries or areas. Multiple Districts said employee turnover has decreased, and one noted that employers' bargaining power has increased. Hiring plans were mixed—a couple of Districts expect a continuation of modest job gains, while others noted a pullback in hiring expectations amid weaker business demand and reluctance due to the uncertain economic environment. Wage growth remained mostly moderate, though some Districts reported more modest increases. Several Districts reported that wage growth was at pre-pandemic historical averages or was normalizing toward those rates.

Prices

Prices increased at a modest pace over the reporting period. Contacts in most Districts noted consumers pushed back against additional price increases, which led to smaller profit margins as input prices rose on average. Retail contacts reported offering discounts to entice customers. Many Districts observed a continued increase in input costs, particularly insurance, while some noted price declines in certain construction materials. Some Districts observed declines in manufacturing raw material costs. Price growth is expected to continue at a modest pace in the near term.

ELEVENTH DISTRICT
FEDERAL RESERVE BANK OF DALLAS – May 29, 2024

Summary of Economic Activity
Economic activity in the Eleventh District was flat to up slightly over the reporting period. Some growth was seen in the manufacturing, banking and energy sectors, while activity in nonfinancial services was flat, and declines were seen in retail sales. Home sales remained solid. Employment levels held mostly steady overall, and price and wage growth remained fairly moderate. Outlooks were generally stable to slightly more pessimistic compared with the prior reporting period. Waning consumer demand was an ongoing concern for many businesses, and the continued conflict in the Middle East and further geopolitical tensions across the world were noted as a downside risk.

Labor Markets
Employment levels were fairly flat over the past six weeks overall, according to contacts. Job gains were seen in leisure and hospitality, health care, and nondurable goods manufacturing, while headcounts were stable or down slightly in most other industries. Oil and gas companies said they were backfilling vacancies but not looking to materially expand their workforce. The uncertain economic environment has prompted some hiring reluctance. A few contacts expressed doubt whether they will be able to maintain their existing workforce, with a staffing firm noting they are "on a cliff's edge" where they may have to lay people off. There were scattered reports of labor shortages, not concentrated in particular industries other than health care, which contacts said remained significantly understaffed.

Wage growth remained moderate. A staffing services firm noted that wage pressures have eased as workers who have been unemployed longer than expected are more open to negotiation on the wage front. A technology company said wage trends have reverted to the typical average raise of about 3% overall.

Prices
Prices rose at a modest to moderate pace over the reporting period. A slight ebbing was seen on the manufacturing side, for both materials and finished goods price growth. Multiple manufacturing contacts noted that they were experiencing a strong resistance to price increases, with one saying that customers ask to hold prices to last year's level, which isn't possible given the increases in costs. In services, growth in input prices remained in line with a typical rate while selling price growth slowed to slightly below average. Airlines reported upward cost pressure, partly stemming from elevated maintenance to upkeep older aircraft in the face of supply issues for new aircraft.

Manufacturing
Overall manufacturing activity grew modestly over the reporting period, with strength led by nondurable goods production. Food and chemical manufacturers noted a rise in demand, and Gulf Coast producers led year-over-year growth in U.S. industrial chemical output. Some weakness continued on the durable goods side, particularly machinery manufacturing. One contact noted that he "keep[s] thinking we'll hit bottom and either level out or turn up, but we keep pushing those hopes out a month, and another month, and another." Manufacturing outlooks worsened slightly on net, weighed down by waning consumer confidence and election uncertainty. Chemical producers also noted a weak Chinese economy as a risk.

Retail Sales
Retail sales declined moderately over the past six weeks, with contacts reporting that elevated pricing hampered consumer goods demand. Wholesale activity was a bright spot, while auto dealers noted declining sales amid continued volatility. Overall retail outlooks worsened slightly on net, with contacts citing inflation, high interest rates and instability in the Middle East.

Nonfinancial Services

Service sector activity was mostly flat over the reporting period, with contacts saying economic uncertainty curbed consumer demand. Revenue growth was seen in administrative and support services as well as information services. Health care reported a further deterioration of revenue, and reports from transportation services were mixed. Several transportation firms noted a decline in business, while small parcel carriers reported increased volumes and airlines reported strong, stable revenues. Leisure travel continues to lead airline demand, though business travel is showing signs of growth after plateauing in late 2023. Outlooks remained fairly stable, but contacts cited concern over an economic slowdown, geopolitical tensions, and Federal Reserve policy decisions, particularly a delay in cutting interest rates. High borrowing costs remained a concern for some companies.

Construction and Real Estate

Housing demand remained solid, though there were reports of rising rates impacting sales activity. Incentives such as rate buy downs remained prevalent, and some builders offered selected price discounts to move homes in inventory.

Commercial real estate market conditions were little changed from the previous reporting period. Apartment leasing growth remained moderate, but there continued to be downward pressure on occupancy and rents due to elevated supply. In the office market, leasing activity stayed subdued and was largely concentrated in class A space. Industrial demand grew moderately, and rents were stable even as vacancy rose. Outlooks were mixed, with some commercial market segments expected to remain challenging in the near to medium term.

Financial Services

Loan volumes grew for the first time in over a year despite credit standards continuing to tighten, and loan pricing continuing to rise. Credit tightening accelerated for commercial and residential mortgages while it decelerated for commercial and industrial loans and consumer loans. Loan nonperformance picked up slightly overall. Bankers' outlooks turned pessimistic: they expect a modest decrease in loan demand six months from now in addition to a deterioration in loan performance and overall business activity. Liquidity and net interest margins top the list of outlook concerns.

Community Perspectives

Affordability of housing and of quality childcare remained top concerns for lower-income families over the reporting period. Higher mortgage rates, property taxes, and insurance premiums are driving up costs of single-family homes, and a shortage of landlords willing to accept housing vouchers is affecting apartment availability. One contact noted that higher mortgage rates push middle-income homebuyers to the sidelines, driving up demand for rentals and pricing lower-income residents out of the buyer's market. Access to quality, affordable childcare continued to impede workforce participation among women in particular. One contact said that industries with shift work struggle to attract women since the work schedule often doesn't align with childcare hours. Several contacts expressed concern about the winding down of American Rescue Plan Act dollars and whether nonprofits and K-12 schools will be able to sustain certain programs without that funding. Contacts also noted that mental health continues to be a community concern.

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Texas A&M University
Texas Real Estate Research Center
Outlook for the Texas Economy (Excerpts)
Joshua Roberson and Rhutu Kallur (Updated April 10, 2024)

Summary
The Texas economy has remained resilient despite high inflation rates. Most of April's employment growth was mostly in education and health services. The unemployment rate has remained unchanged for the last six months.

Inflation Growth Remains Steady
The Consumer Price Index (CPI), which has been steady since the beginning of 2024 with no major fluctuations, rose 0.3% in April. The CPI was up 3.4 % from April 2023. The indexes for gasoline and shelter both rose in April and contributed 70% of the monthly increase. The energy index increased 1.1% year-over-year (YOY) while the food index declined by 0.2%.

In April, the key federal funds interest rate was at approximately 5.375% as the Federal Reserve continued to grapple with persistent inflation. Despite expectations for multiple rate cuts at the start of the year, inflation has been stubborn, rising from 3.2% in February to 3.5% in March. With the CPI dipping to 3.4 in April, many expect the Fed to begin rate cuts soon. Fed chairman Jerome Powell has suggested rates will eventually decline sometime in 2024, with up to three 25-basis point interest rate cuts expected, bringing the federal funds rate closer to 4.6%. So, while the current rates remain unchanged, there are indications that adjustments may occur later in the year.

Texas Payroll at Slower Rate
Texas total nonfarm employment added 42,600 workers, resulting in a 0.3% month-over month (MOM) gain. Dallas and Houston experienced the highest increases of 21,300 and 13,400 employees, respectively. Austin and San Antonio experienced moderate increases of 4,600 and 1,900, respectively. Education and health services have overtaken professional and business services (7,600) by adding 12,000 workers. Education services specifically has seen 1% growth and has been growing at the same rate since March 2024. Trade, transportation, and utilities was on decline since the beginning of the year and moved up slightly in April by 0.4% for the first time in 2024.

Texas worker sentiment remains resilient with a participation rate of 64.2%. The unemployment rate has been steady at 3.9 to 4% for nine months, and continued unemployment claims have averaged around 135,649 applications weekly.

TEXAS HOUSING INSIGHT (EXCERPTS)
Texas A&M University – Texas Real Estate Research Center
Joshua Roberson, Rhutu Kallur, and Wesley Miller (June 18, 2024)

Summary
Seasonally adjusted housing sales bounced back in April following March's decline. New listings grew for the fourth month in a row resulting in the total active listings count growing to its highest level since July 2012. Home prices remained the same at $340,000 for the second month in a row.

New Homes Listings on the Rise
Texas witnessed a 5.9% increase in total seasonally adjusted home sales month over month (MOM), resulting in 29,212 homes sold (Table 1). All the major cities saw a slight increase in home sales. Previously, San Antonio had the highest decline at 9.2%, but looks to be recovering at an increasing rate of 8%—the highest among the Big Four, followed by Dallas at 4%.

Table 1. Home Sales Volume

	March	April	MoM Change
San Antonio-New Braunfels	2,952	3,188	8.0%
Texas	27,594	29,212	5.9%
Dallas-Fort Worth-Arlington	7,804	8,120	4.0%
Austin-Round Rock-San Marcos	2,791	2,895	3.7%
Houston-Pasadena-The Woodlands	7,373	7,464	1.2%

Source: Data Relevance Project and Texas Real Estate Research Center at Texas A&M University
Note: Data are seasonally adjusted

New listings have been steadily increasing from December to April (2.8%) with only a slight decline of 0.5% in March. The April 2024 number stands at 47,000. Among the Big Four, Dallas has been declining for two months and is currently at 11,523 new listings. Austin, however, has increased by 25% between January and April.

The state's average days on the market remained unchanged at 57. Austin fell by almost four days while Dallas rose by less than one. San Antonio is the only Big Four metro to experience an increase of a little over three days. As of April, San Antonio had the highest days on market of the Big Four, at 72 days. Austin followed at 66 days. Houston had the lowest at 46 days.

The number of active listings went up from 106,428 to 111,707 (4.9%) following the increase in new listings. Pending listings during April went up by only 0.6%. This growth was driven largely by Houston (10%) but offset by Dallas (5.6%) and San Antonio (3.3%). The Big Four experienced an upward trend in active listings with an addition of 1,555 for Austin (16.5%). Houston experienced a similar increased trend in active listings (10.7%) with an addition of 2,788 listings, almost five times that of the previous month. Dallas and San Antonio experienced relatively modest increases of 8.2% and 2%, respectively.

Interest Rates on the Rise

Treasury and mortgage rates remain below their peak 2023 levels but have been increasing since the start of the year. The average ten-year U.S. Treasury Bond yield jumped almost 33 basis points to 4.54%. The Federal Home Loan Mortgage Corporation's 30-year fixed-rate rose by 17 basis points to 6.99%.

Single-Family Starts Declining

Texas' number of single-family construction permits increased by 0.9% MOM, reaching 13,805 issuances. After a massive dip in March, Houston has increased by almost 30% while all other major cities experienced moderate changes. Austin was the only city that had a fall of 5.9% (1,411) while San Antonio and Dallas experienced slight increases of 3.5% (953) and 1.6% (4,063), respectively.

Construction starts reduced according to data from Dodge Construction Network. Seasonally adjusted single-family starts decreased by 15.1% MOM to 13,731 units. Part of the pullback could be because February was such a strong month for starts, signaling an earlier-than-normal start to the construction home season. Houston had been experiencing an almost vertical increase from 56.8% in February, which began to slow down and has declined by 25.2%, while Dallas increased slightly by 10.7% (4,052). In contrast, Austin and San Antonio saw declines of 17.5% and 4.6%, respectively.

The state's total value of single-family starts climbed from $9.15 billion in April 2023 to $13.19 billion in April 2024. Houston accounted for 36.2% of the state's total starts value. Starts-value activity is up from last year as Austin and San Antonio also posted moderate increases.

Home Prices Stabilizing

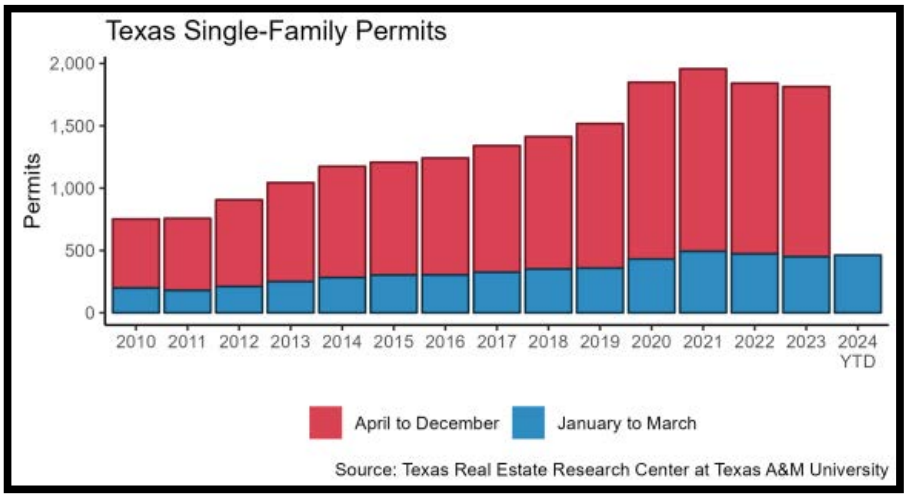
Texas' median home price has remained stable at approximately $340,000 for two months (Table 2). However, across most major metropolitan areas, home prices saw a decline. Notably, Austin experienced an increase of 5.1%, moving the price from $421,572 to $443,247. Austin had the highest increase among the four major cities with a price change of $21,675. Prices increased by 2.1% in Houston and by a mere 0.7% in Dallas. San Antonio is the only city among the Big Four to experience a decline (0.9%).

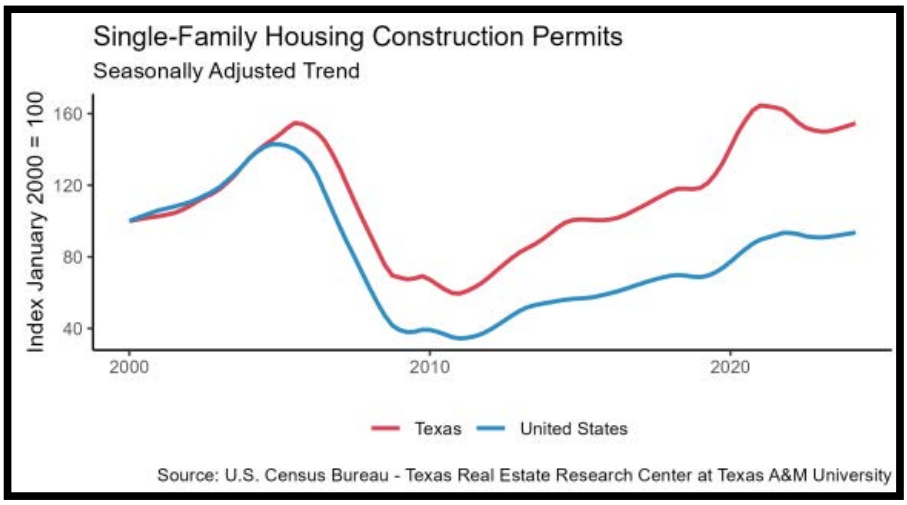
Table 2. Median Housing Prices

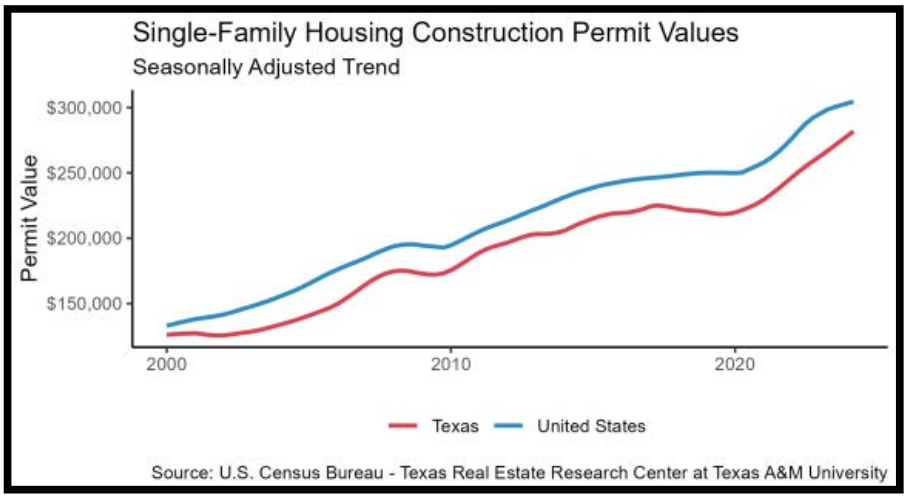
	March	April	MoM Change
Austin-Round Rock-San Marcos	$421,572	$443,247	5.1%
Houston-Pasadena-The Woodlands	$328,191	$334,945	2.1%
Dallas-Fort Worth-Arlington	$398,435	$401,315	0.7%
Texas	$340,472	$340,497	0.0%
San Antonio-New Braunfels	$313,925	$311,024	-0.9%

Source: Data Relevance Project and Texas Real Estate Research Center at Texas A&M University
Note: Data are seasonally adjusted

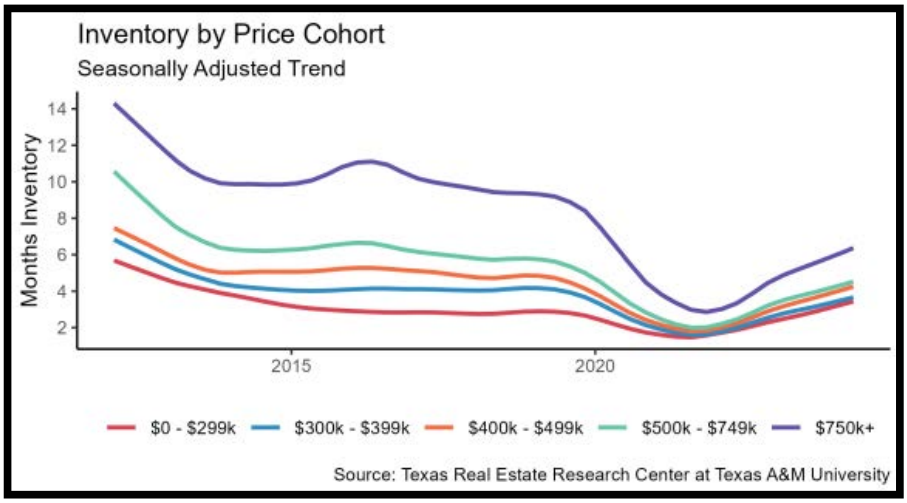
The Texas Repeat Sales Home Price Index (Jan 2005=100) grew 0.9% MOM and 2.6% year over year (YOY). Austin's annual appreciation remains below the state's average, falling by 2% YOY.





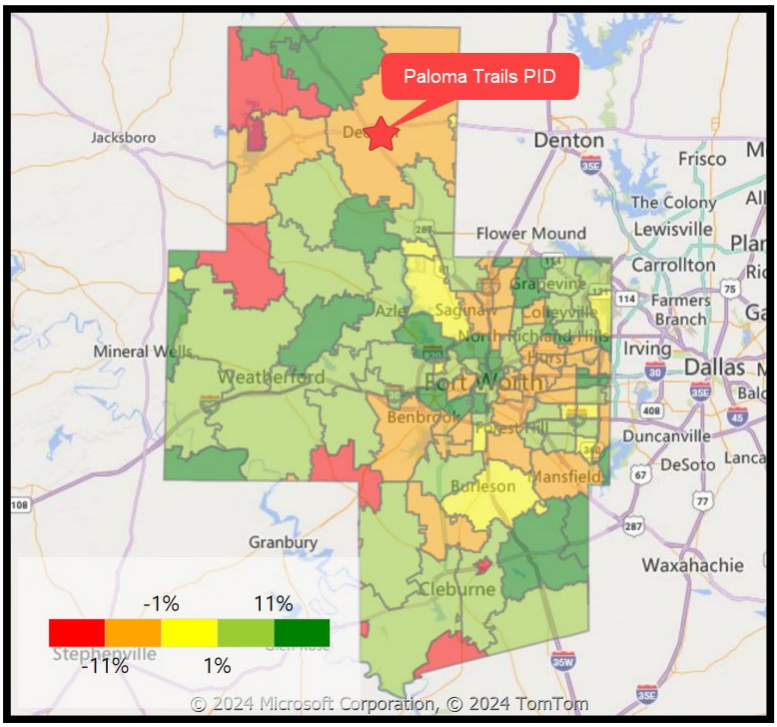

Single-Family Housing Construction Permit Values
Seasonally Adjusted Trend
Permit Value
$300,000
$250,000
$200,000
$150,000
2000
2010
2020
Texas
United States
Source: U.S. Census Bureau - Texas Real Estate Research Center at Texas A&M University

Metro Housing Starts
Starts
10,000
5,000
2005
2010
2015
2020
und Rock, TX
Dallas-Fort Worth-Arlington, TX
Houston-The Woodlands-Sugar Land, TX
Sa
Source: Zonda - Texas Real Estate Research Center at Texas A&M University


Inventory by Price Cohort
Seasonally Adjusted Trend
Months Inventory
14
12
10
8
6
4
2
2015
2020
$0 - $299k
$300k - $399k
$400k - $499k
$500k - $749k
$750k+
Source: Texas Real Estate Research Center at Texas A&M University

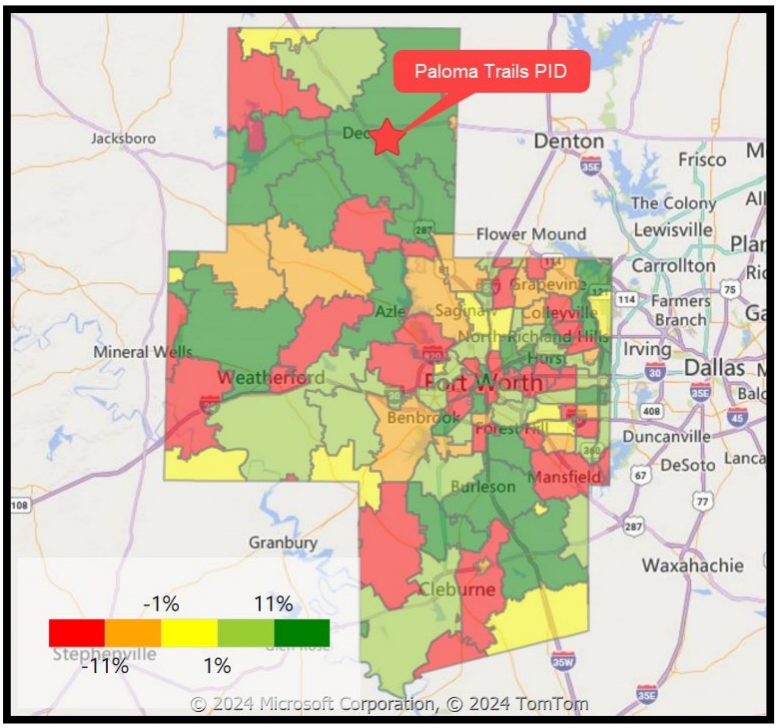
Median Price Change (YoY)

According to TREC, median sale price change year-over-year (YoY) near Paloma Trails PID decreased 1% < 11%.



Sales Volume Change (YoY)

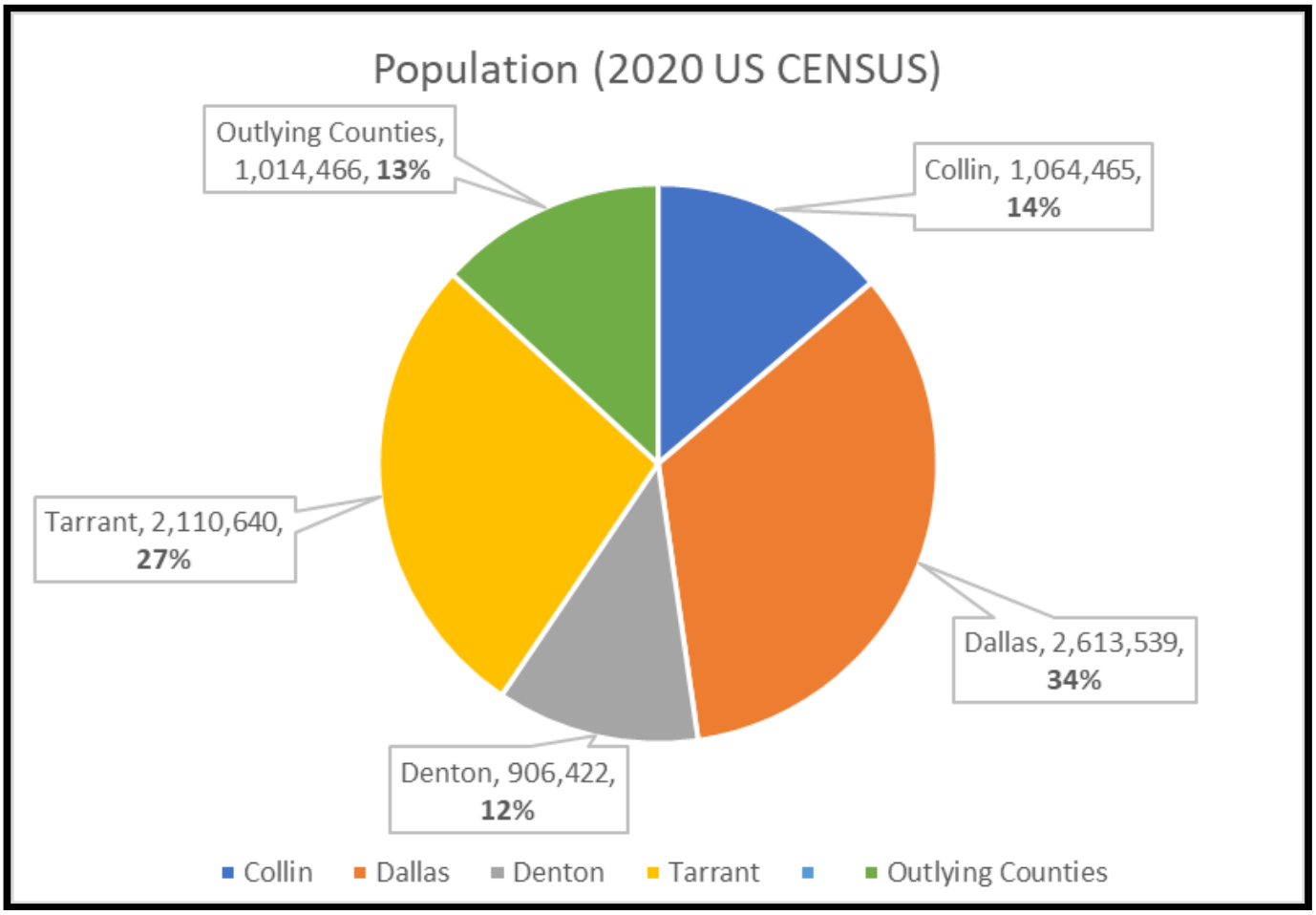
According to TREC, sales volume change year-over-year (YoY) in the subject's area near Paloma Trails PID increased >11%.



When compared to the national economy, the DFW Metroplex is expected to experience expansion arising from growth in a variety of sectors including construction, transportation, manufacturing, finance, healthcare, business services, science and technology, education, and real estate. The expansion is fueled by the region's strategic location in the center of the country and located at the nexus of major roadways such as Interstates 35, 30, 20, and 45. It is predicted by most analysts that economic activity in the area will exceed the state and national growth averages across most indicators. The region is set for long-term development due in part to its transportation infrastructure, low cost-of-living, business friendly regulatory environment, mild weather, young population, and large work force.

A chart of the four counties in the Metroplex with the highest populations is shown below. Dallas County is the most populated county in the region with 2,613,539 residents, followed closely by Tarrant County with 2,110,640, Collin County with 1,064,465, and Denton County with 906,422. Other outlying counties such as Ellis, Johnson, Parker, Kaufman, Rockwall, Wise etc. add up to another 1,014,476 residents. The subject property is in the east central area of Wise County.

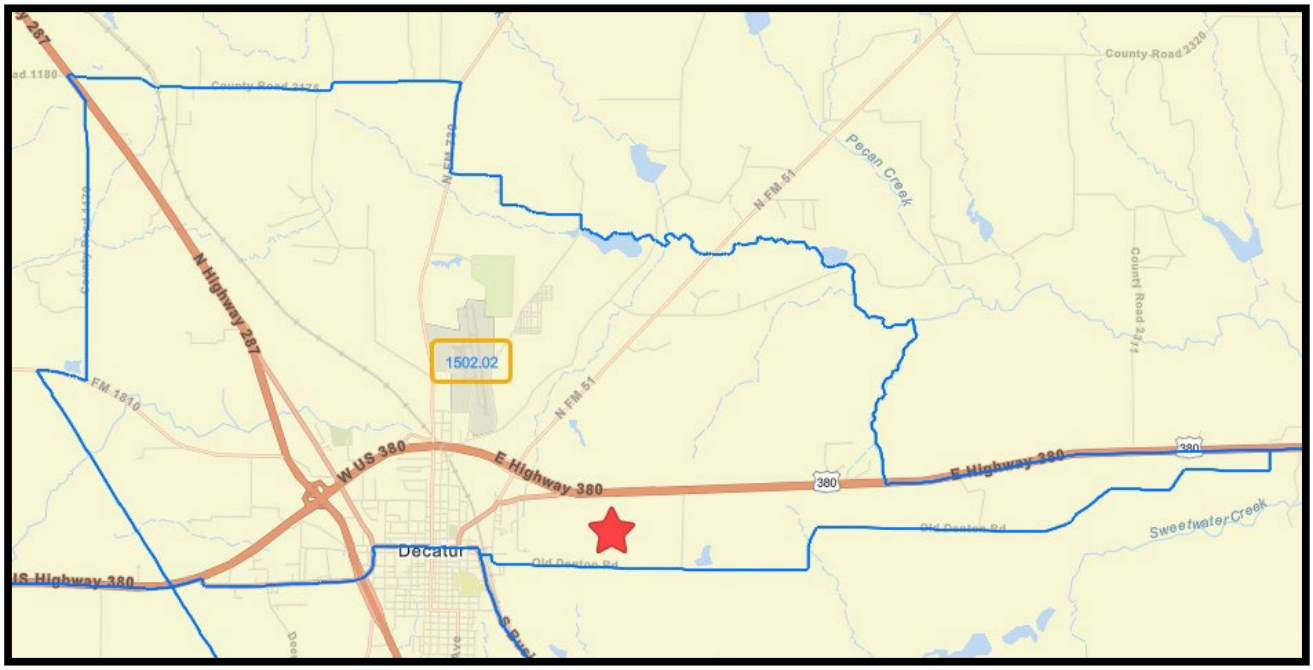
PIE CHART OF POPULATION PERCENTAGES IN DFW METROPLEX



NEIGHBORHOOD DEMOGRAPHICS

The subject is located in census tract 1502.02 with the census report shown on the following page. The census tract report for 1502.02 indicates 3,761 people reside in the tract and income levels are in the moderate tier with estimated median family incomes of $75,757. Within census tract 1502.02, approximately 51% of housing units are owner-occupied with 36% being renter-occupied and 13% being vacant. These housing and demographic statistics indicate middle class residents who tend to live in 30–40-year-old single-family homes.

Census Tract 1502.02 Map



Tract 1502.02 Census Report

FFIEC

2023 FFIEC Geocode Census Report

Address: Selected Tract
MSA: 23104 - FORT WORTH-ARLINGTON-GRAPEVINE, TX
State: 48 -
County: 497 - WISE COUNTY
Tract Code: 1502.02

Summary Census Demographic Information

Tract Income Level	Moderate
Underserved or Distressed Tract	No
2023 FFIEC Estimated MSA/MD/non-MSA/MD Median Family Income	$97,600
2023 Estimated Tract Median Family Income	$75,757
2020 Tract Median Family Income	$64,157
Tract Median Family Income %	77.62
Tract Population	3761
Owner-Occupied Units	848
1- to 4- Family Units	1577

Census Income Information

Tract Income Level	Moderate
2020 MSA/MD/statewide non-MSA/MD Median Family Income	$82,649
2023 FFIEC Estimated MSA/MD/non-MSA/MD Median Family Income	$97,600
% below Poverty Line	6.64
Tract Median Family Income %	77.62
2020 Tract Median Family Income	$64,157
2023 Estimated Tract Median Family Income	$75,757
2020 Tract Median Household Income	$62,570

Census Population Information

Tract Population	3761
Number of Families	952
Number of Households	1446

Census Housing Information

Total Housing Units	1657
1- to 4- Family Units	1577
Median House Age (Years)	34
Owner-Occupied Units	848
Renter Occupied Units	598
Owner Occupied 1- to 4- Family Units	848
Inside Principal City?	NO
Vacant Units	211

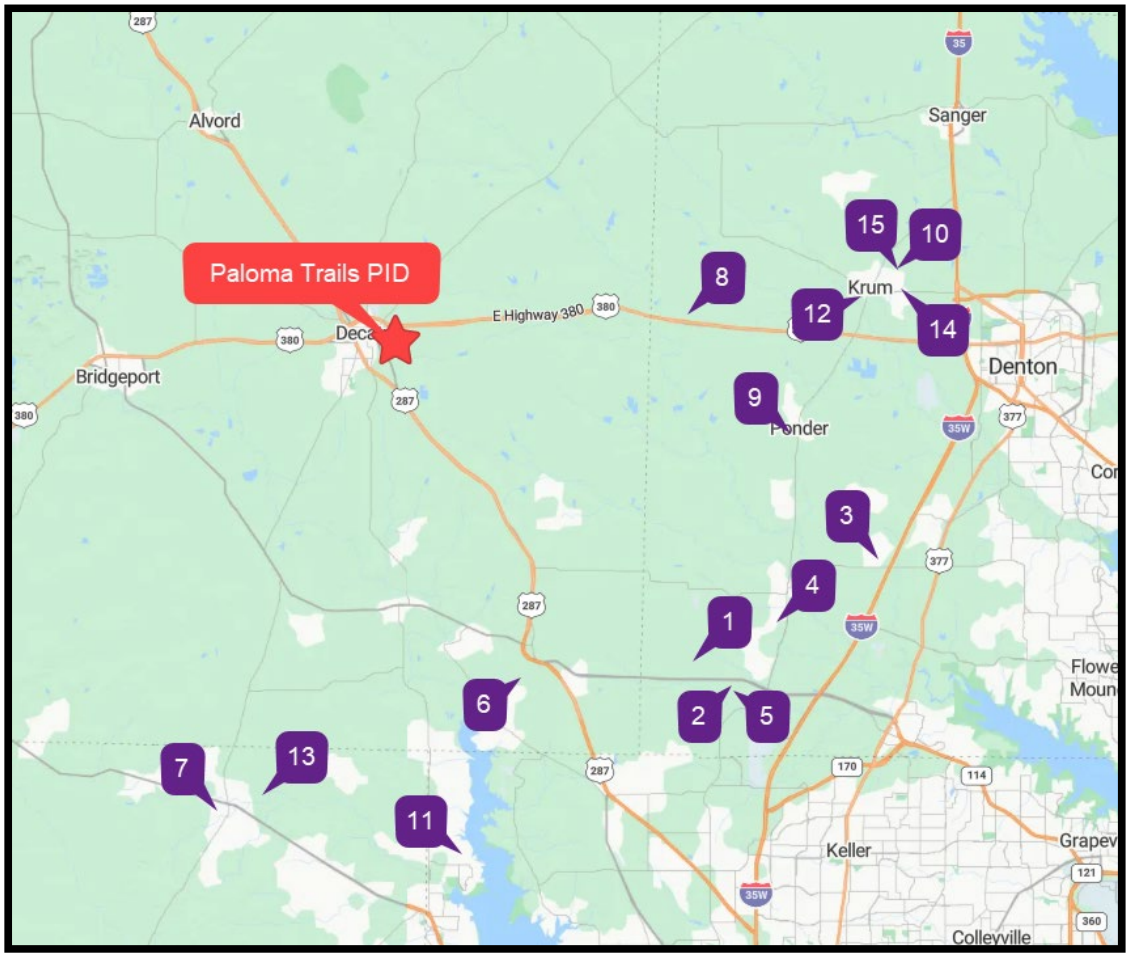
Decatur 2050 Comprehensive Plan

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.

Map of Notable Nearby Developing Residential Subdivisions

A map of notable built-out, developing, and planning single-family residential subdivision is shown below which highlights the similar and conforming uses around the subject property.



MAP KEY			
1	Liberty Trails	*9*	Clairmont Estates
2	Trails of Elizabeth Creek	*10*	Aspen Park
3	Harvest Meadows	*11*	Lakeview Estates
4	Justin Crossing	*12*	Brisa Meadows Addition
5	Elizabeth Creek	*13*	Boardwalk Estates
6	BlueStem	*14*	Erickson Farms
7	Sculptors Park	*15*	Hopkins Meadows Addition
8	Big Sky Estates		

ABSORPTION ANALYSIS

RESIDENTIAL ANALYSIS

The subject property is Paloma Trails PID which consists of approximately 165.510 acres in the City of Decatur being developed into detached single-family lots, commercial land, and multi-family land with the focus of this report being the detached single-family lots for residential use. The property is being developed by Paloma Trails Development, LLC and is owned by Paloma Trails Development, LLC.

When analyzing the financially feasible and maximally productive use of the site, uses that are both physically possible and legally permissible must be considered. An important factor affecting the development of the subject is the surrounding land usage. For the subject property, the primary potential use is a mix of single-family residential development, commercial development, and multi-family development as that conforms to recent land development in the surrounding area around the City of Decatur. The neighborhood is best described as the area north of Old Denton Road, west of Private Road 4001, and south of U.S. Highway 380. The neighborhood is predominantly undeveloped vacant land and commercial development to the east, south, and west and vacant land to the north. On the northern line of the subject property, U.S. Highway 380 runs east/west, and several community commercial uses are located on this arterial traffic carrier.

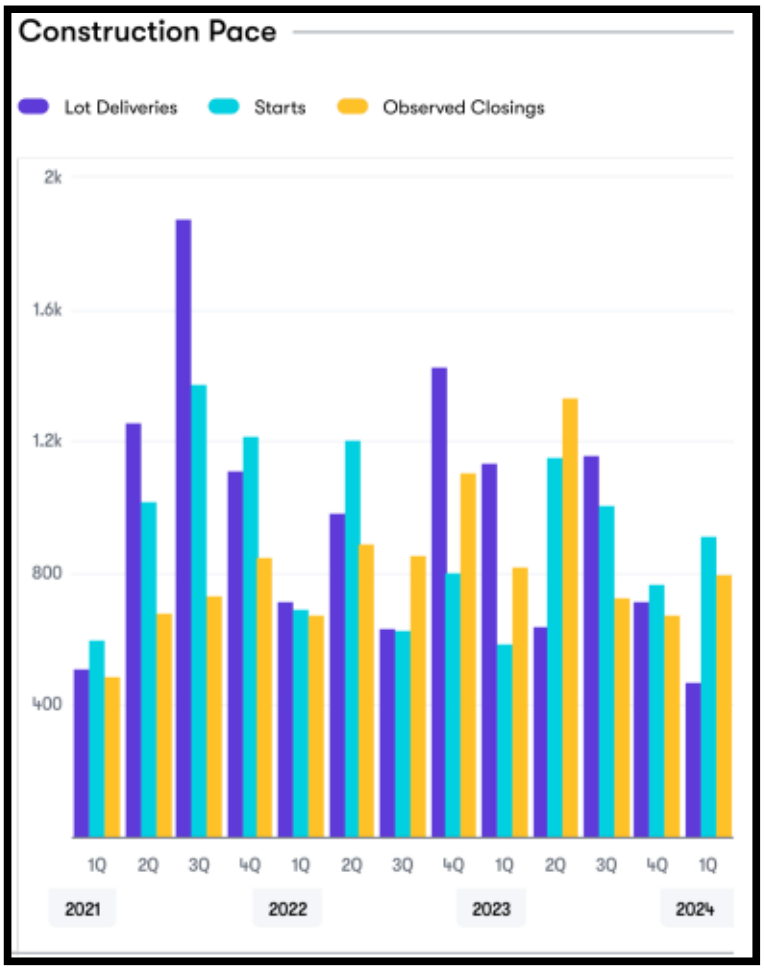
Since the recession in 2008, the residential real estate market in this area of North Texas has continuously improved and Wise County has had consistent population growth. Low interest rates persisted nationally in 2020 and 2021, and the markets rose significantly, but 2022 and 2023 were the years of higher interest rates as the Fed seeks to combat inflation. Still, with large numbers of in-migration from outside DFW from higher cost-of-living states and an abundance of steady jobs, demand for residential real estate in growing communities like Decatur and various other cities in Wise County is expected to remain strong. Those end-user homebuyers in Paloma Trails PID are expected to be in the middle- to upper-income earners as the average home price for finished single-family homes in the community is expected to be $405,000 for the 50-FF lots, $486,000 for the 60-FF lots, and $567,000 for the 70-FF lots.

Demand for vacant developed lots (VDLs) for home builders is currently very high; however, material and labor shortages were well-publicized in 2021 and have continued to ease in late-2022 and in 2023 according to the Texas Real Estate Research Center. Developable residential land in DFW with good access to Fort Worth and Dallas is in high demand with developments moving ever further away from the Fort Worth and Dallas CBDs and highly developed areas north of Fort Worth and Dallas where vacant land is scarce after decades of growth. The subject property –Paloma Trails PID– is removed from the large Central Business Districts in the Metroplex but relatively near areas of Wise County where many young families have migrated when searching for safe neighborhoods, good schools, relatively affordable new homes, and desirable residential amenities.

Based on the preceding, the proposed absorption of single-family home lots in the subject's neighborhood will be analyzed using historical absorption data provided by Zonda as well as information obtained from area market participants and developers. It is important to note that our absorption data is based on historical trends and current available data. Since the first residential lots are not scheduled to be complete until July 2025, we will analyze the historical trends and attempt to forecast the absorption rates based off data, analytics, and our conversations with developers in the market.

We determined a 20-mile radius around the subject property is suitable for our absorption analysis as the competitive supply of lots is within this area. Further, we examined residential communities with lot widths between 45'-75'.

The following chart reflects starts, deliveries, and closings in the market area from 1Q2021. Sales were increasing from 1Q2021-3Q2021, then rapidly decreased from 4Q2021-3Q2022, then increased in 4Q2022 before once again seeing a dip from 1Q2023-2Q2023, then once again rising in 3Q2024 before steadily decreasing through 1Q2024. The rate of annual starts has stayed between 700 and 1,200 in the past year as homebuilders anticipated increased demand due to rising interest rates. The area has also stayed consistent in the rate of closings as reflected in the numbers reported by Zonda.

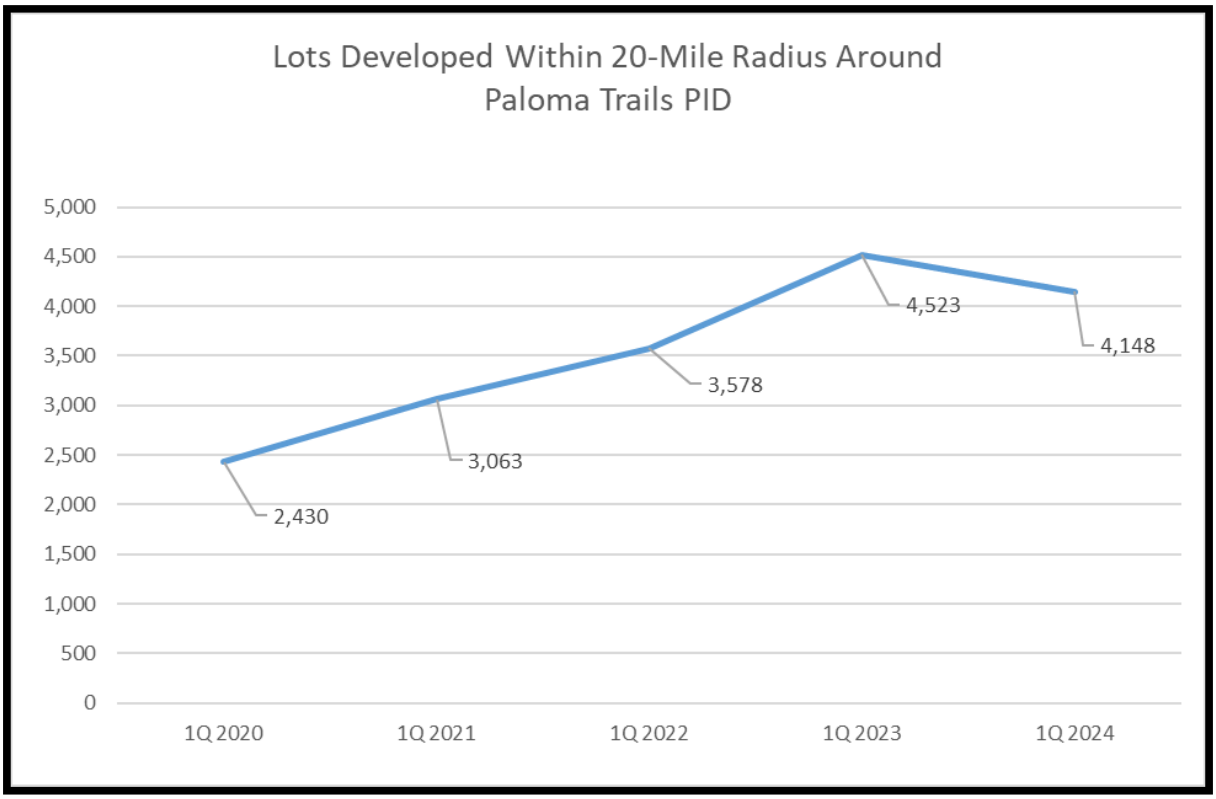


DEFINED SUBMARKET AREA

As shown in the previous chart, the absorption of lots (determined from home construction starts) within the selected area was increased from 1Q2021 to 4Q2021, then slightly dipped in 1Q2022 before increasing in the 2Q2022 before decreasing and stabilizing from 3Q2022-1Q2023 followed by an increase in 2Q2023 which then steadily declines from 3Q2023-1Q2024. According to Zonda, the selected area absorbed the following number of 45'-75' lots year-over-year from 1Q2020 to 1Q2024:

- 1Q2020 – 2,430 lots absorbed
- 1Q2021 – 3,063 lots absorbed
- 1Q2022 – 3,578 lots absorbed
- 1Q2023 – 4,523 lots absorbed
- 1Q2024 – 4,148 lots absorbed

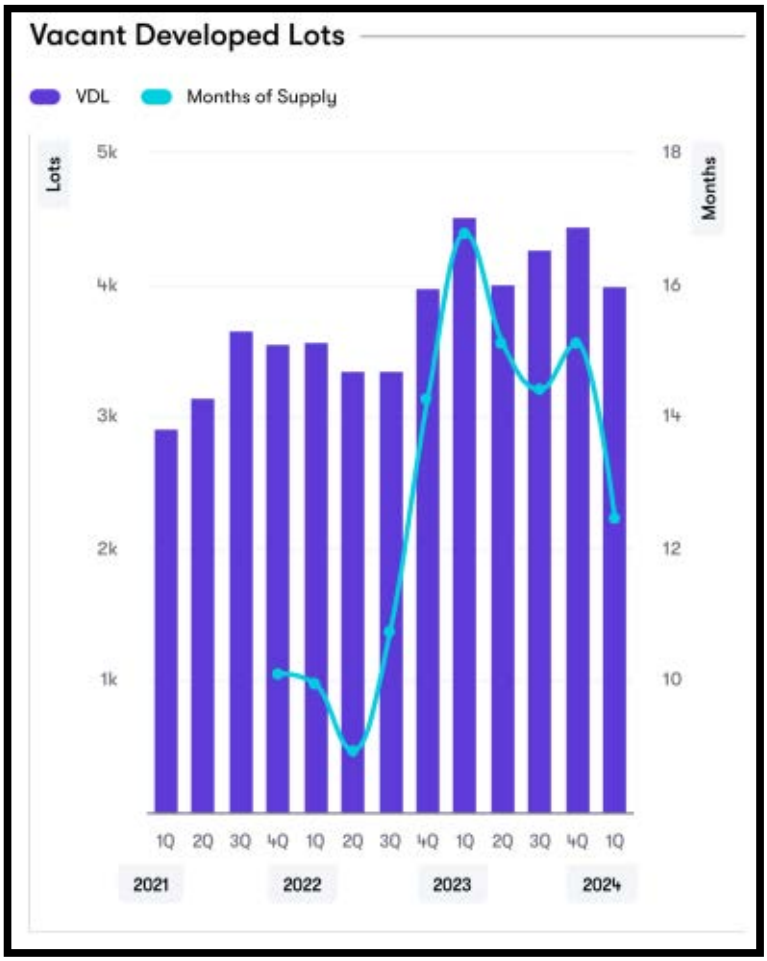
From 2020-2024, the *annual average* of lots absorbed was . Utilizing the more recent 24-month absorption of lots (1Q2022 to 1Q2024), the annual average of lots absorbed increased to lots in the area.



COMPETITIVE SUPPLY (LOT INVENTORY)

According to Zonda, the existing supply of available lots is presently far below balanced levels in our selected submarket as the number of VDLs in the area has trended higher since 1Q2021 from a low of just under 3,000 to *a high of 4,500 with a ~17-month supply**. The present VDL count is at just under 4,000 with a ~12-month supply***. It should be noted that this is a large radius – 20 miles – for such a developed single-family residential area but we determined prospective buyers would search subdivisions throughout Wise County with a preference to be near the U.S. Highway 287 and 380 Corridor which serves as a major thoroughfare and has numerous newer master-planned communities and desirable commercial options.

Thus, the total lot supply is considered to be considerably **below** the ideal supply levels for a significantly developing market. Also, taking into consideration that new developments require a typical 12-to-18-month construction period, *with increasing demand and declining lot supply, it appears that additional lot product in the submarket is feasible and needed at the current time*. This corresponds to discussions we had with DFW homebuilders who state there is a scarcity of vacant developed lots currently on the market which is pushing prices higher.



Note: A threat to the pace of lot development is multiple interest rate increases the Federal Reserve enacted as a reaction to rising inflation. These interest rate increases were conducted to combat inflation and cool the hot markets; however, the effect for residential housing may be to price first-time buyers out of the single-family residential market. Supply chain issues stemming back to the COVID-19 Pandemic have also increased development costs which may limit starts on the vacant developed lots thus leading to lower VDL and future home supply, thus increasing home prices. In general, we believe the diverse local economy, strong in-migration, and relative stability of the North Texas real estate market will serve to smooth out more global economic trends.

Having considered the supply of lots in the market, it is now prudent to examine the absorption history of specific competing subdivisions in the subject's market area with similar lot features and amenities relative to the subject to determine the projected absorption of the subject's proposed lots.

ABSORPTION ANALYSIS – 50', 60' AND 70' LOTS

The similarities considered to be most important are lot size, home price range, and amenity features. The tables that follow detail the active subdivisions that are considered to compete with the subject's lots. All data is per Zonda as of 1Q2024.

50' Lots

For the 50' lots, we included data for lots within a 20-mile radius and included 50' lots in our analysis. Data on 50' lots is still relatively plentiful, so we selected eight comparable absorption schedules at nearby communities which are shown on the following page:

Subdivision	Size (Foot Front)	Available Lots	Starts	Months	Available Supply (Months)	Starts /Month
Liberty Trails	50'	0	258	12	0.0	**21.5**
Trails of Elizabeth Creek	50'	97	143	12	8.1	**11.9**
Harvest Meadows	50'	2	22	12	1.1	**1.8**
Justin Crossing	50'	33	16	12	24.8	**1.3**
Elizabeth Creek	50'	4	53	12	0.9	**4.4**
BlueStem	50'	22	144	12	1.8	**12.0**
Sculptors Park	50'	20	85	12	2.8	**7.1**
Big Sky Estates	50'	158	106	12	17.9	**8.8**
AVERAGE		***42.0***	***103.4***	***12.0***	***7.2***	***8.6***

Our analysis indicates Starts/Month is between 1.3 and 21.5 with an average of 8.6 starts/month with a median of 8.0 starts/month. We similarly weighted and considered **the subject property's 50' lots would likely absorb 8 lots/month, or approximately 24 lots per quarter.**

60' and 70' Lots

Again, for the 60' and 70' lots, we included data for lots within a 20-mile radius and included 60'-70' lots in our analysis. Data on 60' and 70' lots is still relatively plentiful, so we selected seven comparable absorption schedules at nearby communities which are shown below:

Subdivision	Size (Foot Front)	Available Lots	Starts	Months	Available Supply (Months)	Starts /Month
Clairmont Estates	60'	0	40	12	0.0	**3.3**
Aspen Park	60'	5	75	12	0.8	**6.3**
Lakeview Estates	60'	0	5	12	0.0	**0.4**
Brisa Meadows Addition	65'	3	5	12	7.2	**0.4**
Boardwalk Estates	70'	55	19	12	34.7	**1.6**
Erickson Farms	70'	3	5	12	7.2	**0.4**
Hopkins Meadows Addition	70'	0	14	12	0.0	**1.2**
AVERAGE		***9.4***	***23.3***	***12.0***	***7.1***	***1.9***

Our analysis indicates Starts/Month is between 0.4 and 6.3 with an average of 1.9 starts/month with a median of 1.2 starts/month. We similarly weighted and considered **the subject property's 60' and 70' lots would likely absorb 3 lots/month, or approximately 9 lots per quarter.**

Absorption Summary Projection: 50', 60' and 70' Lots

Based on the preceding, we estimate that lots in the subject property's development will sell 24 lots/quarter for 50' lots, and 9 lots/quarter for 60' and 70' lots with absorption beginning July 1, 2025. An Absorption Summary Projection for all lot types is shown in the table below for the 254 lots in Paloma Trails PID Improvement Area #1.

Projected Quarterly Absorption Summary - Paloma Trails PID IA #1								
Lot Type	*Jul-2025*	*Oct-2025*	*Jan-2026*	*Apr-2026*	*Jul-2026*	*Oct-2026*	*Jan-2027*	*Apr-2027*
50-FF	24	24	24	6	-	-	-	-
60-FF	9	9	9	9	9	9	9	9
70-FF	9	9	9	9	6	-	-	-
Total	**42**	**42**	**42**	**24**	**15**	**9**	**9**	**9**

▼
▼

Projected Quarterly Absorption Summary - Paloma Trails PID IA #1								
Lot Type	*Jul-2027*	*Oct-2027*	*Jan-2028*	*Apr-2028*	*Jul-2028*	*Oct-2028*	*Jan-2029*	**TOTAL**
50-FF	-	-	-	-	-	-	-	**78**
60-FF	9	9	9	9	9	9	8	**134**
70-FF	-	-	-	-	-	-	-	**42**
Total	**9**	**9**	**9**	**9**	**9**	**9**	**8**	**254**

The total absorption period for the 50' lots is expected to be 9.75 months (78 lots ÷ 8 lots/month), and lots are expected to sell out in April 2026. The total absorption period for the 60' lots is expected to be 44.67 months (134 lots ÷ 3 lots/month), and lots are expected to sell out in March 2029. The total absorption period for the 70' lots is expected to be 14 months (42 lots ÷ 3 lots/month), and lots are expected to sell out in August 2026.

SUBJECT PROPERTY ANALYSIS

The entire development of Paloma Trails PID represents a total of approximately 165.510 acres (7,209,616-SF) is currently being developed into two distinct areas as follows:

- ¶ Improvement Area #1 within Paloma Trails PID will consist of 78 50-FF lots, 134 60-FF lots, and 42 70-FF lots with a total of 254 improved residential lots on approximately 66.220 acres.
- ¶ The Major Improvement Area Paper Lots will include 127 50-FF lots and 37 60-FF lots with a total of 164 residential paper lots on approximately 48.260 acres.

The following chart shows the two distinct areas of Paloma Trails PID.

Paloma Trails PID			
Lot Type	***Improvement Area #1***	***Major Improvement Area Paper Lots***	***Total***
50-FF	78	127	205
60-FF	134	37	171
70-FF	42	0	42
Improvement Area #1	**254**		
Total Major Improvement Area Paper Lots		**164**	**164**
Total Lots at Paloma Trails PID			**418**

Paloma Trails PID is owned by Paloma Trails Development, LLC who appears to be under the corporate umbrella of Paloma Trails Development, LLC. Paloma Trails PID is located in the east central portion of Wise County within Decatur in the DFW Metroplex. The area surrounding the subject property is a mix of commercial and residential uses along with agricultural land.

Access to the subject property is considered average as it is located along US Highway 380, and approximately 1.6 miles east of U.S. Highway 287. Generally, the main retail and commercial options near the subject site are found along U.S. Highway 380 or U.S. Highway 287 which has been rapidly developing with a number of master-planned communities in the past decade.

The subject property will have a mandatory homeowner's association (HOA) over residential portions of the subject property in order to maintain the open spaces, common areas, detention areas, and other related improvements or appurtenances that are not dedicated or maintained by the City of Decatur.

Based on research and discussion with the development team, the price point of homes in the subject's community will be $405,000 for the 50-FF lots, $486,000 for the 60-FF lots, and $567,000 for the 70-FF lots, which should be a desirable price point for young families and first- and second-time homebuyers looking for a quiet community near the City of Decatur with the amenities of a planned residential community.

We were provided with the table of budgeted costs for the 418 Lots in Paloma Trails PID on the following page:

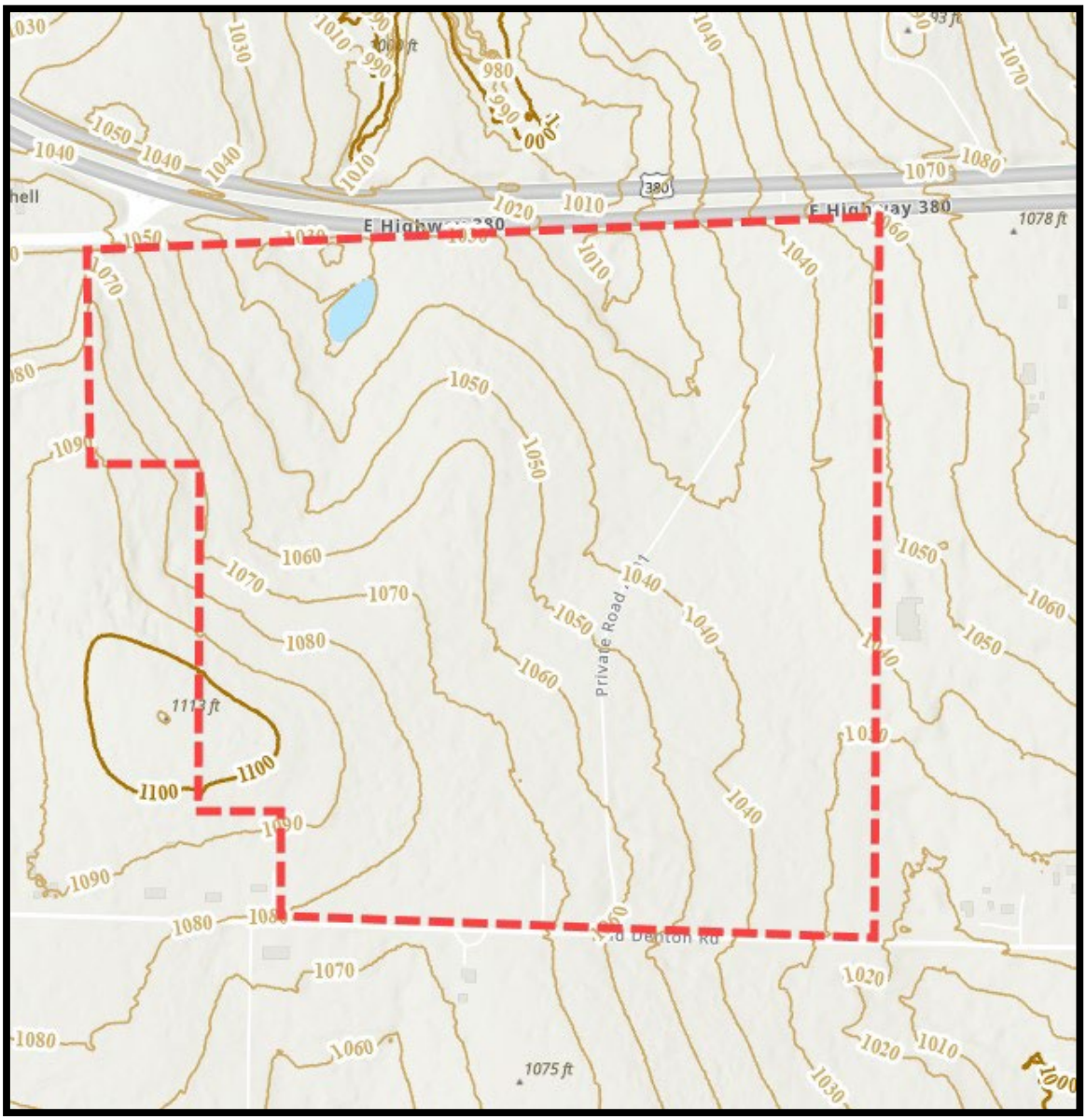
TOPOGRAPHY

The topography of the subject property is described as gently sloping from northeast to southwest. As of the inspection date, June 7, 2024, these topographic maps showing the contours are slightly out-of-date as the site is in the process of being improved for single-family lots with streets, storm sewer, and utilities in place.

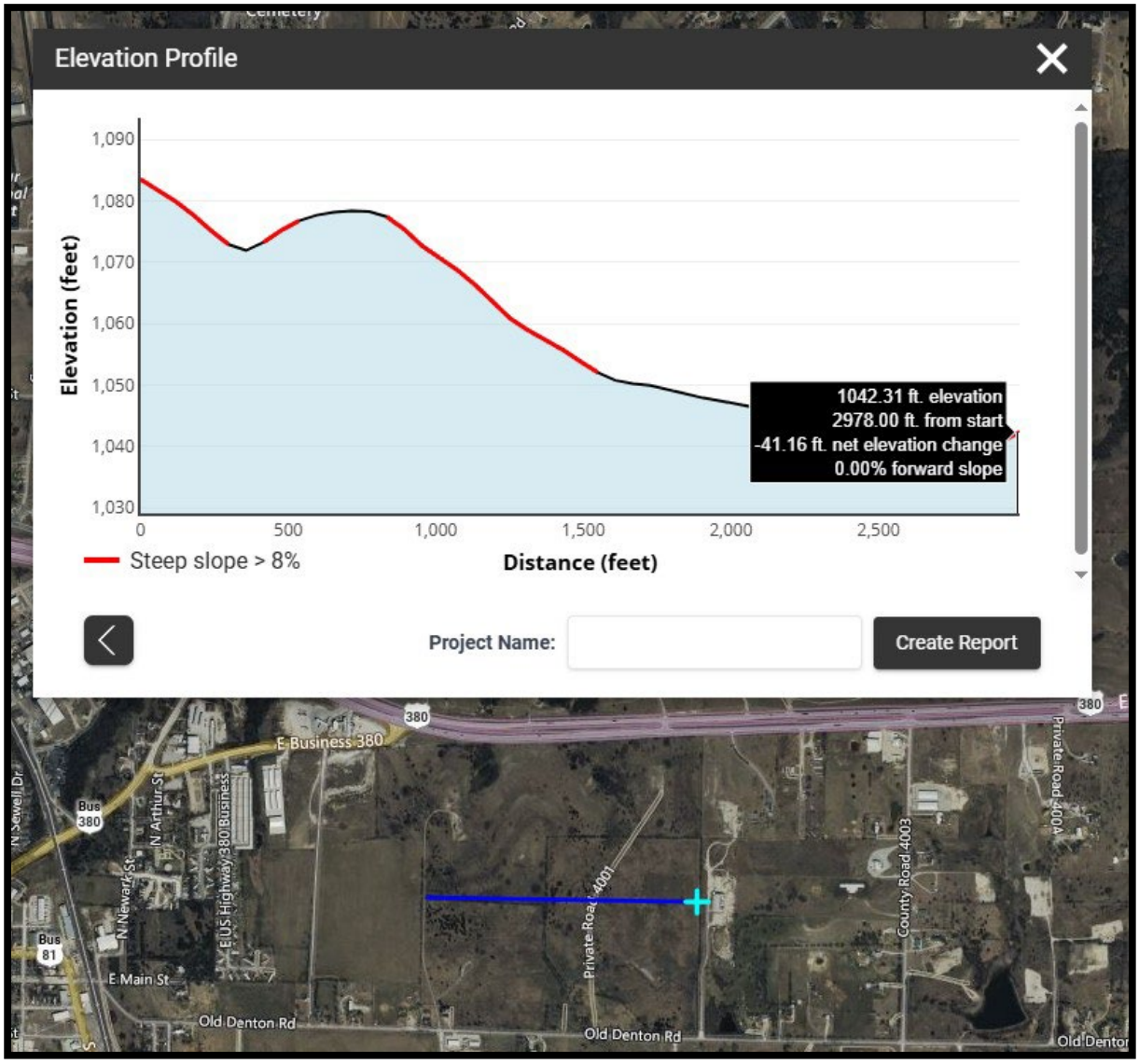
Topographic information is provided by the North Central Texas Council of Governments and Texas A&M Forest Service. The map indicates 10’ contour lines marked at 10’ increments, showing that the site elevations are generally sloping from the northeast to southwest through the 1040’-1100’ mean sea level elevation.

TOPOGRAPHIC MAP

Contours At 10’; Bold at 100’



TEXAS A&M UNIVERSITY FOREST SERVICE – MAP MY PROPERTY



General Slope of the Property Moving from East to West

x *Note that measurements <u>are in feet</u>*
Elevation profile is represented along illustrated axis
Property slopes east to west with approximately 41.16 feet of variation over approximately 2,978 feet of run

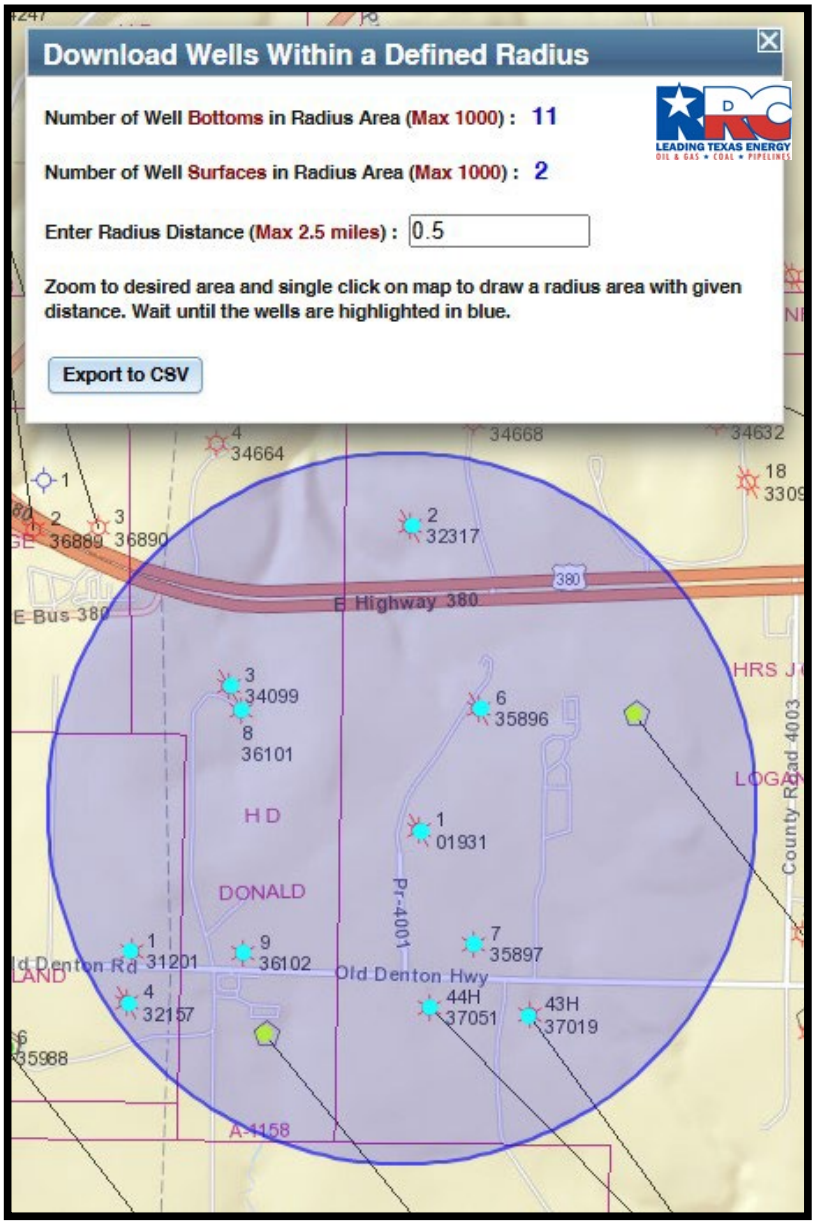
UTILITIES

Electricity to the property will be maintained by Oncor and natural gas will be maintained by Atmos. Water and Sewer will be provided by the City of Decatur. Telephone, fiber-optic, and internet are available through Century Link and Vyve Broadband.

EASEMENTS/ENCROACHMENTS

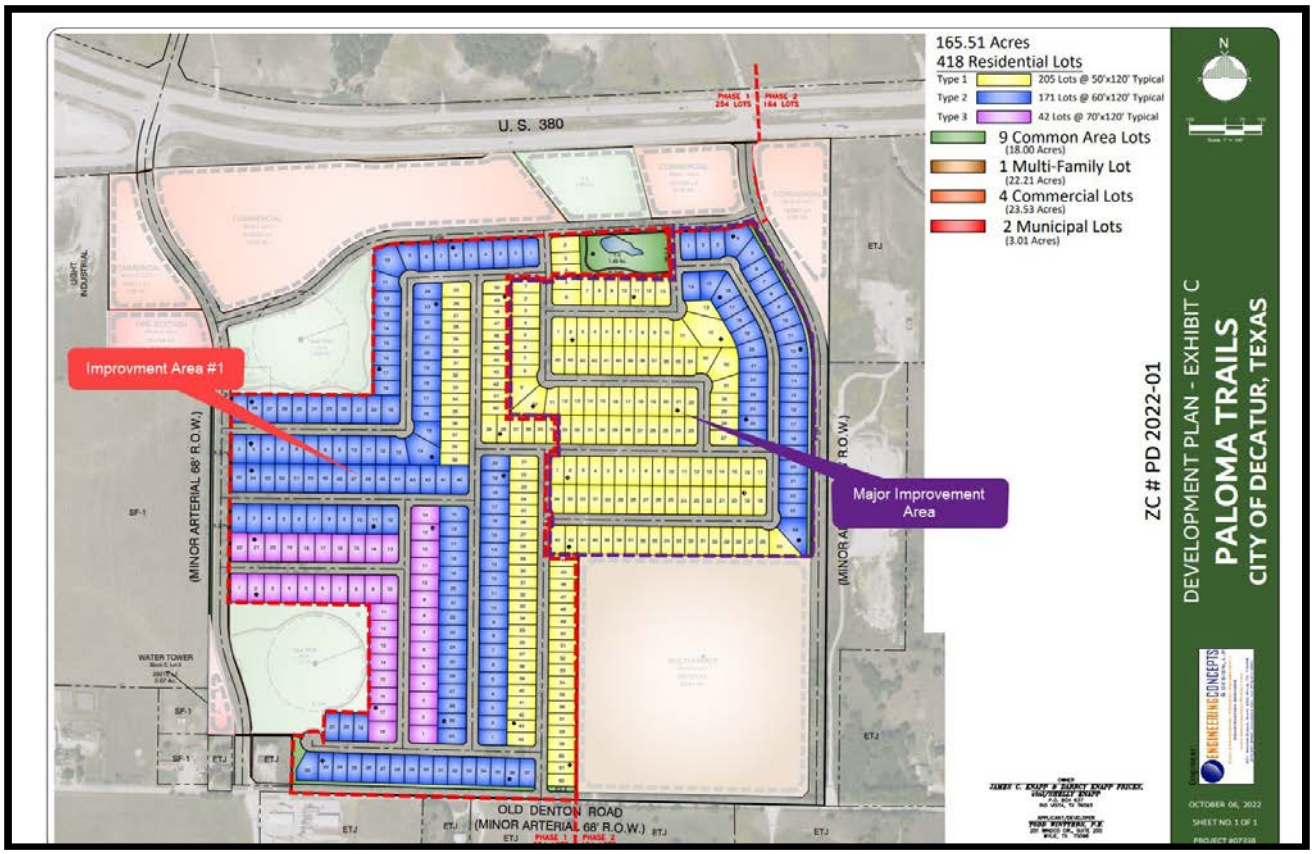
Based on our physical site visit, and review of available maps of the surrounding area, it is reasonable to suspect that there are typical setbacks and easements that exist on the property which will be approved by the City of Decatur. The subject also has various gas well sites which according to Dedra D. Ragland, the Director of Planning and Development for the City of Decatur, do not require a setback at the subject property. The appraisers assume the property is free from any other detrimental easements or encroachments and specifically reserves the right to alter the conclusion of this analysis should a survey be provided that indicates detrimental easements or encroachments.

OIL AND GAS WELLS
Texas Railroad Commission

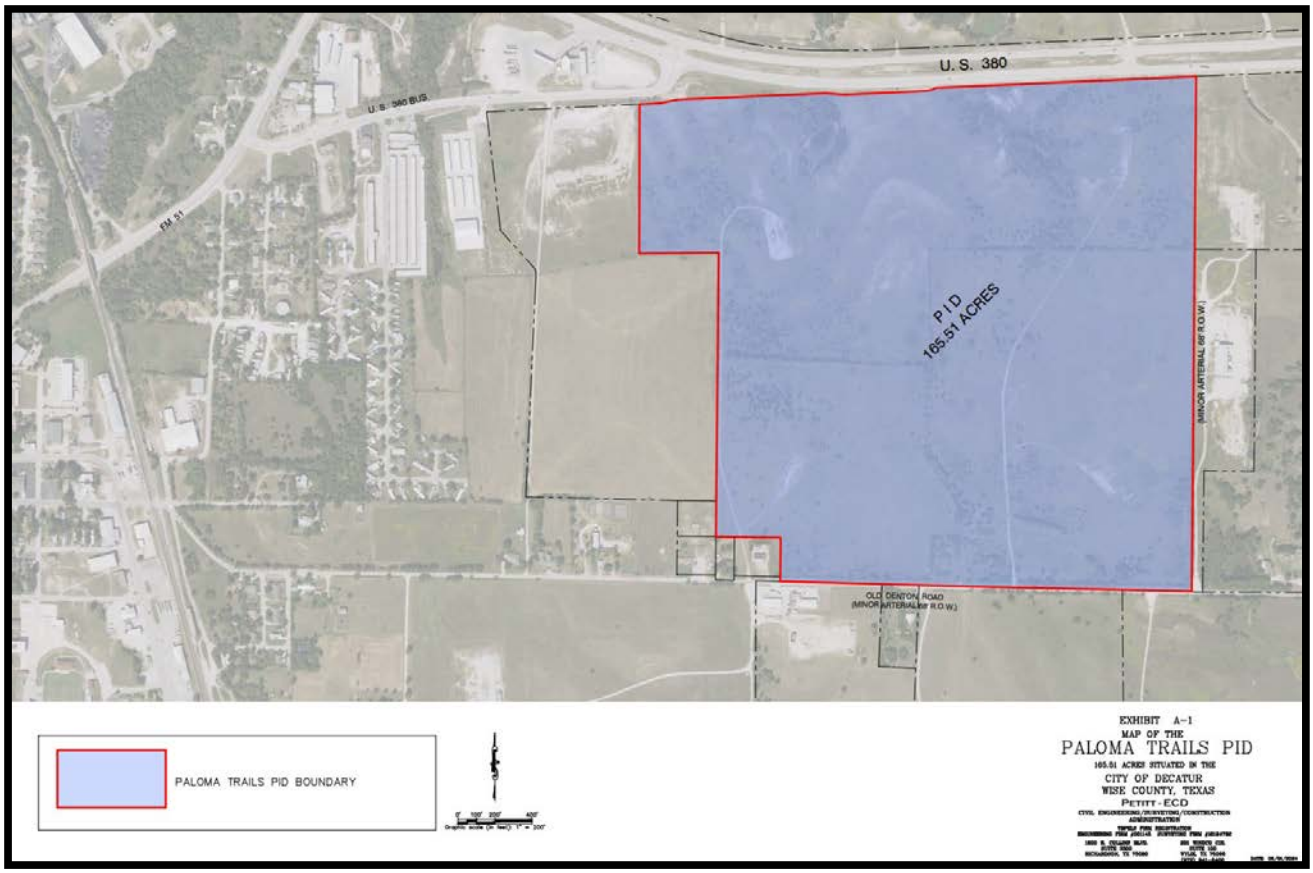


There are 11 well bottom sites and *2 well surface sites within 0.5 mile from the subject property according to the above referenced map from the Texas Railroad Commission. The subject site does not appear to be encumbered by any detrimental restrictions due to the proximity to surface or subsurface well locations because this area of Central Texas is minimally active in mineral extraction.*

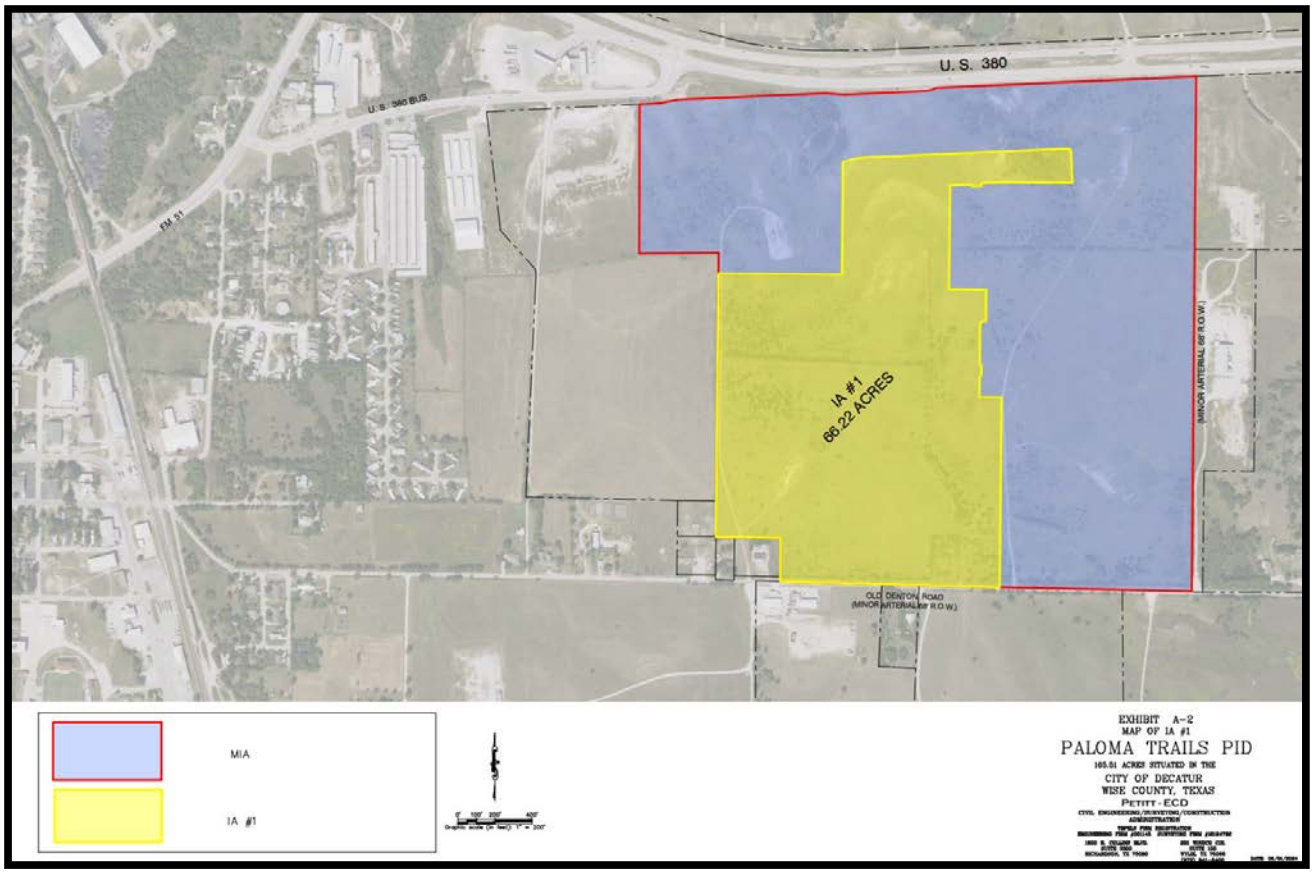
PALOMA TRAILS PID DEVELOPMENT PLAN EXHIBIT
BY ENGINEERING CONCEPTS & DESIGN (PROFESSIONAL ENGINEERS)



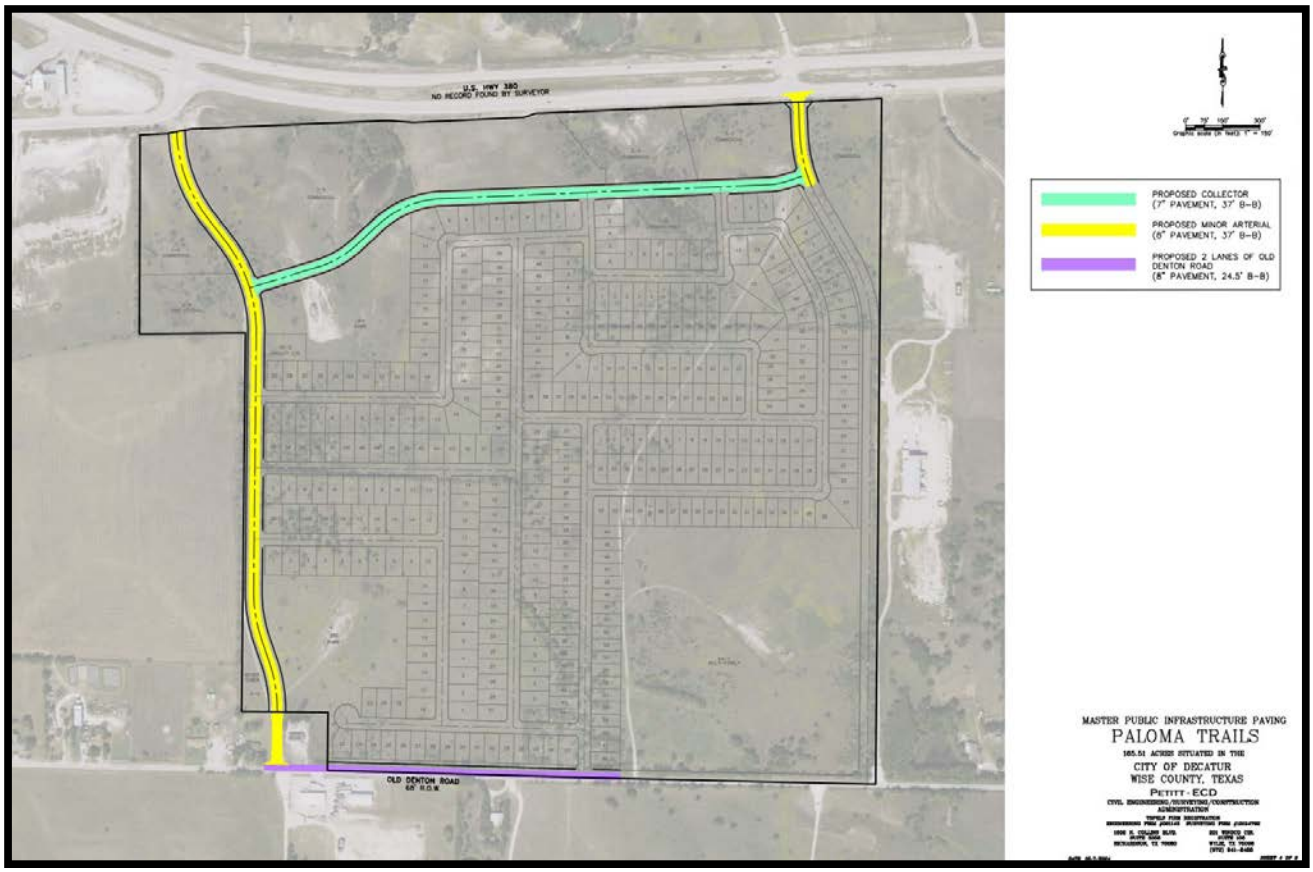
PALOMA TRAILS PID MAP EXHIBIT
BY PETITT – ECD (PROFESSIONAL ENGINEERS)



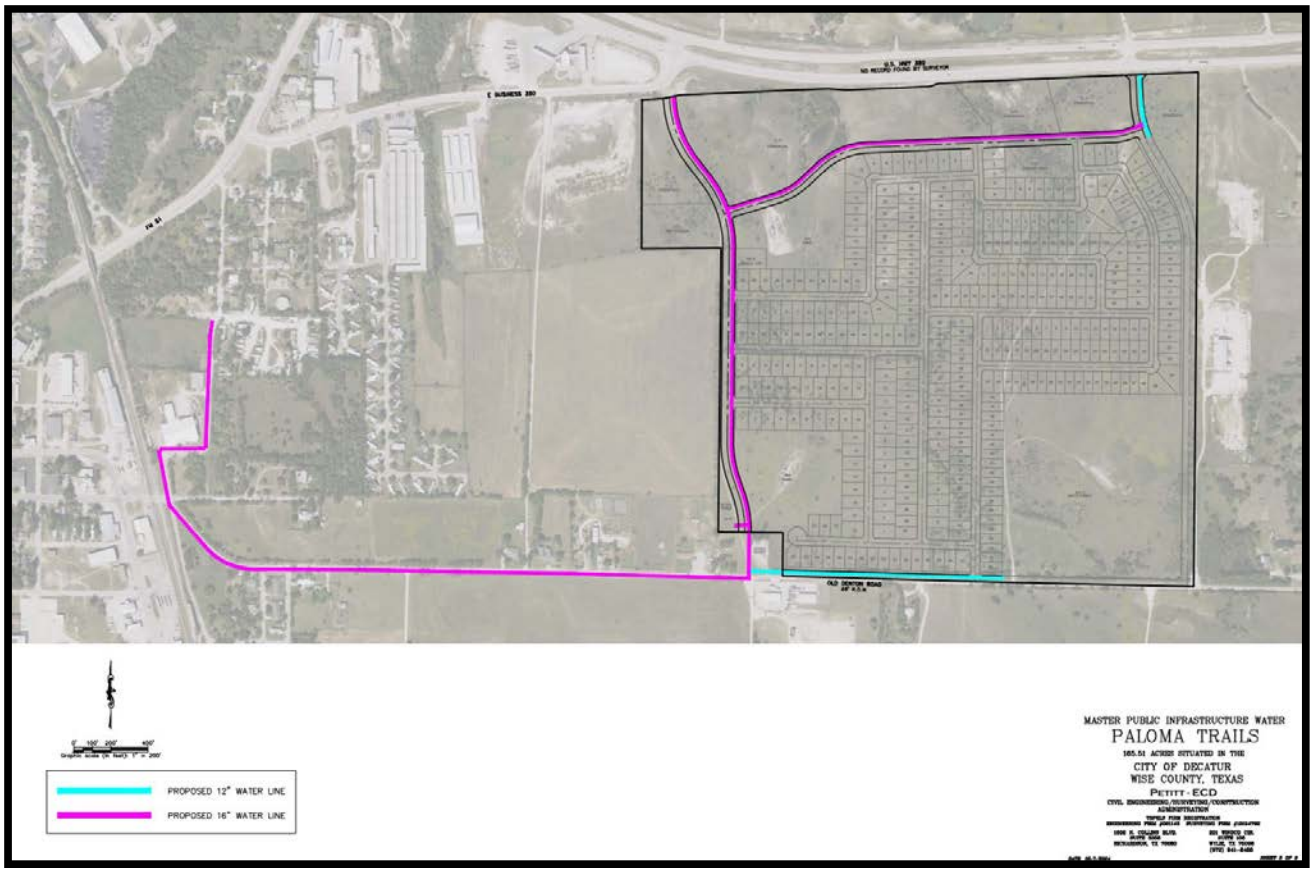
PALOMA TRAILS PID IMPROVEMENT AREA #1 MAP EXHIBIT
BY PETITT – ECD (PROFESSIONAL ENGINEERS)



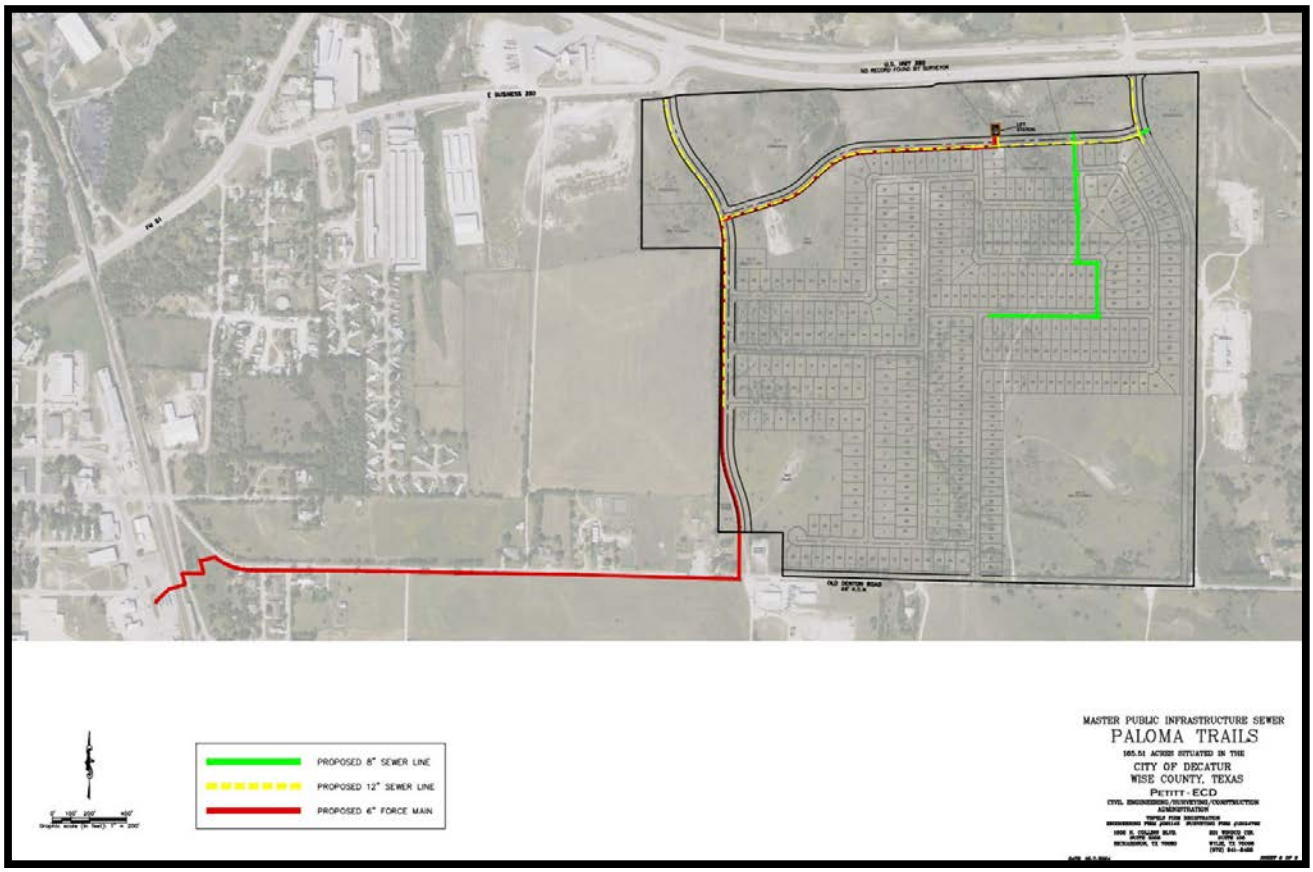
PALOMA TRAILS PID PAVING MAP WITHIN MASTER PUBLIC INFRASTRUCTURE BY PETITT – ECD (PROFESSIONAL ENGINEERS)



PALOMA TRAILS PID WATER LINE MAP WITHIN MASTER PUBLIC INFRASTRUCTURE BY PETITT – ECD (PROFESSIONAL ENGINEERS)



PALOMA TRAILS PID SEWER LINE MAP WITHIN MASTER PUBLIC INFRASTRUCTURE BY PETITT – ECD (PROFESSIONAL ENGINEERS)



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	*Not Appropriate in the Improvement Area #1 Portion of the Subject Property Since the Subject Property will be Developed in Two Phases*	*Not Utilized*
Income (Subdivision Development) Approach	*Appropriate in Determining Residential Subdivision Value*	*Utilized*
Sales Comparison Approach	*Aspects Used in Subdivision Valuation to Determine Retail Market Value of the 50-FF, 60-FF, and 70- FF Lots*	*Partially Utilized*

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, *the Cost Approach is not the most appropriate and thus was not utilized for Improvement Area #1*.

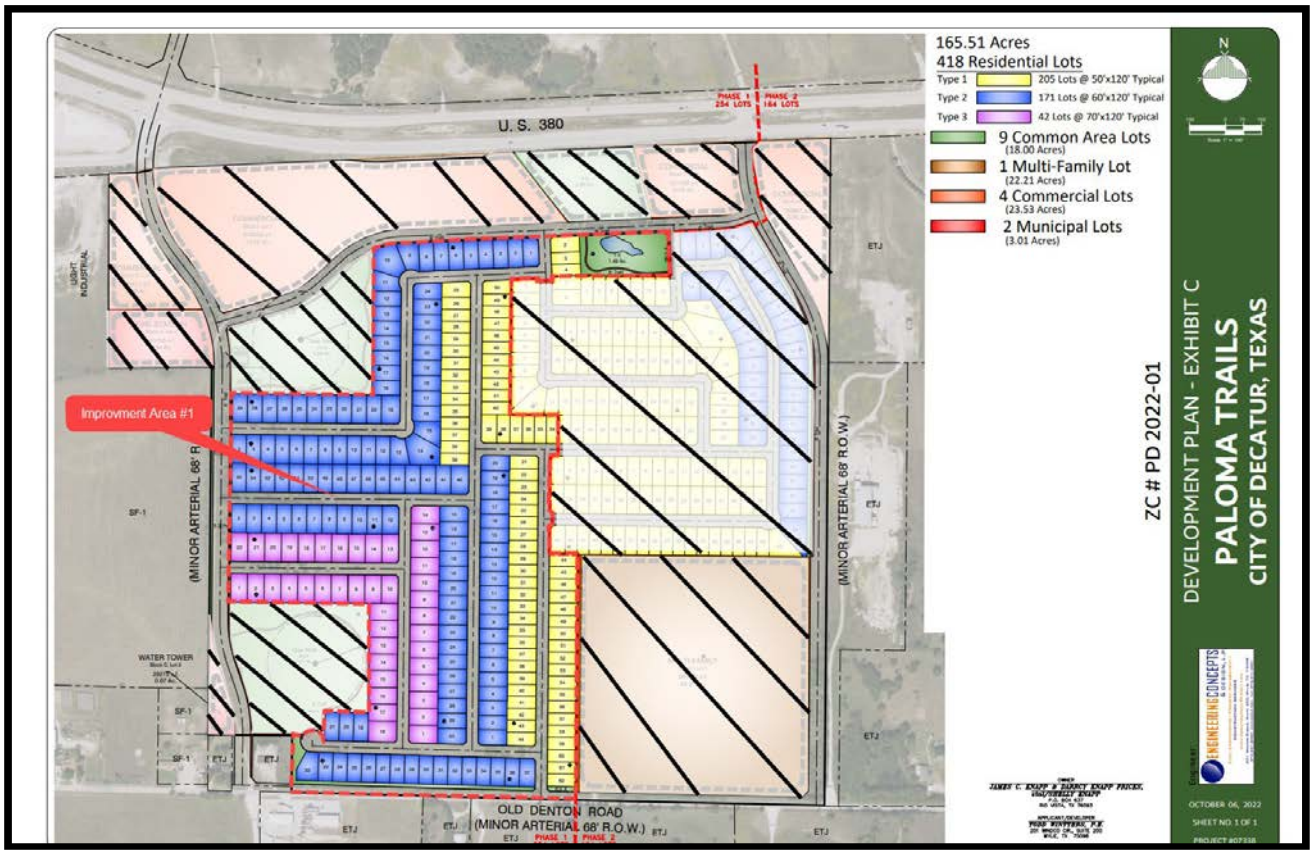
Income (Subdivision Development) Approach

The Income (Subdivision Development) Approach applied in subdivision analysis simulates what occurs in a bulk sale where one buyer purchases a subdivision or large group of lots at a discount. Income capitalization is the primary method used in subdivision valuation because value is determined by future sales over time. Along with discounted cash flow analysis, income capitalization directly measures differences in present value based on future cash flow projections. This approach provides a direct measure of the market value or wholesale value of a group of lots or units, which is different from the sum of the retail lot prices. Since one of the problems to be solved in this assignment is to determine the bulk sale value of 254 lots, as of the Effective Date of July 1, 2025, which is based on the Substantial Completion Date, *the Income (Subdivision Development) Approach is appropriate and was fully developed.*

Sales Comparison Approach

The Sales Comparison Approach involves comparing recent sales of entire subdivisions or a large group of lots that involved a single purchaser. The sales are then adjusted for value-related differences. Determining market values for the subdivision or the group of lots is the objective of the analysis, and that determination requires recent and relevant similar bulk sales for the comparison. Finding highly similar and recent sales of improved subdivisions to a single buyer in most markets can be difficult, perhaps impossible. Comparison requires comparable sales with about the same or similar remaining absorption period, a similar mix of lots or unit types, location, home price points, and other characteristics. As Texas is a non-disclosure state, sales data available is limited to sales confirmed by associated parties. Since data on highly similar bulk sales to a single purchaser is difficult to find and verify, *the Sales Comparison Approach was not fully developed by the appraisers*. Aspects of the Sales Comparison Approach were utilized to determine the retail value of the improved lots for analysis within the Income (Subdivision Development) Approach.

INCOME (SUBDIVISION DEVELOPMENT) APPROACH – IMPROVED RESIDENTIAL LOTS
IMPROVEMENT AREA #1



NOTE: Improvement Area #1 comprises 254 improved residential lots completed as vacant developed lots (VDLs) with a Prospective Effective Date of July 1, 2025. The Major Improvement Area Paper Lots are not included in the Income Subdivision Development Approach.

Income capitalization is the primary method used in subdivision valuation because value is determined by future sales over time. Along with discounted cash flow analysis, income capitalization directly measures differences in present value based on future cash flow projections. The income methodology applied in subdivision analysis has been adapted to simulate what occurs in a bulk sale where one buyer purchases a group of lots at a discount. It provides a direct measure of the market value or wholesale value of a group of lots or units, which is different from the sum of the retail lot prices.

In order to complete the analysis, the appraisers:

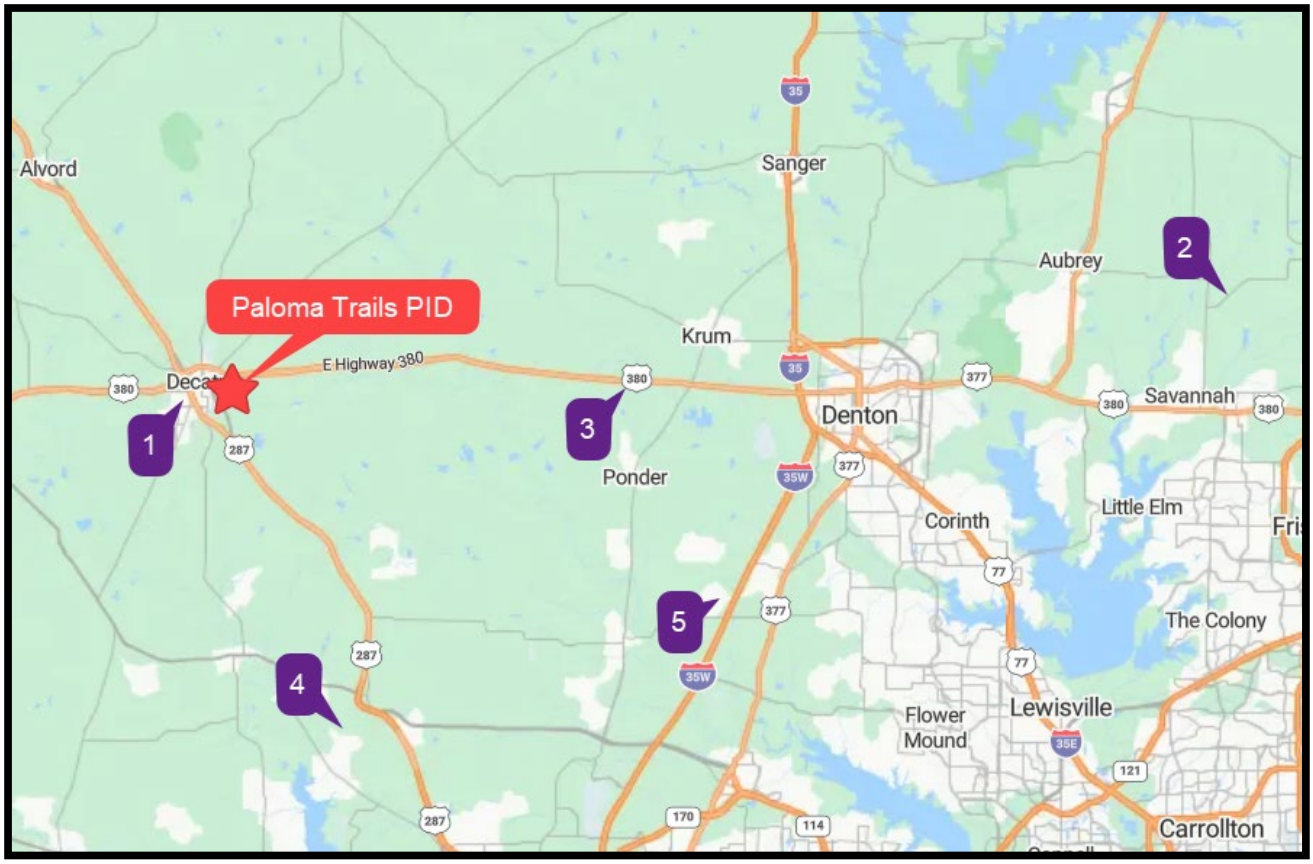
- ¶ Determined the value of the lots through aspects of the Sales Comparison Approach based on the concept plan provided by the developers
- ¶ Calculated the absorption period (earlier in the report) for the finished lots after construction is complete
- ¶ Analyzed the effect of appreciation, taxes, and sales costs over the absorption period
- ¶ Estimated the appropriate discount rate necessary to undertake the risks associate with the project
- ¶ Utilized discount cash flow (DCF) analysis to determine the present value of future cash flows realized by selling the lots at market prices over time

Typically for this type of development we would utilize frontage feet as the unit of comparison. However, there is a shortage of comparables in the subject's market area when utilizing this unit for 70-FF lot types. Because of this, the appraiser utilized square feet as the unit of comparison which is a measure commonly found in the market:

Sales Price Per Square Foot – *Obtained by dividing sale price by the Square Footage of the lot*

Following is our analysis of the 50-FF (6,000-SF), 60-FF (7,200-SF), and 70-FF (8,400-SF) lots for Paloma Trails PID Improvement Area #1.

MAP OF COMPARABLE LOT SALES – 6,000-SF LOTS; 50-FF LOTS



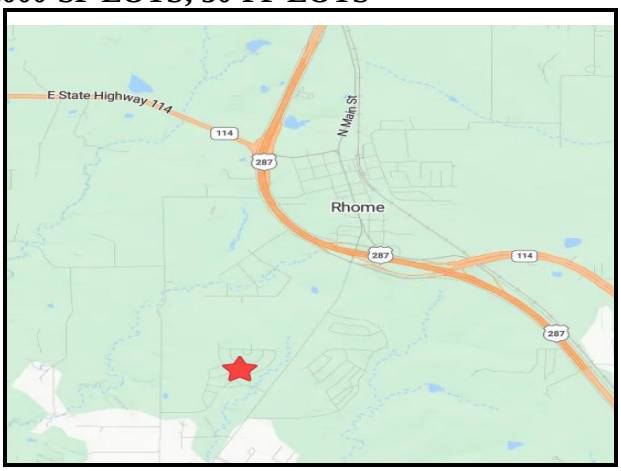
Subject: Paloma Trails PID, Decatur, TX 76234

We selected the best and most recent comparable lot sales for our analysis of the 6,000-SF (50-FF) lots. Our five comparable sales are shown below:

SUMMARY OF LOT SALES - 6,000-SF LOTS								
Sale	**Subdivision/Address**	**City**	**ISD**	**Contract Date**	**Sale Date**	**Base Lot Price**	**Square Feet (SF)**	***$/SF***
1	Vista Park	Decatur	Decatur	Apr-2024	In-Contract	$63,500	6,000	*$ 10.58*
2	Creek View Meadows	Pilot Point	Celina	Mar-2023	Mar-2023	$65,000	5,750	*$ 11.30*
3	Tabor Ranch	Unincorporated	Ponder	Apr-2023	In-Contract	$79,000	6,000	*$ 13.17*
4	Bluestem Rolling V Ranch	Rhome	Northwest	Aug-2022	Aug-2022	$70,000	6,000	*$ 11.67*
5	Harvest Meadows	Northlake	Argyle	Apr-2022	Apr-2022	$90,000	6,000	*$ 15.00*
Subject	**Paloma Trails PID IA #1**	**Decatur**	**Decatur**	-	-	-	**6,000**	-

SALE COMPARABLE 4 – 6,000-SF LOTS; 50-FF LOTS

Comparable 4 Aerial



Comparable 4 Map

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SALES ADJUSTMENT COMPARISON GRID – 7,200-SF LOTS; 60-FF LOTS

Address:	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5
	Paloma Trails PID IA #1	Legacy Hills	Tabor Ranch	Parks at Wilson Creek	Cambridge Crossing	Glen Crossing
	Decatur	Celina	Unincorporated	Celina	Celina	Celina
Transactional Adjustments						
Sales Price/SF		$10.80	$12.49	$13.08	$12.50	$13.17
Rights Conveyed		0%	0%	0%	0%	0%
Sales Price/SF		$10.80	$12.49	$13.08	$12.50	$13.17
Financing Terms		0%	0%	0%	0%	0%
Sales Price/SF		$10.80	$12.49	$13.08	$12.50	$13.17
Conditions of Sale		0%	0%	0%	0%	0%
Sales Price/SF		$10.80	$12.49	$13.08	$12.50	$13.17
Expenditures After Purchase		0%	0%	0%	0%	0%
Sales Price/SF		$10.80	$12.49	$13.08	$12.50	$13.17
Time/Market Conditions		+6%	+7%	+8%	+9%	+11%
ADJUSTED Price/SF:		$11.45	$13.36	$14.12	$13.63	$14.62
Physical Adjustments						
Location/Access	Decatur, Wise County, South of U.S. Highway 380	-6%	-4%	-6%	-6%	-6%
Amenities	Commercial District, Amenity Center, Park, Green Space, Trails	-2%	-5%	-5%	-5%	-3%
Size	7,200-SF	0%	0%	0%	0%	0%
Utilities	All Available	0%	+2%	0%	0%	0%
Zoning	Planned Development	0%	0%	0%	0%	0%
Total Net Physical Adj. After Transactional Adj.		-8%	-7%	-11%	-11%	-9%
ADJUSTED Price/SF:		$10.53	$12.42	$12.57	$12.13	$13.30
SUMMARY OF COMPARABLE VALUES						
Value Range/SF		$10.53	to	$13.30		
Average Value/SF			$12.19			
Median Value/SF			$12.42			
Size			7,200-SF			
Unit Value Indication			$12.20/SF			
Overall Value Indication			$87,840			
Rounded			$87,800			

ANALYSIS OF ADJUSTMENTS – 7,200-SF LOTS; 60-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 $10.80 to $13.17 per square foot with Sale 1 being 7,500-SF, Sales 2 and 5 being 7,200-SF, and Sale 3 and 4 being 7,800-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 7,200-SF (60-FF) vacant developed lots in this market which has driven prices higher even as demand for finished homes has recently diminished.

Considering the residential market data and price increases for recent plated and developed residential lot sales throughout the Metroplex and specifically along the 380 Corridor which were necessitated based off supply and demand as well as development costs, we believe a market conditions adjustment of +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 +6% and +11% 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: Superior; Located in Celina , with superior access to commercial uses and is located in Celina ISD which has an "A" rating and considered to be a superior ISD; Adjusted -6%
- Sale 2: 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 3: Superior; Located in Celina with superior access to commercial uses and is located in Celina ISD which has an "A" rating and considered to be a superior ISD; Adjusted -6%
- Sale 4: Superior; Located in Celina with superior access to commercial uses and is located in Celina ISD which has an "A" rating and considered to be a superior ISD; Adjusted -6%
- Sale 5: Superior; Located in Celina with superior access to commercial uses and is located in Celina 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: Superior; Legacy Hills, which has superior amenities consisting of an amenity center, sports park, pool, cabana, lazy river, and trails; Adjusted -2%
- Sale 2: 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 3: Superior; Parks at Wilson Creek, which has superior amenities such as a city park, a resort style pool, kiddie pool, sand volleyball court, basketball court, pickleball court, 12 lakes, pocket parks, and walking trails; Adjusted -5%
- Sale 4: Superior; Cambridge Crossing, which has superior amenities such as a private amenity center, fitness center, pickleball courts, half-court basketball, jogging trails, fishing pond, playground, lap pool, resort style pool/cabana, event lawn, 7 lakes, and a future second amenity center; Adjusted -5%
- Sale 5: Superior; Glen Crossing, which has superior amenities such as a club house, community pool, fishing pond, a park, a playground, a greenbelt, and trails; Adjusted -3%

Size
Due to economies of scale, smaller lots are expected to sell for a higher price per unit (square footage). Sale 1 is 7,500-SF, Sales 2 and 5 are 7,200-SF, and Sale 3 and 4 are 7,800-SF, all of which can accommodate the same building pad, so no adjustment is made for size to those comparable sales.

Utilities
The subject property's improved lots will each have access to electric, water, sewer, natural gas, and high-speed Internet. Sales 1, 3, 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 2 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%.

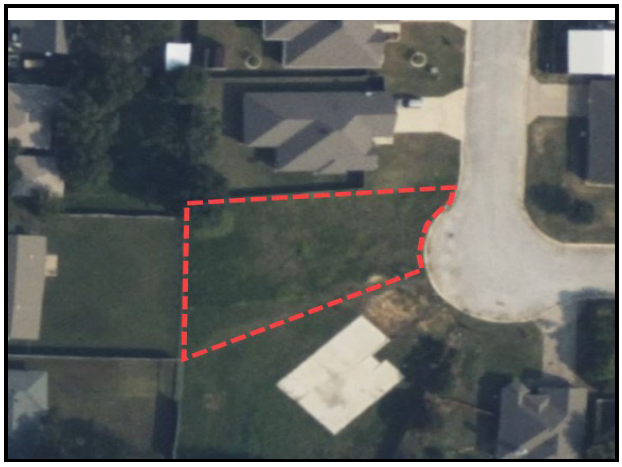
Zoning
The subject property is in a planned development and comparable sales 1, 3, 4, and 5 are in planned developments with residential subdivision zoning for similar sized residential lots; thus, no adjustment is made for Zoning. Sale 2 is not within a city, thus does not have to abide by city zoning and has a highest and best use of residential development, therefore no adjustment is made for Zoning.

Conclusion for 7,200-SF (60-FF) Lots – The 7,200-SF (60-FF) Lot Sales have an adjusted range of $10.53/SF to $13.30/SF with an average of $12.19/SF and a median of $12.42/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 7,200-SF (60-FF) lots is $12.20/SF or $87,840/Lot, Rounded to $87,800.**

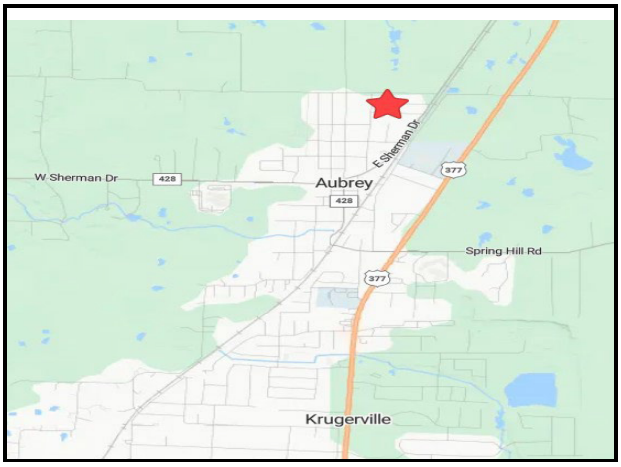
Lot Type	Total Lots	Projected Completion Date	Concluded Retail Value Per Lot
7,200-SF Detached Lots	134	July 1, 2025	$87,800

Next, we will analyze the retail market value of the 8,400-SF (70-FF) improved residential lots within Improvement Area #1 of Paloma Trails PID.

SALE COMPARABLE 4 – 8,400-SF LOTS; 70-FF LOTS



Comparable 4 Aerial



Comparable 4 Map

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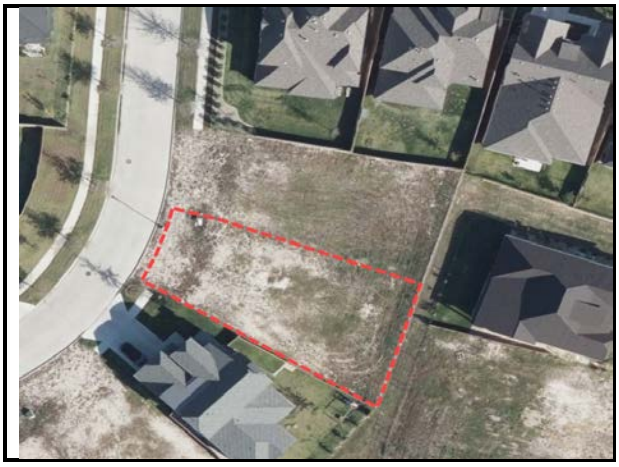
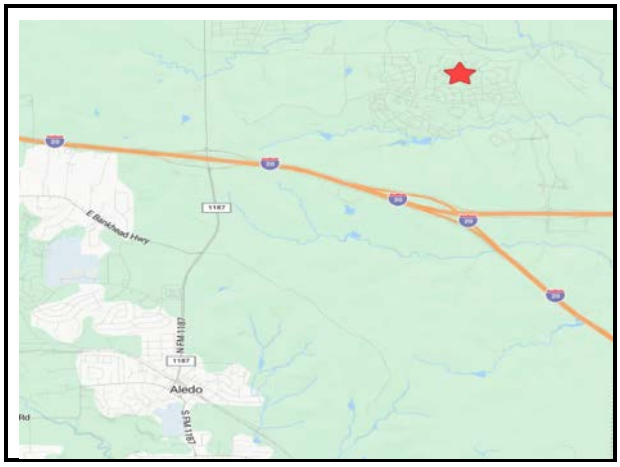
SALE COMPARABLE 5 – 8,400-SF LOTS; 70-FF LOTS



Comparable 5 Aerial



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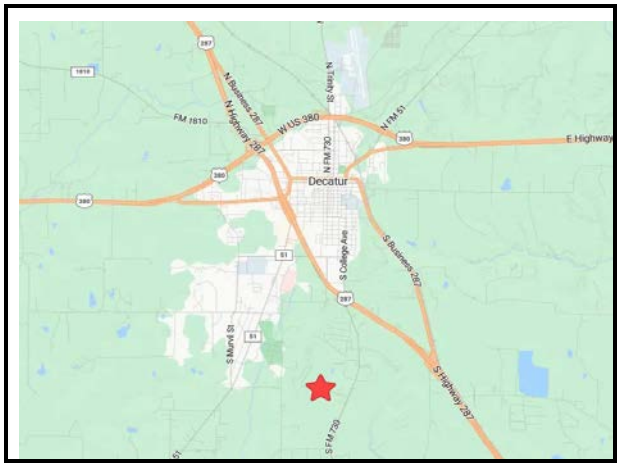
SALES ADJUSTMENT COMPARISON GRID – 8,400-SF LOTS; 70-FF LOTS

	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5
Address:	Paloma Trails PID IA #1	1400 North Business 287	Oak Creek Trail	Crown Valley Addition	Quail Ridge Estates	Walsh Ranch
	Decatur	Decatur	Fort Worth	Weatherford	Aubrey	Aledo
Transactional Adjustments						
Sales Price/SF		$7.17	$12.24	$10.27	$10.49	$15.02
Rights Conveyed		0%	0%	0%	0%	0%
Sales Price/SF		$7.17	$12.24	$10.27	$10.49	$15.02
Financing Terms		0%	0%	0%	0%	0%
Sales Price/SF		$7.17	$12.24	$10.27	$10.49	$15.02
Conditions of Sale		0%	0%	0%	0%	0%
Sales Price/SF		$7.17	$12.24	$10.27	$10.49	$15.02
Expenditures After Purchase		0%	0%	0%	0%	0%
Sales Price/SF		$7.17	$12.24	$10.27	$10.49	$15.02
Time/Market Conditions		+6%	+7%	+6%	+10%	+4%
ADJUSTED Price/SF:		$7.60	$13.10	$10.89	$11.54	$15.62
Physical Adjustments						
Location/Access	Decatur, Wise County, South of U.S. Highway 380	0%	-6%	-4%	-4%	-6%
Amenities	Commercial District, Amenity Center, Park, Green Space, Trails	+12%	+3%	+5%	+12%	-3%
Size	8,400-SF	+2%	+2%	0%	0%	-2%
Utilities	All Available	0%	0%	0%	0%	0%
Zoning	Planned Development	0%	0%	0%	0%	0%
Total Net Physical Adj. After Transactional Adj.		+14%	-1%	+1%	+8%	-11%
ADJUSTED Price/SF:		$8.67	$12.97	$11.00	$12.46	$13.90
	SUMMARY OF COMPARABLE VALUES					
Value Range/SF		$8.67	to	$13.90		
Average Value/SF			$11.80			
Median Value/SF			$12.46			
Size			8,400-SF			
Unit Value Indication			$11.80/SF			
Overall Value Indication			$99,120			
Rounded			$99,120			

LAND SALE COMPARABLE 1

Comparable 1 Aerial



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LAND SALE COMPARABLE 2

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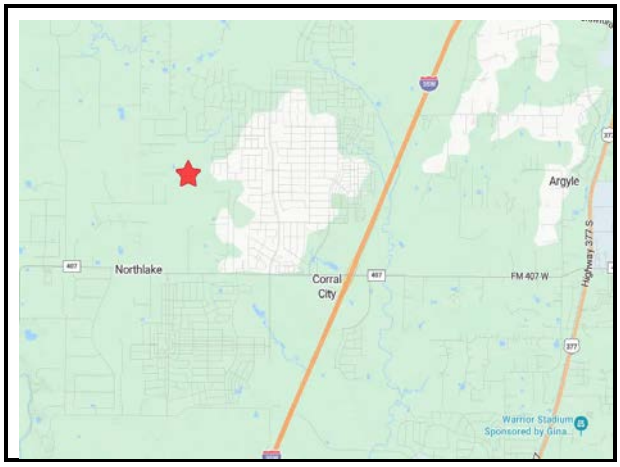

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	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5
	Paloma Trails PID	129.8-AC at 3363 S FM 730	64.83-AC at 7515 Faught Rd	32.80-AC on County Road 4576	90.16-AC - Vista Park PID	50.30-AC at 6411 Knuckles Rd
	Decatur	Decatur	Northlake ETJ	Boyd ETJ	Decatur	Aubrey ETJ
Transactional Adjustments						
Sales Price/AC		$53,929	$55,530	$40,236	$41,038	$62,127
Property Rights		0%	0%	0%	0%	0%
Sales Price/AC		$53,929	$55,530	$40,236	$41,038	$62,127
Financing Terms		0%	0%	0%	0%	0%
Sales Price/AC		$53,929	$55,530	$40,236	$41,038	$62,127
Conditions of Sale		0%	0%	0%	0%	0%
Sales Price/AC		$53,929	$55,530	$40,236	$41,038	$62,127
Expenditures After Purchase		0%	0%	0%	0%	0%
Sales Price/AC		$53,929	$55,530	$40,236	$41,038	$62,127
Market Conditions		+4%	+7%	+6%	+12%	+14%
ADJUSTED Price/AC:		$56,086	$59,417	$42,650	$45,963	$70,825
Physical Adjustments						
Location	Decatur, Wise County, South of U.S. Highway 380	0%	-7%	+4%	0%	-8%
Size	48.26-AC	+6%	+2%	-2%	+4%	0%
Topography/Floodplain	Gently Sloping; Zone X	0%	0%	0%	0%	0%
Utilities	All Available	0%	+4%	+8%	0%	0%
Easements/Encumbrances	Gas Pipeline	0%	0%	-5%	-5%	-5%
Land Use/Zoning	Planned Development	0%	0%	0%	0%	0%
Total Net Physical Adj. After Financial Adj.		+6%	-1%	+5%	-1%	-13%
ADJUSTED Price/AC:		$59,451	$58,823	$44,783	$45,503	$61,618
SUMMARY OF COMPARABLE VALUES						
Value Range/AC		$44,783	to	$61,618		
Mean			$54,036/AC			
Median			$58,823/AC			
Unit Value Indication	$54,000/AC					
Value Indication	$2,606,040					
Conclusion (Rounded)	*2,600,000 ($54,000/AC, $1.24/SF)*					

ANALYSIS OF THE SALES – PAPER LOT LAND IN MAJOR IMPROVEMENT AREA

Our research of sales comparables leads us to the determination that there are ample comparable sales within the last three years involving similar land sales within the subject's general competing area that could reliably and reasonably be verified through our due diligence. The comparable sales for the subject property's land that are utilized had unadjusted sales prices ranging from $40,236 to $62,127 per acre, and sizes ranging from approximately 32.80-AC to 129.80-AC.

Data on each of the sales, including sales price, was confirmed with sources considered reliable. Based on analysis of this data and other pertinent information obtained in our research, the following pages are a discussion of the factors which were found to exhibit significant influence on property values in this market.

Factors to be Considered and Summary of Adjustments

Financial Adjustments

Property Rights Conveyed
This adjustment considers the difference in sales price of properties sold in Fee Simple estate or in leased fee estate and the effect of any existing leases on the sales price of the property. All the sales involved Fee Simple interests being transferred. Thus, no adjustments were applicable for this factor.

Cash Equivalency
All sales were cash or equivalent, thus an adjustment for this item was not necessary.

Conditions of Sale
This adjustment reflects the motivations of the buyer and seller, i.e., assemblage, distress sale, reduced prices from family purchase, or purchase by adjacent landowners. All the sales were considered arms-length transactions, with no conditions perceived which would indicate a sale without profit motive, and no adjustments for Conditions of Sale were considered necessary.

Changing Market Conditions
This adjustment accounts for changing market conditions over a period. These adjustments are necessary to correct for changes in value over time due to market factors such as supply and demand, and economic factors such as inflation. We have applied an adjustment of +4% year-over-year (YoY), which is a 0.33% month-over-month (MoM) positive adjustment for Market Conditions to Sales 1-5, which resulted in adjustments ranging from +4% to +14%.

Physical Adjustments

Location
The type and density of surrounding development was examined for each sale. In addition, locations with proximity to business and retail centers were also considered. Properties located in close proximity to densely developed areas tend to sell for higher prices than properties which are in less developed locations. Paloma Trails PID is located within the City of Decatur, however, is removed from the other city centers within the DFW metroplex. This location is in the center area of Wise County and approximately 41 miles north of Fort Worth in the DFW Metroplex. The area surrounding the subject property is primarily rural and commercial uses. The neighborhood immediately surrounding the subject is mostly, commercial development, and rural undeveloped land, which is considered favorable for the development of a residential subdivision; however, the subject is removed from the Dallas-Fort Worth CBD. We have made the following adjustments for Location:

- ¶ Sale 1: Similar; located in Decatur a in close proximity to the subject, with similar access to commercial developments; Adjusted 0%
- ¶ Sale 2: Superior; located in the Northlake ETJ which is closer to the DFW metroplex and has superior access to commercial developments; Adjusted -7%
- ¶ Sale 3: Inferior; located in the Boyd ETJ which is closer to the DFW metroplex, however, has inferior access to commercial developments; Adjusted +4%
- ¶ Sale 4: Similar; located in Decatur in close proximity to the subject, with similar access to commercial developments; Adjusted 0%
- ¶ Sale 5: Superior; Located in the Aubrey ETJ, which has superior access to the rest of DFW and superior access to commercial developments; Adjusted -8%

Size

Typically, the larger the tract the lower the unit price. The converse also tends to be true. Land sales analyzed on an area-wide basis tend to indicate a ±2% to ±10% price premium for each halving/doubling of size, for tracts within the size range of those compared herein. A +4% doubling factor would appear reasonable for the size range of the sales utilized in this analysis. We have made the following adjustments for Size:

- ¶ Sale 1: Larger; 129.80 acres; Adjusted +6%
- ¶ Sale 2: Similar; 64.83 acres; Adjusted +2%
- ¶ Sale 3: Smaller; 32.80 acres; Adjusted -2%
- ¶ Sale 4: Larger; 90.16 acres; Adjusted +4%
- ¶ Sale 5: Similar; 50.30 acres; Adjusted 0%

Topography/Floodplain

Topography conditions included are land contours, grades, drainage adequacies, and general physical usability. Land that is heavily wooded would likely be more costly to develop than a site that was cleared and ready for development. Paloma Trails PID has gently sloping topography, has few trees, and is within Unshaded Zone X (outside the floodplain) according to Map 48497C0350D, effective December 16, 2011. The subject property has ample space in Unshaded Zone X that would not be detrimental to the development of the subject property. We have made the following adjustments for Topography/Floodplain:

- ¶ Sale 1: Similar; has gently sloping topography, few trees, and entirely within Unshaded Zone X; Adjusted 0%
- ¶ Sale 2: Similar; has gently sloping topography, few trees, and entirely within Unshaded Zone X; Adjusted 0%
- ¶ Sale 3: Similar; has gently sloping topography, few trees, and entirely within Unshaded Zone X; Adjusted 0%
- ¶ Sale 4: Similar; has gently sloping topography, few trees, and entirely within Unshaded Zone X; Adjusted 0%
- ¶ Sale 5: Similar; has gently sloping topography, few trees, and entirely within Unshaded Zone X; Adjusted 0%

Utilities

The availability of utilities is a major factor in the development of any property. If a site has no utility service or cannot acquire access, it is virtually impossible to develop. All utilities are available for the subject. We have made the following adjustments for Utilities:

- ¶ Sale 1: Similar; has access to electricity and city services are within the vicinity; Adjusted 0%
- ¶ Sale 2: Inferior; has access to electricity and Co-Op Water; Adjusted +4%
- ¶ Sale 3: Inferior; has access to electricity; Adjusted +8%

- ¶ Sale 4: Similar; has access to electricity and city services are within the vicinity; Adjusted 0%
- ¶ Sale 5: Similar; has access to electricity and city services are within the vicinity; Adjusted 0%

Easements/Encumbrances
Properties with easements and encumbrances, such as overhead powerlines or gas pipelines, restrict parcels from development. The subject has a gas well easement. The subject site is encumbered by a 100-foot setback due to the proximity to surface or subsurface well locations as this area of Denton County has numerous active well site locations. The subject is large enough for development. We have made the following adjustments for Easements/Encumbrances:

- ¶ Sale 1: Similar; has an electric and gas well easement; Adjusted 0%
- ¶ Sale 2: Similar; has a pipeline easement; Adjusted 0%
- ¶ Sale 3: Superior; has an utility easement, however does not contain any other easements; Adjusted -5%
- ¶ Sale 4: Superior; no easements or encroachments; Adjusted -5%
- ¶ Sale 5: Superior; no easements or encroachments; Adjusted -5%

Land Use/Zoning
The residential paper lots in the Major Improvement Area are zoned Planned Development (PD) by the City of Decatur for mixed-use development that would allow commercial, multi-family, single-family uses which will allow residential paper lots. At this step in the process, the land has entitlement rights for development which adds significant value above vacant land that is zoned for Agriculture within a city. If they vacant land is within an ETJ or county there are no restrictions on development therefore would be similar to Planned Development zoning.

Sales 2, 3, and 5 were sold as raw land that located in ETJs with a highest and best use of single family residential thus is similar to the subject property and no adjustment is made. Sale 1 has Single-Family/Townhome zoning and Sale 4 has PD zoning similar to the subject and would have entitlement rights, therefore, no adjustment was made for Sales 1 and 4.

LAND VALUE CONCLUSION FOR 48.260-AC IN THE MAJOR IMPROVEMENT AREA
After adjustment, the land sales indicate a range of values for the subject site from $44,783 to $61,618 per acre, with an average of $54,036/AC and a median of $58,823/AC. Similar emphasis was given to all sales. Thus, the value of the subject is correlated in the middle portion of the ranges. **The subject site is valued at $54,000/AC, totaling $2,606,040 total value, and rounded to $2,600,000,** for the land as shown in the following chart:

LAND VALUE SUMMARY PALOMA TRAILS PID MIA (PAPER LOT LAND)		
Land Area (Acres)	**Land Value/Acre**	**Land Value**
48.26	$54,000	$2,606,040
	Rounded:	***$2,600,000 ($54,000/AC, $1.24/SF)***

Next, we will continue the Cost Approach to analyze the Development Costs associated within the Major Improvement Area.

COST APPROACH – PAPER LOTS IN MAJOR IMPROVEMENT AREA (CONTINUED)

Replacement cost is the current cost of replacing the improvement with one having equal utility or able to perform the same economic function:

1. It could be the cost of acquiring an equally desirable substitute, or
2. The cost to replace, with a property having an equivalent utility, which may or may not be a replica, or
3. The replacing or remodeling of parts of a structure to maintain it in its highest and best use and operating condition.

This term generally is used to indicate: The present cost of replacing the improvements with improvements of equivalent utility, considering modern materials and construction methods.

NOTE: The appraisers have been provided with detailed construction development costs provided by Petitt-ECD (Professional Engineer) who have worked with the developer on development costs necessary for the Water System, Wastewater System, Storm Drain System, Earthwork, Erosion Control, and Roadway & Street Paving. We have confirmed the utilized cost through discussions with the client and concluded they are reasonable and credible for developing Paloma Trails PID Major Improvement Area based on our experience reviewing costs from other PIDs. Further, we have utilized an extraordinary assumption that the development costs are accurate as of the effective date of the report. Use of this extraordinary assumption has affected assignment results.

Detailed costs for each area were provided by Petitt-ECD for Paloma Trails PID. The portion concerning the Major Improvement Area totals **$9,248,990** as shown on the chart below:

ALLUVIUM DEVELOPMENT, INC

DECATUR TX

PETITT-ECD

PID Cost Summary
Preliminary Opinion of Probable Construction Costs
Paloma Trails - Phase 1 - Public Improvement District
Exhibit 'B'
Friday, June 14, 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	$3,647,769	$2,380,013	$6,027,782	$701,409	$6,729,191
Venus Construction - Offsite Wet Utilities	$2,086,468	$0	$2,086,468	$0	$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 2024-04-29)	$650,000	$0	$650,000	$0	$650,000
ROW		$1,200,000	$1,200,000		$1,200,000
Sub Total	**$9,248,990**	**$5,971,409**	**$15,220,399**	**$3,976,528**	**$19,196,927**
Soft Costs (including Bonds)	$1,578,576	$1,049,496	$2,628,072	$269,016	$2,897,088
District Formation	$246,235	$569,160	$815,395	$0	$815,395
Contingency @ 10%	$1,289,849	$715,711	$2,005,560	$454,296	$2,459,856
Grand Totals	**$12,363,650**	**$8,305,775**	**$20,669,425**	**$4,699,840**	**$25,369,265**

Phase Total Summary	
Cost Type	**Total**
Master Public Improvements	$12,363,650
Direct Public Improvements	$8,305,775
Private Improvements	$4,699,840
Total	**$25,369,265**

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\
2024-01-03 Paloma Trails P1 PID CE w-Contractor Prices (07338).xlsx on PID Cost Summary

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Depreciation is defined as loss in capital value from any cause. It is employed in this report in estimating the difference in the present-day value of the improvements and the cost of new replacement. The three major types of accrued depreciation are:

Physical Deterioration

Physical deterioration is loss in value from actual physical causes and measured either as curable or incurable. The curable items are measured by the actual cost to replace or repair the component parts. The incurable portion is estimated by virtue of an observed condition or ascertaining the used portion by the best estimate of the appraiser. Curable physical deterioration, also referred to as deferred maintenance, is caused by normal wear and tear that should be corrected immediately or, is necessary to keep rents at market levels. The cost of curing the condition and bringing the property to a satisfactory and functioning condition is generally the measure of deferred maintenance.

Note: As the subject property is a newly proposed development, there is no physical deterioration to consider.

Functional Obsolescence

Functional obsolescence is loss in value from conditions existing within the property which make the property inadequate or less desirable to the typical prudent purchaser. It, too, may be curable or incurable. Incurable obsolescence is normally measured by the loss in income which may accrue to the property by reason thereof.

Note: The proposed development is considered to be of desirable size and functional design for demand from typical users in this market. There is no indication of functional obsolescence for this property.

External Obsolescence

According to the Dictionary of Real Estate Appraisal, Fifth Edition, external obsolescence is *"an element of depreciation; a diminution of value caused by negative externalities and generally incurable on the part of the owner, landlord, or tenant."*

External obsolescence is considered to be the loss in value of a property resulting from the influence of negative forces not inherent with the property. It can be caused by the exertion of detrimental external forces upon the neighborhood or property itself. Other examples are noise from nearby expressways or airports, excessive taxes, special assessments or certain other governmental actions, or the infiltration of inharmonious groups or land uses.

This form of obsolescence is rarely, if ever, curable. The measure of this form of obsolescence is the capitalized value of the rental loss due to the condition. Care must be exercised to charge against the improvements only the pro-rata amount of the indicated loss represented by the improvements to total property value ratio. In other words, if the land value already reflects the condition, the rent loss attributable only to the improvements should be capitalized.

Note: As the proposed subdivision is in an area in the growth cycle with demand for residential development spurred by high demand, there is no depreciation for external obsolescence.

As indicated earlier, the proposed improvements represent the current Highest and Best Use of the site "as proposed." As such, the following is a discussion of cost and depreciation components used in arriving at a value for the subject via the Cost Approach.

Development Cost Estimate
Base costs for the major building improvements are estimated from the owner's cost estimate and compared to the Marshal Valuation Service (MVS) Cost Guide.

Base Building Cost
The client provided the appraisers with the contractor's construction cost estimate. Per a conversation with the developer’s financial consultant (T. Wilson) the Master Public

In the event that we receive a subpoena or are called to testify in any litigation, arbitration or administrative hearing of any nature whatsoever or as a result of this engagement or the related report, to which we are not a party, you agree to pay our current hourly rates ($300/hour) for such preparation and presentation of testimony. You agree that: (i) the data collected by us in this assignment will remain our property; and (ii) with respect to any data provided by you, Peyco and its partner companies may utilize, sell, and include such data (either in the aggregate or individually), in the Peyco database and for use in derivative products. You agree that all data already in the public domain may be utilized on an unrestricted basis. Finally, you agree that we may use commercially available, as well as proprietary software programs, to perform your assignment (web based and others).

If you are in agreement with the terms set forth in this letter and wish us to proceed with the contract engagement, please sign below and return one copy to us. Thank you for this opportunity to be of service and we look forward to working with you.

Sincerely,

James L. Maibach, C.P.M.
TX-1323658
State Certified General Real Estate Appraiser

AGREED TO AND ACCEPTED THIS _____DAY OF _____, 2024.

BY:

FMS Bonds, Inc.

Tripp Davenport
Authorized Signature

Name (printed)

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ATTACHMENT 1: STANDARD ASSUMPTIONS & LIMITING CONDITIONS

The appraisal report and any work product related to the engagement will be limited by the following standard assumptions:

1. The title is marketable and free and clear of all liens, encumbrances, encroachments, easements, and restrictions. The Subject Property is under responsible ownership and competent management and is available for its highest and best use.
2. There are no existing judgments or pending or threatened litigation that could affect the value of the Subject Property.
3. There are no hidden or undisclosed conditions of the land or of the improvements that would render the Subject Property more or less valuable. Furthermore, there is no asbestos or environmental contamination at the Subject Property.
4. The revenue stamps placed on any deed referenced herein to indicate the sale price are in correct relation to the actual dollar amount of the transaction.
5. The Subject Property is in compliance with all applicable building, environmental, zoning, and other federal, state, and local laws, regulations, and codes.
6. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

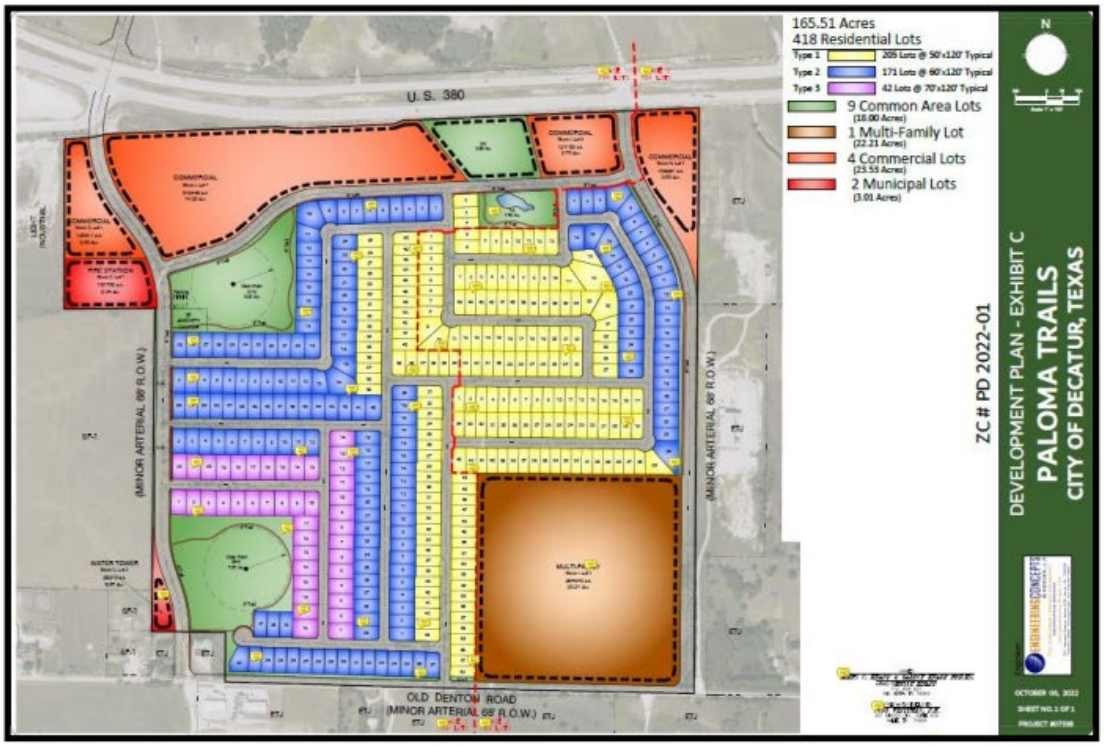
The appraisal report and any work product related to the engagement will be subject to the following limiting conditions, except as otherwise noted in the report:

1. An appraisal is inherently subjective and represents our opinion as to the value of the Subject Property appraised.
2. The conclusions stated in our appraisal apply only as of the effective date of the appraisal, and no representation is made as to the effect of subsequent events.
3. No changes in any federal, state, or local laws, regulations, or codes (including, without limitation, the Internal Revenue Code) are anticipated.
4. No environmental impact studies were either requested or made in conjunction with this appraisal, and we reserve the right to revise or rescind any of the value opinions based upon any subsequent environmental impact studies. If any environmental impact statement is required by law, the appraisal assumes that such statement will be favorable and will

assume competent and effective management and marketing for the duration of the projected holding period of the Subject Property.

26. All prospective value opinions presented in this report are estimates and forecasts which are prospective in nature and are subject to considerable risk and uncertainty. In addition to the contingencies noted in the preceding paragraph, several events may occur that could substantially alter the outcome of our estimates such as, but not limited to changes in the economy, interest rates, capitalization rates, behavior of consumers, investors and lenders, fire and other physical destruction, changes in title or conveyances of easements and deed restrictions, etc. It is assumed that conditions reasonably foreseeable at the present time are consistent or similar to the future.
27. As will be determined during the course of the assignment, additional extraordinary or hypothetical conditions may be required in order to complete the assignment. The appraisal shall also be subject to those assumptions.

Paloma Trails Site Plan



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LEGAL DESCRIPTION
PALOMA TRAILS PID IA #1

LEGAL DESCRIPTION
PID IA #1
66.22 ACRES

BEING a 66.22-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 most southerly southwest corner of said 150.672-acre tract, in the center of Old Denton Highway;

THENCE North 00 degrees 37 minutes 27 seconds East, a distance of 235.61 feet;

THENCE North 89 degrees 22 minutes 33 seconds West, a distance of 350.82 feet;

THENCE North 00 degrees 34 minutes 31 seconds East, a distance of 1424.26 feet;

THENCE South 89 degrees 25 minutes 29 seconds East, a distance of 668.00 feet;

THENCE North 00 degrees 34 minutes 31 seconds East, a distance of 606.41 feet to the beginning of a non-tangent curve to the right;

THENCE northeasterly with said curve which has a central angle of 19 degrees 23 minutes 11seconds, a radius of 370.00 feet, a chord that bears North 77 degrees 50 minutes 57 seconds East with a chord distance of 124.59 feet, and an arc length of 125.19 feet to the end of said curve;

THENCE North 87 degrees 32 minutes 32 seconds East, a distance of 1101.20 feet;

THENCE South 47 degrees 27 minutes 28 seconds East, a distance of 14.14 feet;

THENCE South 02 degrees 27 minutes 28 seconds East, a distance of 174.70 feet;

THENCE North 89 degrees 25 minutes [redacted]

North 87 degrees 28 minutes 23 seconds East, a distance of 450.90 feet;

North 70 degrees 28 minutes 12 seconds East, a distance of 51.05 feet;

North 87 degrees 32 minutes 32 seconds East, a distance of 1405.91 feet to a point in the east line of said 150.672-acre tract;

THENCE South 00 degrees 29 minutes 38 seconds West, with the east line of said 150.672-acre tract, a distance of 2181.27 feet;

THENCE South 00 degrees 31 minutes 49 seconds West, continuing with the east line of said 150.672-acre tract, a distance of 601.04 feet to the **POINT OF BEGINNING** and containing 99.29 acres of land, more or less.

"This document was prepared under 22 TAC §663.21, does not reflect the results of an on the ground survey, and is not to be used to convey or establish interests in real property except those rights and interests implied or established by the creation or reconfiguration of the boundary of the political subdivision for which it was prepared."

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ASSUMPTIONS AND LIMITING CONDITIONS

This report is subject to the following assumptions and limiting conditions:

1) The value assumes of responsible ownership and competent management. The subject property is assumed to be free and clear of all liens, except as may be otherwise described herein. No responsibility is assumed by the appraiser for matters legal in character, nor is any opinion on the title rendered, which is assumed to be good and marketable.

2) The information contained herein has been gathered from sources deemed to be reliable, but the appraiser assumes no responsibility for its accuracy. Correctness of estimates, opinions, dimensions, sketches, and other exhibits that have been furnished and have been used in this report are not guaranteed.

3) The value rendered herein is based on preliminary analyses of the subject and market area. The market value is expressed in terms of the current purchasing power of the dollar.

4) Any leases, agreements or other written or verbal representations and/or communications and information received by the appraiser have been reasonably relied upon in good faith but have not been analyzed for their legal implications. We urge and caution the user of this report to obtain legal counsel of his/her own choice to review the legal and factual matters, and to verify and analyze the underlying facts and merits of any investment decision in a reasonably prudent manner.

5) Appraisers assume no responsibility for any hidden agreements known as "side reports", which may or may not exist relative to this property, which have not been made known to us, unless specifically acknowledged within this report.

6) This report is to be used in whole, and not in part. Any separate valuation for land and improvements shall not be used in conjunction with any other valuation and is invalid if so used. Possession of this report or any copy thereof does not carry with it the right of publication nor may the same be used for any purpose by anyone but the client without the previous written consent of the appraiser, and in any event, only in its entirety.

7) The appraiser, by reason of this report, is not required to give testimony in court with reference to the property unless notice and proper arrangements have been previously made, therefore.

8) Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales or other media without prior written consent and approval of the author.

9) No subsoil data or analysis based on engineering core borings or other tests were furnished to us. We have assumed that there are no subsoil defects present that would impair development of the land to its maximum permitted use or would render it more or less valuable. No responsibility is assumed for engineering, which might be required to discover such factors.

10) Any construction and physical condition of the improvements described herein are based on the building construction plans and specifications and construction budgets <u>if</u> provided. No liability is assumed by the appraiser for the soundness of structural members since no engineering tests were conducted. No liability is assumed for the condition or adequacy of mechanical equipment, plumbing or electrical components. No responsibility is assumed for engineering, which might be required to discover such factors. We urge the user of this report to retain an expert in this field as this is any considered “to-be-built” improvements.

11) Unless otherwise stated in this report, the existence of hazardous substances, including without limitation asbestos, polychlorinated biphenyls, petroleum leakage, or agricultural chemicals, which may or may not be present in or on the property, or other environmental conditions were not called to the attention of the appraiser nor did the appraiser become aware of such during the appraiser site visit. The appraiser has no knowledge of the existence of such materials on or in the property unless otherwise stated. The appraiser, however, is not qualified to test such substances or conditions. If the presence of such substances as asbestos, urea formaldehyde, foam insulation or other hazardous substance or environmental conditions may affect the value of the property, the value is predicated on the assumption that there is no such condition on or in the property or in such proximity thereto as to cause a loss in value. No responsibility is assumed for any such conditions, nor for any expertise or engineering knowledge required to detect or discover them. We urge the user of this report to retain an expert in the field of environmental impacts on real estate if so desired.

12) We have made no survey of the property and assume no responsibility in connected with such matters. Any sketch or survey of the property included in this report is for illustrative purposes only and should not be considered to be scaled accurately for size. The appraisal covers the property as described in this report, and the areas and dimensions set forth are assumed to be correct.

13) We accept no responsibility for issues requiring expertise in other fields. Such factors include, but are not limited to, legal descriptions and other legal matters such as legal title, geologic items such as soils and seismic stability; civil, mechanical, electrical, structural, and other engineering and environmental matters. Such issues may also include determinations of compliance with zoning and other federal, state, and local laws, regulations, and codes.

14) The projections of income, expenses, terminal values, or future sales prices are not predictions of the future; rather, they are the best estimate of current market thinking of what future trends will be. No warranty or representation is made that these projections will materialize. The real estate market is constantly changing. It is not the task of the appraiser to estimate the conditions of a future real estate market, but rather to reflect what the investment community envisions for the future, and upon what assumptions of the future investment decisions are based.

15) The client or user of this report agrees to notify the appraiser of any error, omission or inaccurate data contained in the report within 15 days of receipt and return the report and all copies thereof to the appraiser for correction prior to any use.

16) The acceptance of this report, and its subsequent use by the client or any other party in any manner whatsoever for any purpose, is acknowledgment by the user that the report has been read and understood, and specifically agrees that the data and analyses, to their knowledge, are correct and acceptable.

17) We have assumed no extreme fluctuations in the economic cycles will occur over the dates analyzed herein.

18) The appraisal report and value conclusions assume the satisfactory development proceeds in a workmanlike manner.

19) The conclusions in this report are estimates based on known current trends and reasonably foreseeable future occurrences. These estimates are based partly on property information, existing trends, interviews with parties knowledgeable and experienced in the market, data obtained from public records, and research conducted by third parties. Such data is not always completely reliable. The appraisers are not responsible for these and other future occurrences that could not have reasonably been foreseen on the Effective Date of this assignment. In addition, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance. While we hold the opinion that our finding is reasonable based on current market conditions, we do not represent that these estimates will be achieved, as they are forecasts and subject to risk and uncertainty. Additionally, we assume competent and effective management and market for the duration of the projected holding period of this property.

20) Prospective value opinions presented in this report are estimates and forecasts which are prospective in nature and are subject to risk and uncertainty. Many events could occur that may substantially alter the outcome of our estimates such as changes in the economy, interest rates, capitalization rates, the behavior of consumers, investors, and lenders, and changes in title or conveyances of easements and deed restrictions. It is assumed that conditions reasonably foreseeable at the present time are consistent or similar to the future.

21) This assignment was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan. However, it is based on a hypothetical assumption that access to the south tract is achievable in accordance with all applicable regulations, and any building is to be constructed according to the approved plans and specifications provided by a licensed general contractor.

22) The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detailed analysis of the requirements of the ADA could reveal that the property is not in compliance with one or more requirements of the act. If so, this fact could have a negative impact upon the value of the property. However, since we have no direct evidence relating to the issue of compliance, we did not consider possible noncompliance with requirements of ADA in forming an opinion of the value of the property.

23) In addition to the preceding assumptions and limiting conditions, this appraisal is subject to the following extraordinary assumptions and/or hypothetical conditions:

EXTRAORDINARY ASSUMPTIONS AND HYPOTHETICAL CONDITIONS

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following **Extraordinary Assumptions** that may affect the assignment results. An Extraordinary Assumption is uncertain information accepted as fact. If the assumption is found to be false as of the Effective Date of the appraisal, we reserve the right to modify our value conclusions. Extraordinary Assumptions are used in this assignment because the improved residential lots to be delivered by the dates utilized in this report are currently incomplete as of the report date.

- Our opinions of prospective market value at completion assumes that the proposed improvements are completed in accordance with plans and specifications provided by the engineering plans published by Petitt-ECD as of May 14, 2024 for 254 improved residential lots and 164 residential paper lots in Paloma Trails PID.
- All information relative to the property located within Paloma Trails PID including land areas, lot totals, lot sizes, and other pertinent data that was provided by Paloma Trails Development LLC (Owner/Developer), Petitt-ECD (Professional Engineers and Surveyor), the City of Decatur, Wise County, and the Wise County Appraisal District is assumed to be correct.
- The subject is proposed residential lots construction with an expected completion date of July 1, 2025; therefore, this report contains a prospective opinion of value. Considering this, we have assumed that the market conditions as discussed and considered within this report will be similar on the prospective valuation date. Further, we cannot be held responsible for unforeseeable global events that alter market conditions prior to the prospective Effective Date.

The use of these Extraordinary Assumptions has affected assignment results.

In addition to the Extraordinary Assumptions, the value conclusions are based on the following **Hypothetical Conditions** that may affect the assignment results. A Hypothetical Condition is a condition contrary to known fact on the Effective Date of the appraisal but is supposed for the purpose of analysis.

No Hypothetical Conditions are used in this report.

ENVIRONMENTAL ASSUMPTIONS

This report is subject to the following environmental assumptions:

1) There is a safe, lead-free, adequate supply of drinking water.

2) The subject property is free of soil contamination.

3) There is no uncontained friable asbestos or other hazardous asbestos material on the property. The appraiser is not qualified to detect such substances.

4) There are no uncontained PCB's on or near the property.

5) The radon level is at or below EPA recommended levels.

6) Any functioning underground storage tanks (UST's) are not leaking and are properly registered; any abandoned UST's are free from contamination and were properly drained, filled and sealed.

7) There are no hazardous waste sites on or near the subject property that negatively affect the value and/or safety of the property.

8) There is no significant urea formaldehyde (UFFI) insulation or other urea formaldehyde material on the property.

9) There is no flaking or peeling of lead-based paint on the property.

10) The property is free of air pollution.

11) There are no wetlands/flood plains on the subject property (unless otherwise stated in the report).

12) There are no other miscellaneous hazardous substances and/or detrimental environmental conditions on or in the area of the site (excess noise, radiation, light pollution, magnetic radiation, acid mine drainage, agricultural pollution, waste heat, miscellaneous chemical, infectious medical wastes, pesticides, herbicides, and the like).

DEFINITIONS

Fee Simple Estate
Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat.

Leased Fee Interest
The ownership interest held by the lessor includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.

Leasehold Interest
The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.

Market Rent
The most probable rent that a property should bring in a competitive and open market reflecting the conditions and restrictions of a specified lease agreement, including the rental adjustment and revaluation, permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TIs).

Market Value
Market value means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

(1) Buyer and seller are typically motivated;
(2) Both parties are well informed or well advised, and acting in what they consider their own best interests;
(3) A reasonable time is allowed for exposure in the open market;
(4) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
(5) The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

The value conclusions expressed within this report are in terms of cash ($US).

Extraordinary assumptions are assignment-specific assumptions as of the Effective Date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

Hypothetical condition a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the Effective Date of the assignment results but is used for the purpose of analysis.

Prospective Opinion of Value
A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a valued opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.

Prospective Market Value "As Completed" and "As Stabilized"
A prospective market value may be appropriate for the valuation of a property interest related to a credit decision for a proposed development or renovation project. According to USPAP, an appraisal with a prospective market value reflects an Effective Date that is subsequent to the date of the Appraisal Report. Prospective value opinions are intended to reflect the current expectations and perceptions of market participants, based on available data. Two prospective value opinions may be required to reflect the time frame during which development, construction, and occupancy will occur. The prospective market value—as completed - reflects the property's market value as of the time that development is expected to be completed. The prospective market value - as stabilized - reflects the property's market value as of the time the property is projected to achieve stabilized occupancy. For an income-producing property, stabilized occupancy is the occupancy level that a property is expected to achieve after the property is exposed to the market for lease over a reasonable period of time and at comparable terms and conditions to other similar properties. (See USPAP Statement 4* and Advisory Opinion 17.) (Interagency Appraisal and Evaluation Guidelines)

Retrospective Value Opinion
A value opinion effective as of a specified historical date. The term retrospective does not define a type of value. Instead, it identifies a valuable opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., "retrospective market value opinion."

Neighborhood
(1) A group of complementary land users; a congruous grouping of inhabitants, buildings, or business enterprises.
(2) A developed residential super pad within a master-planned community usually has a distinguishing name and entrance.

Depreciation

1. In appraisal, a loss in property value from any cause; the difference between the cost of an improvement on the Effective Date of the appraisal and the market value of the improvement on the same date.
2. In accounting, an allocation of the original cost of an asset, amortizing the cost over the asset's life; calculated using a variety of standard techniques.

The three major types of accrued depreciation are:

Physical Deterioration
Physical deterioration is loss in value from actual physical causes and measured either as curable or incurable. The curable items are measured by the actual cost to replace or repair the component parts. The incurable portion is estimated by virtue of an observed condition or ascertaining the used portion by the best estimate of the appraiser. Curable physical deterioration, also referred to as deferred maintenance, is caused by normal wear and tear that should be corrected immediately or is necessary to keep rents at market levels. The cost of curing the condition and bringing the property to a satisfactory and functioning condition is generally the measure of deferred maintenance.

Functional Obsolescence
Functional obsolescence is loss in value from conditions existing within the property which make the property inadequate or less desirable to the typical prudent purchaser. It, too, may be curable or incurable. Incurable obsolescence is normally measured by the loss in income which may accrue to the property by reason thereof.

External Obsolescence
According to the Dictionary of Real Estate Appraisal, Sixth Edition, external obsolescence is "*A type of depreciation; a diminution in value caused by negative external influences and generally incurable on the part of the owner, landlord, or tenant. The external influence may be either temporary or permanent."*

Paper Lot
Consists of a portion of land with the necessary legal (zoning and platting) and engineering entitlements (site plan approvals) in place but lacking the necessary direct improvements (such as earthwork, erosion control, drainage, retaining walls, and landscaping in addition to lacking direct access from a paved street and utilities) to develop a lot with a residence. The paper lots have access to utilities stubbed nearby and have a status between raw ground and a fully developed lot upon which home construction can begin.

Definition Sources:

- **x** Office of the Comptroller of the Currency (12 CFR Part 34)
- ¶ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, Sixth Edition, copyright 2015.
- ¶ The Appraisal Foundation: USPAP (Uniform Standards of Professional Appraisal Practice) 2018-2019 edition

JAMES L. MAIBACH, CPM - STATE CERTIFIED GENERAL REAL ESTATE APPRAISER

EDUCATION:
Graduate North Quincy High School, Quincy, Massachusetts, 1976
Bachelor of Science in Business Administration (with Honors)
Northeastern University, Boston Massachusetts, 1981
Major: Accounting Minor: Marketing

TECHNICAL TRAINING:
Institute of Real Estate Management Courses:
#303 - Leasing and Management of Shopping Center and Retail Space
#400 - Managing Real Estate as an Investment
#500 - Problem-Solving & Decision-Making for the Property Manager
#800 - Ethics in Real Estate Management
University of Texas at Arlington: Real Estate Courses:
RE 001 Real Estate Finance; RE 004 Real Estate Mathematics;
RE 101 Principles of Real Estate; RE 301 Texas Real Estate Law: Contracts;
RE 501 Texas Real Estate Law; RE 701 Property Management
East Texas Baptist University:
Uniform Standards of Professional Appraisers and Code of Ethics. The Appraisal Foundation:
USPAP Update
Texas Association of Property Tax Professionals, Inc.:
Principles of Property Tax Consulting; A Survey of Texas Property Tax Law
Other: USPAP-97 Instructor's Workshop, USPAP Instructor 1997
TREC Licensed Instructor – Commercial Investment Course, CEI 1998
Continuing Education Institute:
Deceptive Trade Practices Act; Let's Talk-Not Fight; Property Taxes: Rights, Remedies and Responsibilities; USPAP Update
Institute for Real Estate Professionals, Inc.
Preparing & Presenting an Ethical Ad Valorem Property Tax Valuation; Texas Property Tax Law 2007
Texas Association of Realtors:
Tarrant County Appraisal Review Board Member (1991-1992)

PROFESSIONAL AFFILIATIONS:
Texas Appraiser Licensing and Certification Board - State Certified General Real Estate Appraiser No. TX-1323658-G since 1992
Institute of Real Estate Management (IREM)- Certified Property Manager, CPM Designation No. 14942 since 1993
Texas Real Estate Broker's License, No. 375882 since 1989
Texas Dept. of Licensing & Regulations - Licensed Property Tax Consultant, License #1360 since inception
Texas Property Tax Arbitrator #32020394139 since 2006
Tarrant Appraisal Review Board Member 1991-1992 Appointment
City of Arlington - Planning and Zoning – Commissioner1997-2003 (Appointed by Mayor and City Council)
American Planning Association – Member 1997 to 2003
Greater Arlington Chamber of Commerce - Board of Directors 1995 to 2001 – Reappointed 2003 to 2006 – Reappointed 2008 to 2014 – Chairman of the Board 2022, now servicing as Chairman of the Chamber Foundation Board
City of Arlington Parks & Recreation – Board of Directors, Appointed 2003 to 2007
Levitt Pavilion – Board of Directors since 2014

EXPERIENCE:
Active field appraiser, property manager, developer, broker, and tax consultant of all types of real property since June,1986. Appeared in Texas State Court as an expert witness on real estate values on numerous occasions (1990s, 2000s, 2020s). A property manager and developer for nineteen years at Peyco Properties, Inc. and twenty-one years through Peyco Southwest Realty, Inc. (formerly Southwest Real Estate Services, Inc.), involved in real estate development, leasing, management, rent analysis and consulting services through the DFW metroplex and Colorado. President and founder of Peyco Southwest Realty, Inc. (Southwest Real Estate Services, Inc.), a full-service brokerage company, real estate appraisal, and ad valorem property tax representation firm.

TALCB

TEXAS APPRAISER LICENSING & CERTIFICATION BOARD

Certified General Real Estate Appraiser

Appraiser: **James Lawrence Maibach**

License #: **TX 1323658 G** License Expires: **09/30/2026**

Having provided satisfactory evidence of the qualifications required by the Texas Appraiser Licensing and Certification Act, Occupations Code, Chapter 1103, authorization is granted to use this title: Certified General Real Estate Appraiser

For additional information or to file a complaint please contact TALCB

Chelsea Buchholtz
Executive Dire