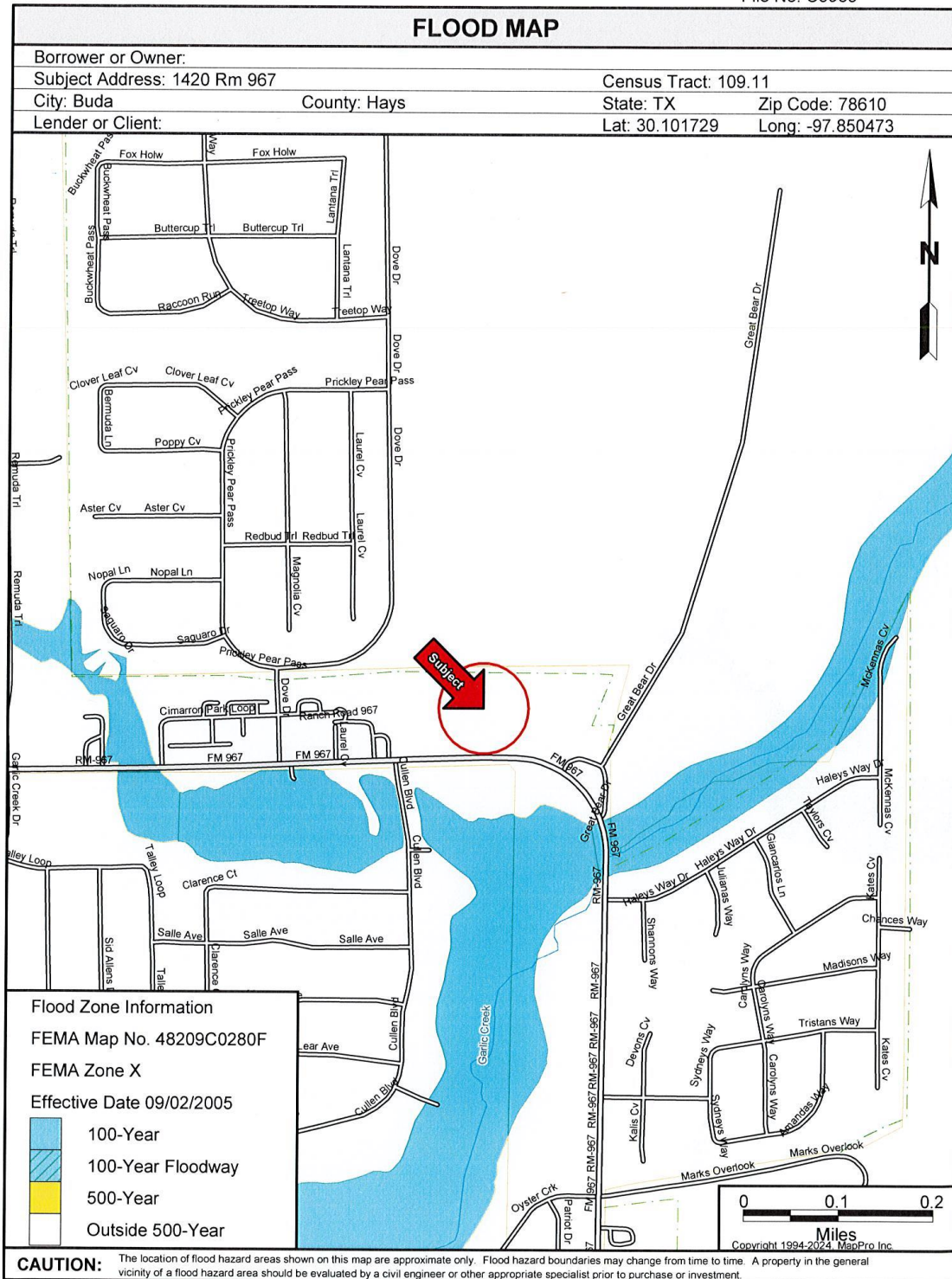


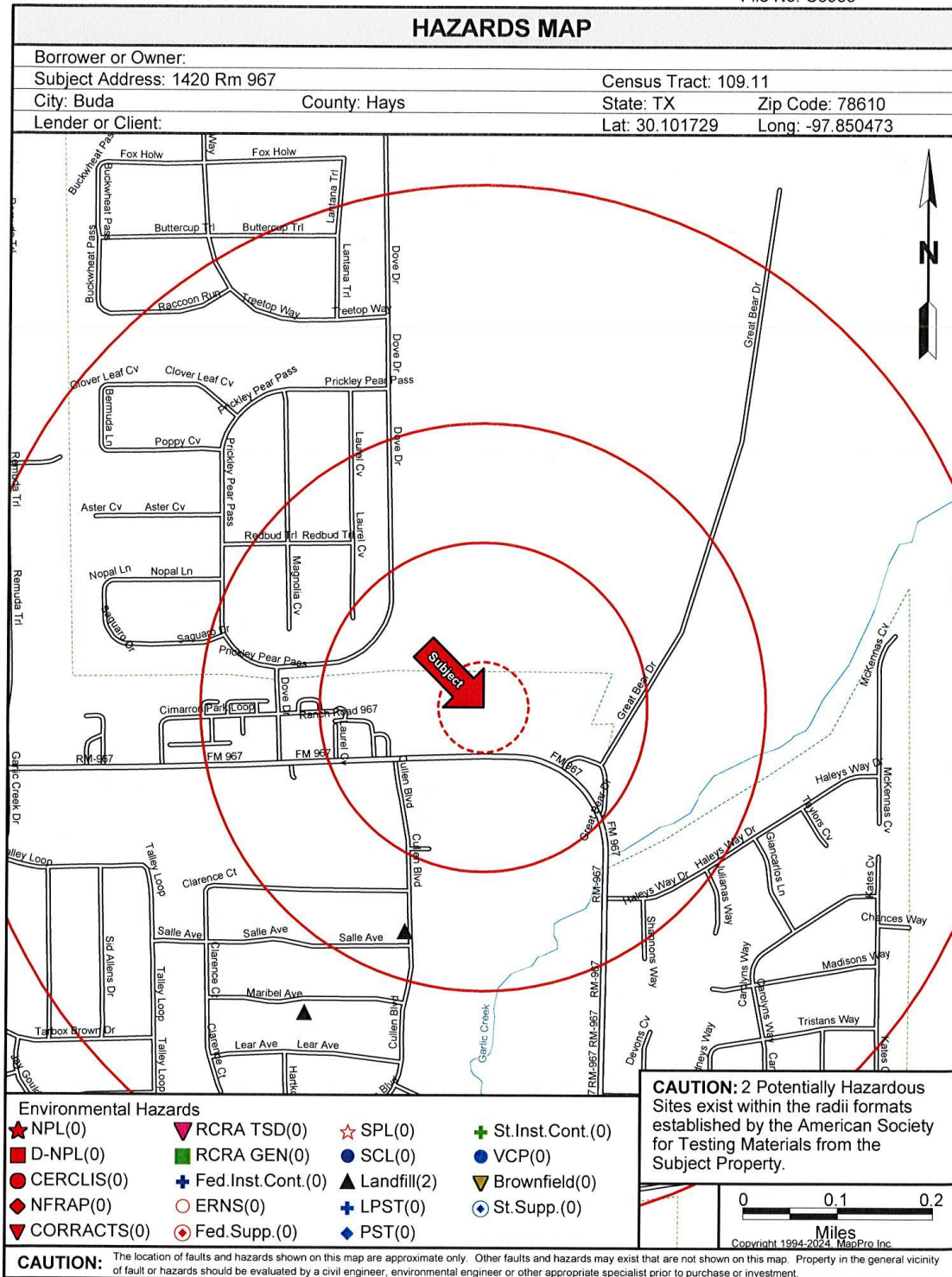
FLOOD MAP

File No. C8955



HAZARDS MAP

File No. C8955



SUBJECT PROPERTY PHOTOGRAPHS



An easterly view of R.M. 967



A westerly view of R.M. 967



Views of the subject from R.M. 967





Views of the subject site





Adjacent land uses



HIGHEST AND BEST USE

The “**Highest and Best Use**” is defined and described as:

The reasonably probable use of property, that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. (The Dictionary of Real Estate Appraisal, Seventh Edition, 2022, page 88, Appraisal Institute).

The definition immediately above applies specifically to the highest and best use of land. It is to be recognized that in cases where a site has existing improvements on it, the highest and best use may very well be determined to be different from the existing use. The existing use will continue, however, unless and until land value in its highest and best use exceeds the total value of the property in its existing use.

Implied within these definitions is recognition of the contribution of that specific use to community environment or to community development goals in addition wealth maximization to individual property owners. Also implied is that the determination of the highest and best use results from the appraiser's judgment and analytical skill, i.e., that the use determined from analysis represents an opinion, not a fact to be found. In appraisal practice, the concept of highest and best use represents the premise upon which value is based. In the context of most probable selling price (market value) another appropriate term to reflect highest and best use would be "most probable use." In the current context of investment value, an alternative term would be "most profitable use".

In order to reasonably determine the "highest and best use" of the subject, legally permissible uses, physically possible uses, financially feasible uses and the maximally productive use are considered.

LEGALLY PERMISSIBLE

Zoning/Restrictions: Zoning regulations, deed restrictions, adverse easements, historical districts, building codes, and environmental regulations often limit the potential uses of a property. Persimmon is zoned Planned Development (PD) by the City of Buda. Specifically, the two subject commercial reserves are zoned **Form F4**, which allows for mixed-use developments that are compatible to surrounding or existing residential uses.

The subject residential development tract is zoned **R-3, Residential**, which is a residential district for areas where denser development (six to eight dwelling units per acre) is appropriate, and where pedestrian-scale development shall occur. The district accommodates most housing needs by allowing for housing types and contextual development standards. The R-3 District provides a variety of housing that ensures effective community development, such as townhomes, patio homes, duplexes, and smaller apartments. Developments should provide pedestrian-friendly, suitable residential neighborhoods, protected from incompatible uses and with necessary facilities and services. The subject proposed lots and commercial reserves are assumed to conform to the PD Ordinance. It is also assumed subject lots and land will be deed restricted, but I am not aware of any adverse deed restrictions which would preclude development of the land and lots to their highest and best uses.

PHYSICALLY POSSIBLE

Site size, shape, topography, location, and the availability of utilities are generally held as the most important factors in determining uses by which land may be developed. Some small sites, because of their limited size, can only reach their optimum use as part of an assemblage with adjacent tracts. Conversely, larger sites are not restricted by size, allowing for a wider range of possible uses.

The subject property consists of Persimmon Public Improvement District (PID), Area 1, being 248 proposed lots, on 104.832 net acres in Phase 1, along with a 6.39-acre commercial reserve, and a 6.28-acre commercial reserve, located along the north line of R.M. 967, east of Cimarron Park Loop, in Buda, Hays County, Texas 78610. Of the 248 proposed lots in Phase 1, 114 lots will have typical dimensions of 50' x 120', or 6,000 SF; 101 lots will have typical dimensions of 55' x 120', or 6,600 SF; and 33 lots will have typical dimensions of 65' x 120', or 7,800 SF. The majority of the subject lots are to be built-out by Milestone Community Builders, which is a related entity to the developer, and will have new home price points ranging from \$545,000 (50' lots), up to \$655,000 (65' lots).

Bailey Land Investments, LP, has contracted with DFH Coventry, LLC to sell 75 of the 248 subject lots on a takedown basis of 25 lots per quarter, upon substantial completion. According to Mr. Garret Martin, with Bailey Land Investments, LP, several other builders have expressed interest in purchasing lots in Persimmon, Phase 1, including Perry Homes, Scott Felder Homes and Lennar Homes, but have yet to contract for lots.

The two commercial reserves will be located along the east line of proposed Marathon Road, which will be constructed as a regional thoroughfare to provide direct access from R.M. 967 to F.M. 1626, and eventually to proposed S.H. 45, as part of the Persimmon Area 1 PID and Major Improvement Area. The Area 1 completion of Marathon Road is as of December 1, 2025.

Persimmon is a proposed master-planned community on a total of approximately 775 acres, which will eventually yield approximately 2,020 residential lots, a recreational/amenity center, numerous trails, parks and green spaces, including along Garlic Creek, a Hays C.I.S.D. school site, a fire/EMS station, and several commercial reserves. The majority of the planned development is in Hays County; however, the far northern

FINANCIALLY FEASIBLE

Any use, which produces a positive rate of return, is regarded as feasible from a financial point of view. The general character of the market area and adjacent land uses also provide indications of feasible use. This data along with other market data form the basis for analysis of various alternate investment returns.

According to the Zonda Austin Metrostudy, 2nd Quarter 2024, the subject's South Market Area is the third most active sector of the eight market areas comprising the Austin region. For the 12 months ending with the 2nd Quarter 2024, the South Market Area had 4,579 starts and 4,462 closings, for an undersupplied vacant developed lot (VDL) inventory of 16.0 months, and a slightly elevated housing inventory of 8.6 months.

The subject Persimmon is within the South Market Area, and the Kyle/Buda Submarket. The Kyle/Buda Submarket accounted for 3,446 of those 4,579 starts (75.26%) and 3,217 of those 4,462 closings (72.10%), with a notably undersupplied vacant developed lot inventory of only 15.8 months, and an elevated housing inventory of 9.1 months. Typically, a 20 to 24-month lot supply is considered to be equilibrium; thus, the Kyle/Buda Submarket is notably undersupplied at 15.8 months, as is the South Market Area at 16.0 months.

Submarket/ Market Area		1Q 2023	2Q 2023	3Q 2023	4Q 2023	1Q 2024	2Q 2024	Annual Rates/ Inventory Supply (Mos)
Kyle/Buda Submarket	Starts	393	857	740	864	956	886	3,466
	Closings	544	436	677	783	889	868	3,217
	Housing Inv.	1,782	2,203	2,266	2,347	2,414	2,432	9.1 Mos.
	VDL Inv.	4,899	5,786	5,940	5,272	4,834	4,527	15.8 Mos.
South Market Area	Starts	629	1,276	1,018	1,195	1,291	1,075	4,579
	Closings	801	819	854	1,152	1,215	1,241	4,462
	Housing Inv.	2,617	3,075	3,238	3,294	3,370	3,204	8.6 Mos.
	VDL Inv.	7,119	7,983	7,893	7,212	6,439	6,121	16.0 Mos.

Source: Zonda Austin Metrostudy, 2nd Quarter 2024

Within the South Market Area starts in the 2nd Quarter 2024 were up 6.60% over 2nd Quarter 2023, and closings were up 51.53% over the same time period. Within the Kyle/Buda Submarket starts in the 2nd Quarter 2024 were up 3.38% over the 2nd Quarter 2023, and closings were up 99.08% over the same time period. Prior to 2022, the Austin region experienced unprecedented growth. Inflation in June 2022 reached a record high level since 1982 of 9.1%, causing the Federal Reserve to rapidly increase interest rates from May 2022 into August 2023. The increase in interest rates has caused slower activity in new home sales for most market areas throughout the Austin region, and this trend will likely improve throughout the remainder of 2024, as rates are anticipated to recede in the 4th quarter of 2024.

The housing inventory for both the South Market and the Kyle/Buda Submarket are elevated, and is due, in part, to the dramatic increase in starts. Further, the VDL inventories in both the Kyle/Buda Submarket, and the South Market Area have continually

remained at undersupplied levels over the past 8 quarters, and are still notably undersupplied.

Notable recent residential developments in proximity to the subject market area include 6 Creeks, Anthem, Blanco Vista, Casetta Ranch, Crosswinds, Cypress Forest, Paramount Park, Plum Creek, Sage Hollow, Sunfield, and Porter Country, as well as proposed master-planned communities of Infinity Square and Persimmon..

MAXIMALLY PRODUCTIVE HIGHEST & BEST USE CONCLUSION

The usage that produces the highest value is the maximally productive use, which is the highest and best use for the subject site. Based on the physically possible and legally permissible use of the subject development tract strongly supports a residential use. Thus, the maximally productive use of the subject 248 proposed Phase 1 lots is for near-term residential lot development, as proposed, and as economic conditions and demand warrant.

The physically possible and legally permissible uses of the subject commercial reserves strongly support a mid-density, commercial or retail residential use, or a combination thereof, once residential development is underway in Persimmon, Phase 1. Thus, the maximally productive use of the two subject commercial reserves is for eventual commercial or retail development, as economic conditions and demand warrant.

SALES COMPARISON APPROACH
COMMERCIAL RESERVES, "UPON COMPLETION"

The Sales Comparison Approach is "The process of deriving a value indication for the subject property by comparing sales of similar properties to the property being appraised, identifying appropriate units of comparison, and making adjustments to the sale prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison." (The Dictionary of Real Estate Appraisal, Seventh Edition, Appraisal Institute, 2022, p. 170).

The rationale for this approach, based on the principle of substitution, is that a probable purchaser would not be justified in paying more for a property than the cost of acquiring a substitute property with similar utility and characteristics, as the subject tract.

Knowledgeable individuals active in the area, which include real estate brokers, landowners, developers, and investors, were consulted for information that would aid in the investigation. All of the data presented was confirmed for accuracy, and is believed to be reliable. On the following pages are details concerning the comparable land sales, all of which have been used for the establishment of the Market Value conclusion for the subject multifamily tract and the commercial/retail tract, based on similar highest and best use land for commercial and/or retail developments.

COMMERCIAL LAND SALE NUMBER ONE

Consideration:	\$1,120,000 or \$5.52 PSF
Financing:	Cash to Seller
Cash Equivalent Price:	\$1,120,000 or \$5.52 PSF
Sales Date:	April 15, 2024
Grantor:	Dacy Lane, LLC
Grantee:	Dacy Bebee Investments, LLC
Confirmation:	File #24013712.
Map Reference:	660 Z
Address:	1000 Bebee Road Kyle, Texas 78640
Location:	The south line of Bebee Road, just west of Darcy Lane, in Kyle, Hays County, Texas 78640.
Size:	4.66 acres, or 202,990 SF.
Shape:	Slightly irregular, but functional
Utilities:	All available
Zoning/Restrictions:	RS-Retail Service, by City of Kyle/None adverse known.
Floodplain:	None.

Comments: This site was acquired for the location of a retail strip center, and has 299 FF on Bebee Road.

COMMERCIAL LAND SALE NUMBER TWO

Consideration:	\$2,350,000 or \$5.92 PSF
Financing:	Cash to Seller
Cash Equivalent Price:	\$2,350,000 or \$5.92 PSF
Sales Date:	March 23, 2023
Grantor:	L W Parker Family Trust
Grantee:	Swah Drishti, LLC
Confirmation:	File #23037119.
Map Reference:	700 J
Address:	1481 Burleson Road Kyle, Texas 78640
Location:	The west line of Burleson Road, just west of I-35, in Kyle, Hays County, Texas 78640.
Size:	9.12 acres, or 397,267 SF.
Shape:	Slightly irregular, but functional
Utilities:	All available
Zoning/Restrictions:	RS-Retail Service, by City of Kyle/None adverse known.
Floodplain:	None.

Comments: This site was acquired for a mixed-use development, and has an additional 641 FF on James Adkins Drive.

COMMERCIAL LAND SALE NUMBER THREE

Consideration:	\$2,126,805, or \$5.00 PSF
Financing:	Cash to Seller
Cash Equivalent Price:	\$2,126,805, or \$5.00 PSF
Sales Date:	April 29, 2024
Grantor:	West Bastrop Village, Ltd.
Grantee:	Bastrop I.S.D.
Confirmation:	Seller's Statement via Independence Title Company, GF #2404936.
Map Reference:	591 M
Address:	TBD Adelton Boulevard Bastrop, Texas 78602
Location:	The termination of Adelton Boulevard, within Adelton Subdivision, in Bastrop, Bastrop County, Texas 78602.
Size:	9.765 acres, or 425,363 SF.
Shape:	Nearly rectangular
Utilities:	All available
Zoning/Restrictions:	West Bastrop Village PDA by the City of Bastrop/ None adverse known.
Floodplain:	None.

Comments: This site is located directly across the street from Adelton, Phase 1, Section 2, and was acquired for the location of a new Bastrop I.S.D. elementary school.

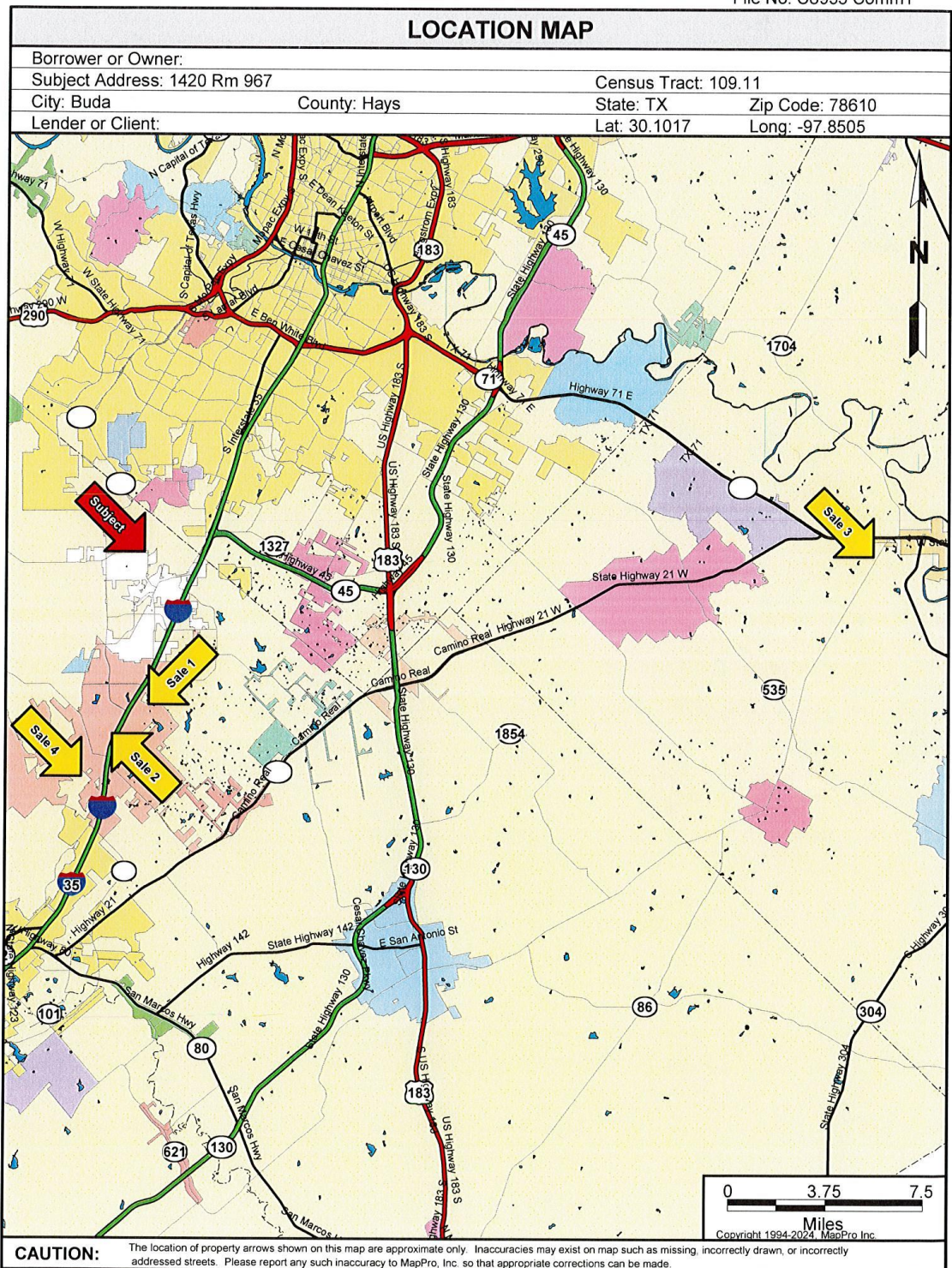
COMMERCIAL LAND PENDING SALE NUMBER FOUR

Consideration:	+/- \$3,000,000, or +/- \$6.22 PSF; See Comment
Financing:	Cash to Seller
Cash Equivalent Price:	+/- \$3,000,000, or +/- \$6.22 PSF; See Comment
Sales Date:	Pending
Grantor:	LD Enterprises, LLC
Grantee:	Not disclosed
Map Reference:	699 Y & Z
Address:	601 Scott Street Kyle, Texas 78640
Location:	Wraps the east corner of Scott Street and Park Place, with additional frontage on S. Sledge Street, in Kyle, Hays County, Texas 78640.
Size:	11.07 acres, or 482,209 SF.
Shape:	Slightly irregular, but functional
Utilities:	All available
Zoning/Restrictions:	R-1, Residential by City of Kyle (See Comments)/None adverse known.
Floodplain:	None.

Comments: This site is located directly across the street from Stagecoach Crossing, which is being developed by KB Homes. The site is zoned for residential use, but the City of Kyle has preliminarily approved the site for a mixed-use development, including a combination of multifamily, SFR, retail and commercial uses. The site was listed for \$3,500,000, and reportedly is selling in the range of \$6.25 PSF. The indicated consideration was estimated by the appraiser.

COMPARABLE COMMERCIAL LAND SALES MAP

File No. C8955 Comm'i



LAND SALES ANALYSES AND CONCLUSION - "UPON COMPLETION"

All of the preceding land sales have been thoroughly analyzed, documented, confirmed and compared to the subject property. These comparable sales provide a good indication of market prices and market activity for the subject area. The market data was first analyzed to establish representative and realistic measures for adjustment factors. The following are comments and analyses of the corresponding adjustments to be applied to the comparable land sales.

CUMULATIVE ADJUSTMENTS

Property Rights Conveyed: The comparability of property interests must first be considered when utilizing sales for adjustment analysis. The real property rights conveyed of the sales were all found to feature fee simple estates. Therefore, **no adjustment is necessary for this category**, as it is considered that each sale adequately represents market activity in the subject area for fee simple estates.

Financing/Cash Equivalent Considerations: Prior to adjusting for various categories applicable in the adjustment grid, each sale was reviewed with respect to financing terms and supplemental acquisition costs. If a sale had favorable financing, it would be adjusted to reflect the cash equivalent price in terms of U.S. dollars that the seller actually received. Generally, cash equivalency is arrived at by applying present value factors to the stream of income generated by the seller offering favorable financing. All monies are brought back to the present value if the seller were to sell for cash or cash equivalency. Each of the sales sold for all cash to the seller, thus, **no adjustments for cash equivalency was necessary.**

Market Conditions: Market conditions or time adjustments for the date of sale for residential land are important, because they compensate for any value change that may have been experienced in relation to the effective date of the appraisal. Within the subject market area, commercial land values have been mostly stable to slightly increasing. **Land Sales 1, 2 and 3 are each adjusted at a rate of approximately 6.0% per year, or 1.50% per quarter. Land Sale 4 is pending, and is adjusted a nominal+5%.**

Conditions of Sale: This category, as well as the previous two categories, is related to motivation of the parties in the transaction to agree on the sales price at the date of sale. The conditions and reasons for a sale are factors, which can have a direct impact on the sales price. Buyer's and seller's motivation for acquisition or disposition of a property can cause large differences in the actual sales price versus market value. Extraction of an appropriate adjustment for special sales conditions is generally difficult to ascertain. Pairing of sales is typically the best method in establishing an adjustment. However, when sales are scarce and/or significant differences in the properties are evident, additional considerations must be reviewed. Such considerations typically relate to additional information provided by the buyer or seller, which may be difficult to measure, but must be considered, analyzed, and reasonably adjusted. Upon review of the market transactions presented on the previous pages, it was judged that all of the land sales presented involved no extraordinary conditions of sale and **adjustments do not appear to be warranted in this category.**

ADDITIVE ADJUSTMENTS

Location: The subject sites will have a town-center location along Marathon Road, within a high-growth corridor in Buda. Marathon Road will eventually provide access to F.M. 1626, which is a high-traffic corridor for Buda and south Austin. **Land Sales 2 and 4 are considered to be generally similar to the subject, and are not adjusted. Land Sale is located west of I-35 in Kyle, and is considered to be slightly inferior to the subject, warranting a +10% adjustment. Land Sale 3 is located on the entry street into Adelson, and lacks the exposure inherent to the subject tracts, warranting a +15% adjustment for its inferior location.**

Size: Typically, larger tracts sell for lesser unit prices than otherwise equally desirable smaller tracts. The primary reason for this is that the purchase of larger tracts entails a larger capital outlay, a factor that restricts the number of possible buyers, as compared to the relatively larger market for a similar smaller size site.

The subject Commercial Reserves contain 6.39 acres and 6.28 acres, respectively. Land Sale 1 is considered to be generally similar in size, warranting no adjustment. **Land Sales**

2 and 3 are adjusted +5% for their slightly larger, inferior sizes, while Land Sale 4 is adjusted +10% for its significantly larger site size.

Utilities: The availability of public utilities is an extremely important factor. Sales with utilities available tend to bring higher prices than those with partial or no utilities. As mentioned previously, the subject site has all public utilities available, similar to **Land Sales 1, 2, 3 and 4**, and **adjustments are not warranted.**

Other Physical Characteristics: Other factors having an influence on value include the shape, topography, floodplain and drainage. The shape and configuration of a site may have an effect on development costs. Topography and drainage may also have an effect on development costs. All of these items comprise general physical characteristics, which may be one of the most subjective adjustment categories but can, and generally do, affect a site's marketability, and subsequently, its value.

Land Sales 2, 3 and 4 are considered to be generally similar to the subject in terms of physical characteristics. **However, tracts with corner influences are considered to command a premium, warranting an adjustment of +10% to Land Sale 1 for its interior site location.**

Floodplain: Properties located within the 100-year floodplain may require additional site preparation costs to raise the site or improvements out of the floodplain. Like the subject, **Land Sales 1, 2, 3 and 4** are located outside of the floodplain, and **no adjustments are warranted for this category.**

LAND SALES ADJUSTMENT GRID

Please refer to the following Land Sales Adjustment Grid, which illustrates these adjustments.

LAND SALES ADJUSTMENT GRID - +/- 6.39 ACRE COMMERCIAL TRACT "UPON COMPLETION"					
MARKET DATA	SUBJECT	SALE 1	SALE 2	SALE 3	SALE 4
Sales Price/SF	-	\$5.52	\$5.92	\$5.00	\$6.22
Sales Date	12/2025	4/2024	3/2023	4/2024	Pending
Adjustment	-	+10.5%	+16.5%	+10.5%	+5%
Financing	-	CTS	CTS	CTS	CTS
Adjustment	-	0%	0%	0%	0%
Conditions of Sale	-	Typical	Typical	Typical	Typical
Adjustment	-	0%	0%	0%	0%
Adjusted Price/SF	-	\$6.10	\$6.90	\$5.53	\$6.53
Location	Marathon Road	Bebee Road	Burleson Road	Adelton Blvd.	Scott Street
Adjustment	-	+10%	0%	+15%	0%
Size (Acres)	+/- 6.39	4.66	9.12	9.765	11.07
Adjustment	-	0%	+5%	+5%	+10%
Public Utilities	All Available	All Available	All Available	All Available	All Available
Adjustment	-	0%	0%	0%	0%
Physical Characteristics	Corner	Interior	Equal	Equal	Equal
Adjustment	-	+10%	0%	0%	0%
Floodplain	None	None	None	None	None
Adjustment	-	0%	0%	0%	0%
Net Adjustment	-	+20%	+5%	+20%	+10%
Adjusted Price/SF	-	\$7.32	\$7.24	\$6.63	\$7.18
Mean	\$7.09				
Median	\$7.21				

CONCLUSION OF "UPON COMPLETION" MARKET VALUE – 6.39 ACRES AND 6.28 ACRES

The land sales used in this analysis, illustrated in the preceding adjustment grid, exhibit adjusted sales prices that range from \$6.63 PSF to \$7.32 PSF. The mean indicator is \$7.09 PSF, and the median is \$7.21 PSF. After considering the physical characteristics of the subject site, the supply and demand of land in the market area; it is my opinion that the **"Upon Completion" Market Value** of the subject 6.39-acre Commercial/Retail Tract, as of December 1, 2025, is **\$7.15 PSF**, computed as follows:

COMMERCIAL RESERVE #1
6.39 ACRES – “UPON COMPLETION”

<u>Site SF</u>		<u>Value/SF</u>		<u>Total Value</u>
278,348	x	\$7.15	=	\$1,990,182
		Rounded:		\$2,000,000

It is also my opinion that the **“Upon Completion” Market Value** of the subject 6.28-acre Commercial/Retail Tract, as of December 1, 2025, is **\$7.15 PSF**, computed as follows:

COMMERCIAL RESERVE #2
6.28 ACRES – “UPON COMPLETION”

<u>Site SF</u>		<u>Value/SF</u>		<u>Total Value</u>
273,557	x	\$7.15	=	\$1,955,933
		Rounded:		\$1,950,000

SALES COMPARISON APPROACH – BUILDER TAKEDOWN LOT SALES VALUATION

The Sales Comparison Approach is “The process of deriving a value indication for the subject property by comparing sales of similar properties to the property being appraised, identifying appropriate units of comparison, and making adjustments to the sale prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison.” (The Dictionary of Real Estate Appraisal, Seventh Edition, Appraisal Institute, 2022, p. 170).

The rationale for this approach, based on the principle of substitution, is that a probable purchaser would not be justified in paying more for an individual retail lot than the cost of acquiring a substitute property of similar utility and characteristics, as that of the typical subject lot.

Again, knowledgeable individuals active in the area, which include real estate brokers, appraisers, developers, and builders, were consulted for information that would aid in the investigation. All of the data presented was confirmed for accuracy. On the following pages are details concerning the comparable takedown lot sales that have been used for the establishment of the subject's typical or base Builder Takedown Lot Value conclusion.

BUILDER LOT SALE NUMBER ONE

Subdivision: Quad Park, Phase 3B-3A (marketed as Balboa Park at Easton Park)

Mapsco Reference: 705-M

Location: Located along the east line of Apogee Boulevard at Skytex Street, in South Austin, Travis County, Texas 78744.

New Home Price Range: From the \$500,000s

Lot Sales Data:

<u>No. Lots</u>	<u>Avg FF</u>	<u>Base Lot Price</u>	<u>Esc Lot Charge</u>	<u>Lot Price PFF</u>	<u>Sale Date</u>
12	45'	\$128,250	N/A	\$2,850	12/27/2023
12	60'	\$171,000	N/A	\$2,850	12/27/2023
24					

Developer/Seller: Carma Easton, LLC

Builder: Newmark Homes

Financing: Cash to seller

Utilities: All available

School District: Del Valle I.S.D.

Zoning: PUD by the City of Austin

Restrictions: Typical Deed Restrictions

Floodplain: None

Recording Information: Clerk's File #2023143584

Confirmation: Lot Purchase Contract & Builder

Comments: This is the purchase of 12, 45' and 12, 60' Quad lots. Additional fees of \$7,380 per 60' lot and \$6,780 per 45' lot, or an average of \$7,080 per lot, or approximately \$135 PFF.

BUILDER LOT SALE NUMBER TWO

Subdivision: Quad Park, Phase 3B-3A (marketed as Balboa Park at Easton Park)

Mapsco Reference: 705-M

Location: Located along the east line of Apogee Boulevard at Skytex Street, in South Austin, Travis County, Texas 78744.

New Home Price Range: From the \$500,000s

Lot Sales Data:

<u>No.</u> <u>Lots</u>	<u>Avg</u> <u>FF</u>	<u>Base Lot</u> <u>Price</u>	<u>Esc Lot</u> <u>Charge</u>	<u>Lot</u> <u>Price PFF</u>	<u>Sale</u> <u>Date</u>
10	45'	\$128,250	N/A	\$2,850	12/28/2023
11	60'	\$171,000	N/A	\$2,850	12/28/2023
21					

Developer/Seller: Carma Easton, LLC

Builder: Pacesetter Homes

Financing: Cash to seller

Utilities: All available

School District: Del Valle I.S.D.

Zoning: PUD by the City of Austin

Restrictions: Typical Deed Restrictions

Floodplain: None

Recording Information: Clerk's File #2023143998

Confirmation: Lot Purchase Contract & Builder

Comments: This is the purchase of 10, 45' and 11, 60' Quad lots. Additional fees of \$7,380 per 60' lot and \$6,780 per 45' lot, or an average of \$7,094 per lot, or approximately \$133 PFF.

BUILDER LOT SALE NUMBER THREE

Subdivision: Provence, Phase 1, Section 7
 Mapsco: 578 C
 Location: Located on the west corner of Lavonde Drive and Martinet Drive, in the Bee Cave Market Area of Travis County, Texas 78738.
 Grantor: Masonwood HP, Ltd.
 Grantee: Westin Homes and Properties, L.P.
 SFR Price Range: \$925,000 to \$1,000,000+

Lot Sales Data:

<u>Lots</u>	<u>Avg FF</u>	<u>Base Lot Price</u>	<u>Ec Lot Charge</u>	<u>Esc. Lot Price</u>	<u>Lot Per FF</u>	<u>Sale Date</u>
7	60'	\$192,000	N/A	N/A	\$3,200	4/17/2024

Financing: Cash to seller
 Utilities: All available
 School District: Lake Travis I.S.D.
 Zoning: None
 Restrictions: Typical Deed Restrictions
 2Floodplain: None
 Confirmation: Lot Purchase Contract

Recording Information: 2024041385

Comments: This is the initial takedown of 60' lots by Westin Homes. In addition to the base price, builder fees amount to a total of \$14,580 per lot in fees.

BUILDER LOT SALE NUMBER FOUR

Subdivision: Provence, Phase 1, Section 7

Mapsc0: 578 C

Location: Located on the west corner of Lavonde Drive and Martinet Drive, in the Bee Cave Market Area of Travis County, Texas 78738.

Grantor: Masonwood HP, Ltd.

Grantee: Drees Custom Homes

SFR Price Range: \$925,000 to \$1,000,000+

Sales Data:

<u>Lots</u>	<u>Avg FF</u>	<u>Base Lot Price</u>	<u>Esc Lot Charge</u>	<u>Esc. Lot Price</u>	<u>Lot Per FF</u>	<u>Sale Date</u>
7	60'	\$192,000	N/A	N/A	\$3,200	7/9/2024

Financing: Cash to seller

Utilities: All available

School District: Lake Travis I.S.D.

Zoning: None

Restrictions: Typical Deed Restrictions

Floodplain: None

Confirmation: Lot Purchase Contract

Recording Information: 2024074958

Comments: This is the initial takedown of lots by Drees Custom Homes. In addition to the base price, builder fees amount to a total of \$14,580 per lot in fees.

BUILDER LOT PENDING SALE NUMBER FIVE – SUBJECT PROPERTY

Subdivision Name: Persimmon, Phase 1
 Mapsco Reference: Hays County 580 L & Q
 Location: Located along the north line of R.M. 967, east of Cimarron Park Loop, in Buda, Hays County, Texas 78610.

Lot Sales Data:

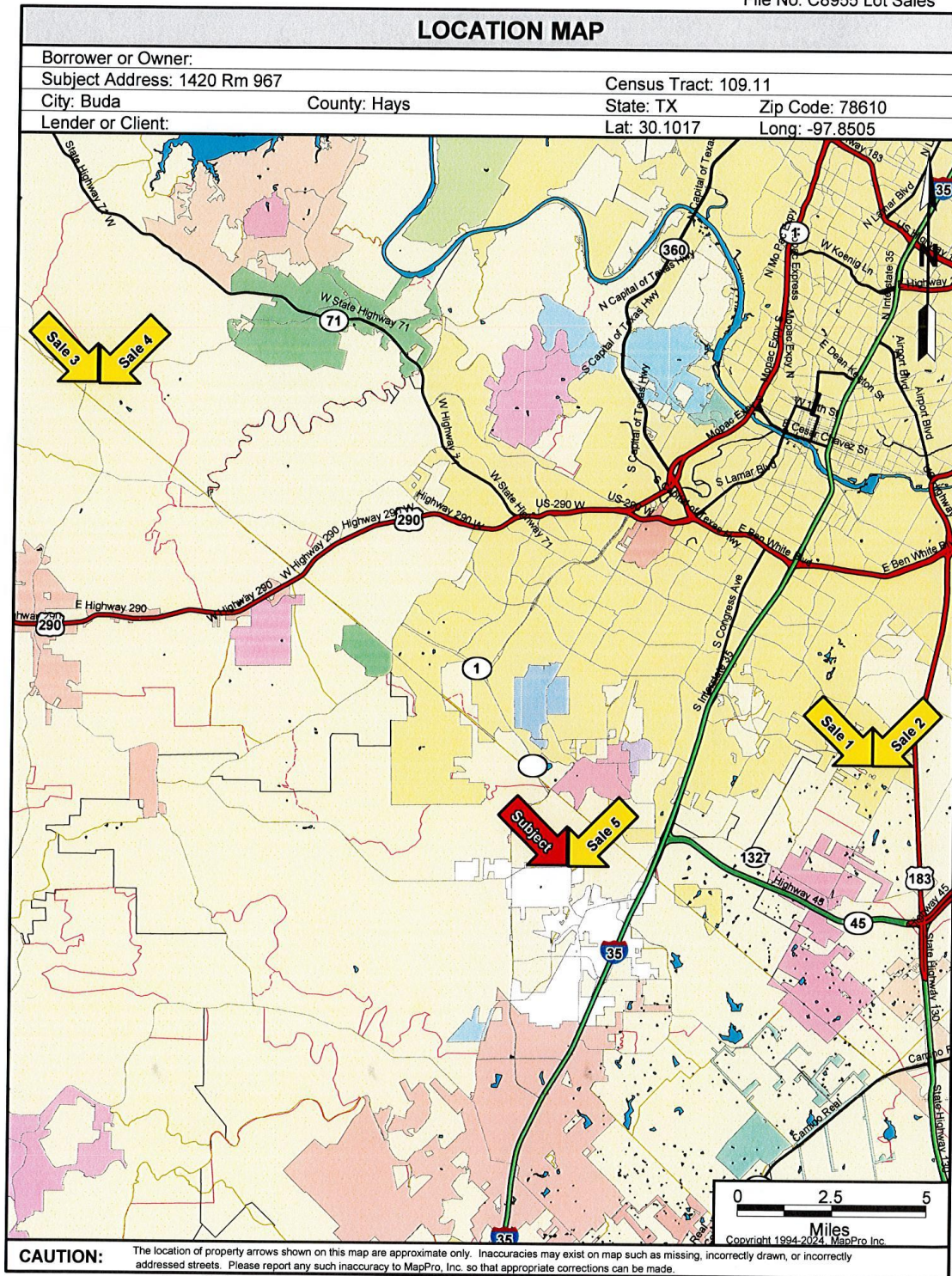
<u>Lots</u>	<u>Avg FF</u>	<u>Base Lot Price</u>	<u>Esc Lot Charge</u>	<u>Esc. Lot Price</u>	<u>Lot Per FF</u>	<u>Sale Date</u>
35	50'	\$165,000	N/A	N/A	\$3,300	Pending
26	55'	\$181,500	N/A	N/A	\$3,300	Pending
<u>14</u>	65'	\$214,500	N/A	N/A	\$3,300	Pending
75	Total/Avg.	\$180,007	N/A	N/A	\$3,300	Pending

Developer: Bailey Land Investments, L.P.
 Builder: DFH Coventry
 New Home Price Range: Unknown
 Financing: Cash to seller
 Utilities: All available
 School District: Hays CISD
 Zoning: PD, Planned Development, by the city of Buda
 Restrictions: Typical Deed Restrictions
 Floodplain: None
 Confirmation: Developer/Lot Purchase contract

Comments: DFH Coventry Homes will purchase these 75 lots in 3 takedowns of 25 lots per take. Lots are subject to a 9.0% annual escalator. In addition to the base lot price, additional builder fees amounted to \$11,110 per lot, or an average of \$204 PFF. DFH Coventry will also purchase paper lots to be developed in Persimmon, Phase 1, and according to the developer, the builder is paying a slight premium for these 75 lots in order to achieve sales momentum for the future lots to be developed.

LOT SALES MAP

File No. C8955 Lot Sales



BUILDER LOT SALES ANALYSES

My analysis indicated several comparable builder bulk lot sales, as well as two pending builder lot takedowns in the subject market area. I have researched lot sales data from local home builders and lot developers, who are considered to be knowledgeable of the local residential lot market with respect to physical characteristics, overall appeal, and price range. These sales illustrated on the preceding pages are considered to be representative of the best available data for comparison to the subject lots, and are summarized on the following chart:

BUILDER LOT SALES SUMMARY							
LOT SALE	SALE DATE	SUBDIVISION	SALE TYPE	NO. LOTS	LOT SIZE	LOT PRICE	LOT PRICE PFF
1	4Q 2023	Quad Park, Phase 3B-3A	Takedown	12	45'	\$128,250	\$2,850
1	4Q 2023	Quad Park, Phase 3B-3A	Takedown	12	60'	\$171,250	\$2,850
2	4Q 2023	Quad Park, Phase 3B-3A	Takedown	10	45'	\$128,250	\$2,850
2	4Q 2023	Quad Park, Phase 3B-3A	Takedown	11	60'	\$171,250	\$2,850
3	2Q 2024	Provence, Phase 1, Section 7	Takedown	7	60'	\$192,000	\$3,200
4	2Q 2024	Provence, Phase 1, Section 7	Takedown	7	60'	\$192,000	\$3,200
5	Pending	Persimmon, Phase 1	Takedown	12	50'	\$165,000	\$3,300
5	Pending	Persimmon, Phase 1	Takedown	8	55'	\$181,500	\$3,300
5	Pending	Persimmon, Phase 1	Takedown	5	65'	\$214,500	\$3,300

The market data was first analyzed to determine the best unit of comparison, and the features inherent to a given property causing a property's sale price to vary relative to another property. Sales comparison was then used to estimate representative and reasonable measures for adjustment factors or differences between the comparable sales and subject lots. The best units of comparison for Builder Lot Sales are the total sales price per lot, or the price per front foot (PFF). Of these various units of comparison, it was determined that the price PFF was the most applicable. The categories found to be prevalent for adjustment analysis were cumulative adjustments such as Real Property Rights Conveyed, Financing (cash equivalent consideration), Conditions of Sale (motivation), and Time (sale date); and additive market related conditions adjustments such as Location, Size and Overall Property Characteristics (physical). Adjustments are made on a cumulative basis for the first four categories listed, and then on an additive basis on the remaining categories.

CUMULATIVE ADJUSTMENTS

Real Property Rights Conveyed: The comparability of property interests must first be considered when utilizing sales for adjustment analysis. The real property rights conveyed of the sales were all found to feature fee simple interest. **Therefore, no adjustment is necessary for this category**, as it is considered that each sale adequately represents market prices and market activity in the subject area for fee simple estates.

Date of Sale: A time adjustment is required if changes occur in market conditions between the time of sale of a comparable property, and the effective date of the appraisal of the subject property. Under such circumstances, the price of the comparable property would be different at the date of appraisal, and an adjustment is warranted to the cash equivalent sales price for the sale to be used as a comparable.

As mentioned, the subject lots are expected to be substantially complete by December 1, 2025. Lot Sales 1, 2, 3 and 4 are each adjusted at a rate of 6.0%, or 1.50% per quarter. Lot Sale 5 is the pending sale of subject lots that are to be delivered in December 2025, and is not adjusted.

Conditions of Sale: This category, as well as the previous two categories, is related to motivation of the parties in the transaction to agree on the sales price at the date of sale. The conditions and reasons for a sale are factors, which can have a direct impact on the sales price. Buyers and sellers motivation for acquisition or disposition of a property can cause large differences in the actual sales price versus market value. Extraction of an appropriate adjustment for special sales conditions is generally difficult to ascertain. Pairing of sales is typically the best method in establishing an adjustment. However, when sales are scarce and/or significant differences in the properties are evident, additional considerations must be reviewed. Such considerations typically relate to additional information provided by the buyer and/or seller, which may be difficult to measure, but must be considered, analyzed, and reasonably adjusted.

Lot Sale 5 is adjusted -5% for a motivated buyer influences. As previously mentioned, DFH Coventry will also purchase paper lots to be developed in Persimmon, Phase 1, and

according to the developer, the builder is paying a slight premium for the initial 75 lots in order to achieve sales momentum for the future lots to be developed.

ADDITIVE ADJUSTMENTS

Location: Factors, which often have an effect on lot values, include proximity to schools, the specific school district, shopping, market area amenities, and employment centers. In addition to these elements, lots located in well-established subdivisions with higher priced homes tend to likewise command higher prices than otherwise equal lots in less desirable subdivisions. **Pending Lot Sale 5 is from within the proposed Persimmon, Phase 1, and is not adjusted. Lot Sales 1 and 2 are located in far south Austin, and are considered to be generally similar to the subject in terms of location, warranting no adjustments. Lot Sales 3 and 4 are located in the Bee Cave market area of Travis County. The new home price points are significantly greater in this locale, warranting adjustments of -10% to Lot Sales 3 and 4 for their superior locations.**

Size: Developers and home builders are now negotiating residential lot sales on a per-front-foot (PFF) basis, and the comparables clearly support this trend. The subject lots are 50', 55' and 60' lots, which are similar to **Lot Sales 1, 2, 3, 4 and 5, requiring no adjustments.**

Physical Characteristics: Other factors, which can have an effect on lot values include drainage, shape with respect to development potential, adverse easements, cul-de-sac location, corner lots, location with respect to flood hazard areas and especially in this market area is the hillside view consideration. All of the lot sales can be described as very similar in overall physical characteristics compared to the subject lots, **thus requiring no adjustment for this category.**

LOT SALES ADJUSTMENT GRID

The following Lot Sales Adjustment Grid illustrates the adjustments that were extracted and applied in the analyses of the comparable lot sales to the typical subject 50', 55' and 60' lots, "Upon Completion."

LOT TAKEDOWN ADJUSTMENT GRID PERSIMMON, PHASE 1, - 50', 55' & 65' LOTS, "UPON COMPLETION"						
MARKET DATA	SUBJECT	SALE 1	SALE 2	SALE 3	SALE 4	SALE 5
Sale Price PFF	-	\$2,850	\$2,850	\$3,200	\$3,200	\$3,300
Sales Date Adjustment	12/1/2025 -	4Q/2023 +12.0%	4Q/2023 +12.0%	2Q/2024 +9.0%	3Q/2024 +7.50%	Pending 0%
Adjusted Sale Price PFF	-	\$3,192	\$3,192	\$3,488	\$3,440	\$3,300
Builder Fees Adjustment	None -	\$7,080/Lot or \$135 PFF +\$135	\$7,080/Lot or \$133 PFF +\$133	\$14,580/Lot or \$242 PFF +\$242	\$14,580/Lot or \$242 PFF +\$242	\$11,110/Lot or \$204 PFF +\$204
Adjusted Sale Price PFF	-	\$3,327	\$3,325	\$3,730	\$3,682	\$3,504
Financing Adjustment	- -	CTS 0%	CTS 0%	CTS 0%	CTS 0%	CTS 0%
Conditions of Sale Adjustment	Typical Lot Takedown -	Takedown 24 Lots 0%	Takedown 24 Lots 0%	Takedown 7 Lots 0%	Takedown 7 Lots 0%	Motivated Buyer -5%
Adjusted Sale Price PFF	-	\$3,327	\$3,325	\$3,733	\$3,682	\$3,329
Location Adjustment	Persimmon, Phase 1 -	Quad Park, Ph. 3B-3A 0%	Quad Park, Ph. 3B-3A 0%	Provence, Ph. 1, Sec. 7 -10%	Provence, Ph. 1, Sec. 7 -10%	Persimmon, Phase 1 0%
Lot Size (FF) Adjustment	50', 55' & 66' -	45' & 60' 0%	45' & 60' 0%	60' 0%	60' 0%	50', 55' & 65' 0%
Physical Characteristics Adjustment	Typical -	Equal 0%	Equal 0%	Equal 0%	Equal 0%	Equal 0%
Net Adjustment	-	0%	0%	-10	-10	0%
Indicated Sale Price PFF	-	\$3,327	\$3,325	\$3,360	\$3,314	\$3,329
Indicated Mean Price PFF	\$3,331					
Indicated Median Price PFF	\$3,327					

BUILDER LOT VALUE CONCLUSION, 50', 55' & 65' LOTS, "UPON COMPLETION": The lot sales used in this analysis exhibit an adjusted value range from \$3,314 PFF up to \$3,360 PFF, **with a mean indication of \$3,331 PFF and a median of \$3,327 PFF.** Lot Sale 5 is the pending sale of lots in Persimmon, Phase 1 to be delivered in December 2025 and is well

supported by the central tendency of the range. As mentioned previously, in September 2024 the Federal Reserve cut interest rates by 50 basis points, and rates are now anticipated to recede in late 2024 or early 2025, which will likely stimulate new home sales, and in turn will create more demand for residential lots. After considering the physical characteristics of the subject lots, as well as the supply and demand for these lots in the market area; it is my opinion that the Base Lot Retail Value of a typical **50' subject lot in Persimmon, Phase 1, as of December 1, 2025, is \$3,330 PFF, inclusive of any and all builder lot fees.** Thus, the “Upon Completion” Retail Lot Value of a typical 50' lot, is concluded as follows:

$$\begin{array}{rcccl} \text{Lot} & & \text{Retail Lot} & & \text{Indicated Retail} \\ \text{Width} & & \text{Revenue PFF} & & \text{Lot Value} \\ 50' & \times & \$3,330 & = & \$166,500 \end{array}$$

It is also my opinion that the Base Lot Retail Value of a typical **55' subject lot in Persimmon, Phase 1, as of December 1, 2025, is \$3,330 PFF, inclusive of any and all builder lot fees.** Thus, the “Upon Completion” Retail Lot Value of a typical 55' lot, is concluded as follows:

$$\begin{array}{rcccl} \text{Lot} & & \text{Retail Lot} & & \text{Indicated Retail} \\ \text{Width} & & \text{Revenue PFF} & & \text{Lot Value} \\ 55' & \times & \$3,330 & = & \$183,150 \end{array}$$

Lastly, it is my opinion that the Base Lot Retail Value of a typical **65' subject lot in Persimmon, Phase 1, as of December 1, 2025, is \$3,330 PFF, inclusive of any and all builder lot fees.** Thus, the “Upon Completion” Retail Lot Value of a typical 65' lot, is concluded as follows:

$$\begin{array}{rcccl} \text{Lot} & & \text{Retail Lot} & & \text{Indicated Retail} \\ \text{Width} & & \text{Revenue PFF} & & \text{Lot Value} \\ 65' & \times & \$3,330 & = & \$216,450 \end{array}$$

SUM OF RETAIL REVENUE CONCLUSION, "UPON COMPLETION"

The 248 proposed subject lots in Persimmon, Phase 1 have an "Upon Completion" sum of retail revenue computed as follows:

<u>No.</u>	<u>Description</u>	<u>Lot Size</u>	<u>Retail Lot Value</u>	<u>Sum of Retail Revenue</u>	<u>Effective Date</u>
114	Proposed	50' × 120' @	\$166,500/ Lot =	\$18,981,000	12/1/2025
101	Proposed	55' × 120' @	\$183,150/ Lot =	\$18,498,150	12/1/2025
<u>33</u>	Proposed	65' × 120' @	\$216,450/ Lot =	<u>\$ 7,142,850</u>	12/1/2025
248	Total/Avg.	- @	\$179,927/ Lot =	\$44,622,000	12/1/2025

INCOME APPROACH - DISCOUNTED BULK MARKET VALUE ANALYSIS

The Bulk Market Value for the subject lots, or sold collectively to a single purchaser, is determined by discounting the net sales proceeds of the aggregate gross builder retail lot value arrived at previously. The discounting is necessary to reflect the absorption period, required yield, and related expenses incurred during the sell-out term. The following is a discussion of each of these categories and the assumptions applicable thereto:

ABSORPTION

Generally, in developments such as the subject, an absorption period is required in order to promote and eventually sell-out the subject lots on an individual lot basis. To determine the rates at which the subject single-family lots will be absorbed into the market, I have analyzed the recent absorption of lots in several single-builder subdivisions in the vicinity of the subject subdivision.

Subdivision	Lot Size	No. Builders	Price Range (\$1,000's)	12-Month Closings	Closings Per Quarter	Closings Per Builder Per Quarter
6 Creeks/Dove Creek	50' – 70'	6	\$439-\$826	150	37.75	6.25
Anthem	50' - 60'	7	\$329 - \$600	159	39.75	5.68
Crosswinds	40' – 60'	8	\$310 - \$730	258	64.50	8.06
Plum Creek/North	35' – 55'	1	\$253 - \$505	246	61.50	61.50
Big Sky Ranch	35' – 60'	1	\$378 - \$660	156	39.00	39.00
Heritage	40' - 50'	2	\$386 - \$650	104	26.00	13.00
Turner's Crossing	40' - 50'	3	\$320 - \$600	151	37.75	12.58

Source: Zonda Austin Metrostudy, 2nd Quarter 2022

These absorption comparables indicate annual absorption of 104 lots up to 258 lots, with an average of 174.86 lots per year, or 43.71 closings per quarter, and a median of 156 lots per year. On a per-builder basis, the absorption comparables indicate a range of 5.68 lots to 61.50 lots per quarter, with an average of 20.87 lot closings per quarter, per builder, and a median of 12.58 lots per quarter, per builder.

As mentioned previously, typically, a 20 to 24-month lot supply is considered to be equilibrium; thus, the Kyle/Buda Submarket is severely undersupplied at 15.8 months, as is the South Market Area at 16.0 months.

The developer, Bailey Land Investments, LP, has contracted with DFH Coventry, LLC to sell 75 of the 248 subject lots on a takedown basis of 25 lots per quarter, upon substantial completion. According to Mr. Garret Martin, with Bailey Land Investments, LP, several other builders have expressed interest in purchasing lots in Persimmon, Phase 1, including Perry Homes, Scott Felder Homes and Lennar Homes, but have yet to contract for lots. This appraisal assumes that at least three prominent home builders (DFH Coventry, Milestone Community Builders and one other) will be purchasing lots in Persimmon, Phase 1.

Absorption Conclusion, Persimmon, Phase 1 “Upon Completion”: Again, the subject Persimmon, Phase 1 is expected to be substantially complete by December 1, 2025, and pre-marketing will begin in the interim. Herein, I have projected lot absorption at an initial rate of 45 lots per quarter for the first 3 quarters, which reflects lot sales to DFH Coventry’s 25-lot per quarter contract, as well as Milestone Community Builders and at least one other prominent home builder. Beginning in Period 3, absorption is projected at a rate of 30 lots per quarter, or 10 lots per builder, per quarter, assuming at least 3 builders, summarized as follows:

<u>Persimmon, Phase 1</u>								
<u>“Upon Completion” – December 1, 2025</u>								
Quarterly Period	<u>0</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>Total</u>
Lot Absorption	45	45	45	30	30	30	23	248

The projected absorption amounts to 248 lots being absorbed over 6 quarterly periods, indicating actual **average absorption of 41.33 lots per quarter, or approximately 14 lots per builder, per quarter assuming 3 builders, which is considered to be well supported by the absorption comparables.**

INTERNAL RATE OF RETURN (IRR)

I referenced the Developer's Survey conducted by RealtyRates.com for the 3rd Quarter 2024 (2nd quarter 2024 data).

RealtyRates.com DEVELOPER SURVEY - 3rd Quarter 2024*						
Texas - Subdivisions & PUDs						
	Actual Rates			Pro-Forma Rates		
	Min	Max	Avg	Min	Max	Avg
Site-Built Residential	15.70%	34.04%	23.08%	15.07%	32.67%	22.15%
-100 Units	15.70%	29.34%	22.07%	15.07%	28.17%	21.19%
100-500 Units	16.09%	32.27%	23.22%	15.45%	30.98%	22.29%
500+ Units	16.48%	33.74%	23.61%	15.83%	32.39%	22.66%
Mixed Use	16.88%	34.04%	23.42%	16.20%	32.67%	22.48%
Manufactured Housing	16.18%	37.13%	24.73%	15.54%	35.64%	23.74%
-100 Units	16.18%	32.29%	23.75%	15.54%	31.00%	22.80%
100-500 Units	16.59%	35.52%	25.01%	15.92%	34.09%	24.01%
500+ Units	16.99%	37.13%	25.44%	16.31%	35.64%	24.42%
Business Parks	16.14%	34.56%	23.55%	15.50%	33.17%	22.61%
-100 Acres	16.14%	30.05%	22.63%	15.50%	28.85%	21.73%
100-500 Acres	16.55%	33.05%	23.81%	15.89%	31.73%	22.86%
500+ Acres	16.95%	34.56%	24.21%	16.27%	33.17%	23.24%
Industrial Parks	16.23%	30.01%	21.54%	15.58%	28.81%	20.68%
-100 Acres	16.23%	26.10%	20.74%	15.58%	25.05%	19.91%
100-500 Acres	16.64%	28.71%	21.76%	15.97%	27.56%	20.89%
500+ Acres	17.04%	30.01%	22.12%	16.36%	28.81%	21.23%

*2nd Quarter 2024 Data

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As indicated within the RealtyRates.com survey, developers and builders reported modeling proforma internal rates of return ranging from 15.45% to 30.98%, with an average of 22.29 for site-built residential developments of 100 units to 500 units. These same developers and builders reported actual internal rates of return ranging from 16.09% to 32.27%, with an average of 23.22%.

Based on the availability of alternative investment yields, and considering the relative risk of the subject residential development investment in the Greater Austin region, it is the appraiser's opinion that an overall **IRR of 17.50%** is most appropriate for subject lot cash

flow, inclusive of profit, and given the lot quantity of 248 lots over an 8-quarter sell-out period.

On the following pages are the discounted cash flow (DCF) analyses builder retail sell-out of the subject lots, along with a discussion of the various absorption, carrying expenses, and yield assumptions to discount the cash flow builder retail sell-out of the subject 248, Phase 1 proposed lots, "Upon Completion."

DISCOUNTED CASH FLOW ASSUMPTIONS

Sum of Retail Revenue: The 248 proposed subject lots in Persimmon, Phase 1 have an "Upon Completion" sum of retail revenue computed as follows:

<u>No.</u>	<u>Description</u>	<u>Lot Size</u>	<u>Retail Lot Value</u>	<u>Sum of Retail Revenue</u>	<u>Effective Date</u>
114	Proposed	50' × 120' @	\$166,500/ Lot =	\$18,981,000	12/1/2025
101	Proposed	55' × 120' @	\$183,150/ Lot =	\$18,498,150	12/1/2025
<u>33</u>	Proposed	65' × 120' @	\$216,450/ Lot =	<u>\$ 7,142,850</u>	12/1/2025
248	Total/Avg.	- @	\$179,927/ Lot =	\$44,622,000	12/1/2025

Absorption Period: The absorption period projected for the subject lots' sell-out is based on the vacant lot inventory and absorption projections, as detailed in the prior section of this appraisal.

Growths: The retail lot values have been escalated over the projected sell-out at **1.50% per quarter, or 6.0% per year**, which is well supported by current trends in the Kyle/Buda market area, whereby builders have agreed to annual escalators ranging from 6.0% to 9.0%.

Beginning Lot Inventory: The Beginning Lot Inventory is the total number of lots in inventory on the first day of each quarterly period.

Lot Sales Per Period: The Lots Sales per Period is the total number of lots sold or absorbed during each quarterly period.

Ending Lot Inventory: The Ending Inventory is the total number of lots in inventory on the last day of each quarterly period.

Average Lots Held Per Period: The Average Lots Held per Period is the average of Beginning Lot Inventory and Ending Lot Inventory.

Starting Inventory (Dollars): The Starting Inventory is expressed in terms of dollars by multiplying the Average Lot Value by the Beginning Lot Inventory, and is a carry-over of the Ending Inventory balance.

Average Inventory Held (Dollars): The Average Inventory Held in Dollars is the average of the Starting Inventory (dollars) and the Ending Inventory (dollars).

Ending Inventory (Dollars): The Ending Inventory is expressed in terms of dollars by subtracting the periodic Sales (dollars) from the Starting Lot Inventory (dollars).

Periodic Sales Income: The total Quarterly Sales are the revenue generated during the period, before sales expense deductions.

SALES EXPENSES

Marketing/Closing Costs: Herein, I have projected broker commissions at 3.0% of periodic sales. The closing costs and marketing costs of the subject lots were estimated at 2.0% of the periodic sales, for a total of **5.0%** for marketing and closing costs.

Taxes: The subject lots are proposed, and are not yet assessed. HCAD typically discounts lots held in bulk, between 50% to 75% of retail value. Herein, I have projected taxes at a rate of 65% of the average retail value ($\$179,927 \times 0.65 = \$115,513$) for a projected average assessed value of **\$116,953 per lot**. The tax expense is based on the projected average assessed value per lot, multiplied by the tax rate per \$100, and divided by four to reflect quarterly taxes. The tax rate for the subject lots is based on the 2024 total tax rate of \$2.0485 per \$100, of assessed value, which is rounded to **\$2.05 per \$100**.

Administrative Expense: This category reflects incidental expenses including bank charges, accounting and legal fees, office expenses, etc., which are typically incurred by the developer throughout the holding period. These expenses are typically relatively minor; thus, I have projected this expense at **0.5% of quarterly lot sales revenue**.

Maintenance: The subject lots will be part of Persimmon Homeowners Association. The HOA dues to the developer for vacant lots are estimated at \$200 per lot per year or **\$50 per lot per quarterly period**.

DISCOUNTED CASH FLOW ANALYSIS

See the following page for the discounted cash flow (DCF) analyses builder retail sell-out of the **248 proposed lots in Persimmon PID Area 1, Phase 1, "Upon Completion."**

PERSIMMON, PHASE 1

248 Lots, "Upon Completion" – December 1, 2025

PERSIMMON PID AREA 1, PHASE 1 - 248 LOTS "UPON COMPLETION"
DISCOUNTED SELL-OUT CASH FLOW ANALYSIS

TOTAL NO. OF LOTS:	248						
GROSS RETAIL REVENUE:	\$44,622,000						
ABSORPTION PERIOD:	6 QUARTERS						
INTERNAL RATE OF RETURN:	17.5%						
ASSESSED VALUE PER LOT:	\$116,953	\$116,953	\$116,953	\$116,953	\$116,953	\$116,953	\$116,953
EFFECTIVE TAX RATE/\$100:	\$2.05	\$2.05	\$2.05	\$2.05	\$2.05	\$2.05	\$2.05
MAINTENANCE (LOT/QUARTER):	\$50	\$50	\$50	\$50	\$50	\$50	\$50
BUILDER FEES PER LOT:	\$0	\$0	\$0	\$0	\$0	\$0	\$0
QUARTERLY PERIOD:	ZERO	ONE	TWO	THREE	FOUR	FIVE	SIX
STARTING INVENTORY:	248.0	203.0	158.0	113.0	83.0	53.0	23.0
LOT SALES/PERIOD:	45.0	45.0	45.0	30.0	30.0	30.0	23.0
ENDING INVENTORY:	203.0	158.0	113.0	83.0	53.0	23.0	0.0
AVG. LOTS HELD/PERIOD:	225.5	180.5	135.5	98.0	68.0	38.0	11.5
SALES APPRECIATION:	0.00%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
STARTING INVENTORY:	\$44,622,000	\$37,073,145	\$29,287,785	\$21,260,522	\$15,850,378	\$10,273,145	\$4,525,030
AVG. LOT VALUE:	\$179,927	\$182,626	\$185,366	\$188,146	\$190,968	\$193,833	\$196,740
AVG. INVENTORY HELD:	\$40,573,633	\$32,964,053	\$25,117,056	\$18,438,329	\$12,985,852	\$7,365,651	\$2,262,515
ENDING INVENTORY:	\$36,525,266	\$28,854,960	\$20,946,327	\$15,616,136	\$10,121,325	\$4,458,157	\$0
QUARTERLY SALES:	\$8,096,734	\$8,218,185	\$8,341,458	\$5,644,386	\$5,729,052	\$5,814,988	\$4,525,030
BUILDER FEES:	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL REVENUES:	\$8,096,734	\$8,218,185	\$8,341,458	\$5,644,386	\$5,729,052	\$5,814,988	\$4,525,030
LESS EXPENSES:							
a) MKTING/CLOSING (5.0%):	\$404,837	\$410,909	\$417,073	\$282,219	\$286,453	\$290,749	\$226,251
b) TAXES/AVG. INV HELD.:	\$0	\$108,189	\$81,217	\$58,740	\$40,758	\$22,777	\$6,893
c) ADMINISTRATIVE (0.5%):	\$40,484	\$41,091	\$41,707	\$28,222	\$28,645	\$29,075	\$22,625
d) MAINTENANCE:	\$0	\$9,025	\$6,775	\$4,900	\$3,400	\$1,900	\$575
TOTAL EXPENSES:	\$445,320	\$569,214	\$546,772	\$374,081	\$359,256	\$344,501	\$256,345
NET SALES INCOME:	\$7,651,414	\$7,648,971	\$7,794,686	\$5,270,305	\$5,369,796	\$5,470,487	\$4,268,685
QUARTERLY IRR AT 17.50%:	1.00	0.958084	0.917925	0.879449	0.842586	0.807268	0.773430
DISCOUNTED SALES:	\$7,651,414	\$7,328,355	\$7,154,934	\$4,634,964	\$4,524,513	\$4,416,147	\$3,301,530
TOTAL NPV OF SALES "UPON COMPLETION":	\$39,011,857						
ROUNDED TO:	\$39,000,000						
VALUE PER LOT:	\$157,258						

DISCOUNTED CASH FLOW MARKET VALUE CONCLUSIONS

After applying an IRR of 17.50%, inclusive of profit, to the 248 proposed subject lots' prospective cash flow sell-out, it is the opinion of the appraiser that the **“Upon Completion” Bulk Market Value** of the subject lots to a single purchaser, via the Income Approach, are as follows:

Description	No. Lots	Bulk Market Value	Prospective Date
Persimmon PID Area 1, Phase 1	248	\$39,000,000	12/1/2025

When estimating the value of multiple lots or parcels of land "In Bulk" or collectively to a single purchaser, individual builder retail lot market values are typically totaled, and a discounted cash flow is then applied to reflect factors such as yield, risk, and expenses which must be incurred by the owner throughout the holding period or sell-out term for the multiple retail properties. The preceding discounted cash flow model is deemed to be the most reliable technique in concluding my opinion of the Market Value for the subject lots "In Bulk" or collectively to a single purchaser.

The indicated “Upon Completion” Bulk Market Value of the 248 subject proposed lots computes to a total of **\$39,000,000**, or an average of **\$157,258 per lot**. This net present value conclusion represents a discount of approximately **12.60%** in comparison to the previously estimated **sum of retail revenue of \$44,622,000, or an average of \$179,927 per lot**.

The resulting bulk purchase discount is considered to be reasonable, particularly when considering that purchasing the subject lots "In Bulk" will involve an assumption of a certain amount of risk and known carrying costs.

RECONCILIATION AND FINAL MARKET VALUE CONCLUSIONS

The Sales Comparison Approach was used to conclude the “Upon Completion” Market Values of the two commercial reserves, as well as the “Upon Completion” retail revenues of the subject residential lots. An Income Approach retail sell-out technique was then employed to derive the indicated “Upon Completion” Bulk Market Value of the subject 248 proposed lots in Persimmon, Phase 1. The cumulative builder retail revenue of the subject lots were discounted for their projected absorption period. A discounted cash flow analysis was used to present value the projected income stream of the subject proposed lots over the projected absorption period. The Income Approach procedure is generally considered to be the most valid method of estimating the bulk value of multiple builder retail lots to one individual buyer, especially if the parcels/lots involve a holding period or sell-out term and carrying costs.

While considered, the Cost Approach was not developed. Further, at the request of the client, the “As Is” Market Values of the subject proposed lots and commercial reserves, were not valued herein. The absence of the Cost Approach does not affect the credibility of the Market Value conclusions in this appraisal.

FINAL MARKET VALUE CONCLUSIONS

Description	“Upon Completion” Market Value	Prospective Date
248 Residential Lots in Persimmon, Phase 1, In Bulk	\$39,000,000	12/1/2025
6.39-Acre Commercial Reserve in Persimmon, Phase 1	\$2,000,000	12/1/2025
6.28-Acre Commercial Reserve in Persimmon, Phase 1	\$1,950,000	12/1/2025

Extraordinary Assumptions:

- 1.) Persimmon PID, Area 1, Phase 1 is now only preliminarily platted, and the “Upon Completion” Market Value of Phase 1 is subject to a review of the final plat, once available.
- 2.) The subject property is proposed as a residential subdivision, with a prospective completion date. In this appraisal report, I have projected the market conditions at the prospective time of completion that would be anticipated by typical market participants. In a similar fashion, I projected the retail valuation of the individual subject

lots, absorption period and holding costs, based on projected conditions that are anticipated by typical market participants. Further, unknown circumstances may change the anticipated date of completion to another date, which may have market conditions that are different from those which are expected on the anticipated date of completion that is reflected in this report. Because actual future market conditions may deviate from those which are anticipated by typical market participants, this appraisal is subject to a review of market conditions and current sale data that will be available on the prospective or actual date of completion.

- 3.) This appraisal is subject to the proposed and improvements being completed in a timely and professional workmanlike manner and that the proposed improvements do not deviate significantly from those described herein.
- 4.) The valuation of the subject improvements "Upon Completion" require a valuation of the subject improvements as of a prospective date, when they are projected to be physically complete based upon the plans and specifications provided. Developing this opinion of value requires the use of an extraordinary assumption because the subject in the prospective value opinion is as it exists as of a future date when physically complete. Therefore, I have relied upon information and specifications for the proposed improvements provided by the subject developing party. Should these representations be amended, or prove to be inaccurate, the value conclusions are subject to revision.
- 5.) This appraisal assumes that the developer's marketing plan is for new homes with a price-point range of \$545,000 (50' lots), up to \$655,000 (65' lots), by Milestone Community Builders, DFH Coventry Homes, Perry Homes, Scott Felder Homes and/or Lennar Homes or comparable production home builders.
- 6.) **The developer, Bailey Land Investments, LP, has contracted with DFH Coventry, LLC to sell 75 of the 248 subject lots on a takedown basis of 25 lots per quarter, upon substantial completion. According to Mr. Garret Martin, with Bailey Land Investments, LP, several other builders have expressed interest in purchasing lots in Persimmon, Phase 1, including Perry Homes, Scott Felder Homes and Lennar Homes, but have yet to contract for lots. This appraisal assumes that at least three prominent home builders (DFH Coventry, Milestone Community Builders and one other) will be purchasing lots in Persimmon, Phase 1.**
- 7.) A deviation from any of the extraordinary assumptions stated above might have an effect on the Market Value conclusions contained herein.

MARKETING AND EXPOSURE PERIODS

A marketing period is not a fact which can be found, but is an estimate which is dependent on supply/demand market conditions, availability of financing, competent marketing and negotiating efforts, and perhaps most important, the appropriate asking price. My estimate of the projected marketing period assumes market conditions are similar to

those, which currently exist, as of the effective date of this appraisal. It also assumes reasonable financing can be obtained and that the property is aggressively marketed.

According to participants in the regional and local residential land market and others who have experience handling and marketing of such properties in the subject area, marketing times for properties such as the subject have been decreasing in recent years. Based upon my market analysis, I have estimated a prospective marketing period for the "upon completion" residential lots to be within 6 to 9 months. The subject property should market well at the reasonable and competitive concluded Market Values. As a result, I further estimate a historic exposure period of approximately 6 to 9 months or less for the subject lots, based upon the market data presented herein and the reported exposure times of the comparable sales.

ADDENDA

LETTER OF ENGAGEMENT

BARLETTA & ASSOCIATES, INC.
 REAL ESTATE APPRAISERS & CONSULTANTS

C8955

September 30, 2024

Mr. R.R. "Tripp" Davenport, III
 Underwriter
 FMSbonds, Inc.
 5 Cowboy Way, Suite 300-25
 Frisco, Texas 75034

Direct: 877/899-2220
 Cell: 214/418-1588
 Email: tdavenport@fmsbonds.com

RE: Proposal/Authorization for Valuation and Consulting Services for Persimmon PID, Improvement Area #1, comprised of 248, 50' lots; 55' lots; 65' lots; and a 13.50-acre retail site in Buda, Hays County, Texas (the "Subject Property").

Dear Mr. Davenport:

We look forward to preparing for you an Appraisal Report of the fee simple "Upon Completion" Bulk Market Values of the above-described Subject Properties in conformance with and subject to the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, and the Uniform Standards of Professional Appraisal Practice (USPAP) as developed by the Appraisal Standards Board of the Appraisal Foundation.

As a matter of disclosure and in accordance with the Ethics Rule of USPAP, I have not previously performed an appraisal or any other services regarding the Subject Property within a three-year period immediately preceding the acceptance of this assignment, either as an appraiser or in any other capacity.

The intended use of the appraisal is to provide an opinion of value for the underwriting of a proposed Public Improvement District Bond Transaction. The use of the appraisal by anyone other than you, Mr. Tripp Davenport, III c/o FMSbonds, Inc., is prohibited, except as provided herein. Additionally, we confirm our permission to use the final Appraisal Report in the offer and sale of public securities, secured by the special assessments levied on property within the PID and we confirm that we will execute, subject to our approval of the same, a certificate related to the use of the appraisal for such purpose, as provided by the client.

In determining these opinions of value, the appraiser will make certain assumptions which will be clearly detailed within the Appraisal Report. These will include, but are not limited to the assumption, that the district entity will, or has approved the proposed development, and that all development entitlements are in place for such development to proceed, and

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Page 2

that all public infrastructure will be financed, in whole or in part, with special assessments levied on property, relating to the development.

The total fee for this Appraisal Report is \$10,000, and we require full receipt of these funds prior to the commencement of this appraisal assignment. The delivery date will be within three (3) weeks from your signed acceptance of this engagement letter agreement, receipt of the fee and receipt of requested documents from the developer. Any delay in receipt of requested documents, will potentially delay the delivery date. If you or any of your assigns (including FMSbonds, Inc. or the developer) cancel the assignment, prior to completion, you agree to pay us for all our expenses and our time to date, based on prorata of work completed, with the remainder to be returned to the payor of such fee.

Upon completion of the Appraisal Report, an electronic version of the report will be provided to tdavenport@fmsbonds.com, while up to two hard copies of the appraisal will be provided upon request.

In the event we receive a subpoena 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 or are not a party, you agree to pay our then current hourly rates for such preparation and presentation of testimony. Regarding data collected by us or provided by you in this assignment, you agree that it will remain the property of Barletta & Associates, Inc. and that we may utilize and include such data (either in the aggregate or individually), in our database. Finally, you agree that all data already in the public domain may be utilized on an unrestricted basis.

If the above terms are acceptable, please execute, date below and fax or e-mail to phillip@barlettainc.com. If you should have any further questions, please do not hesitate to contact me.

AGREED TO AND ACKNOWLEDGED THIS _____ DAY OF _____, 2024.

BARLETTA & ASSOCIATES, INC.



Phillip F. Barletta, MAI, SRA
President
State Certified, TX-1320197-G

ACCEPTED BY:

FMSbonds, Inc.



Mr. R.R. "Tripp" Davenport, III
Underwriter

Date

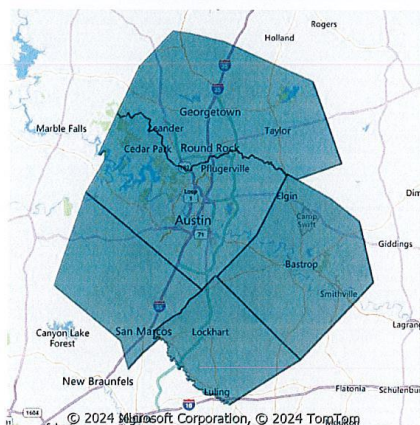
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AUSTIN AREA ANALYSIS

Quarterly Housing Report

AUSTIN
ROUND ROCK
SAN MARCOS
MSA

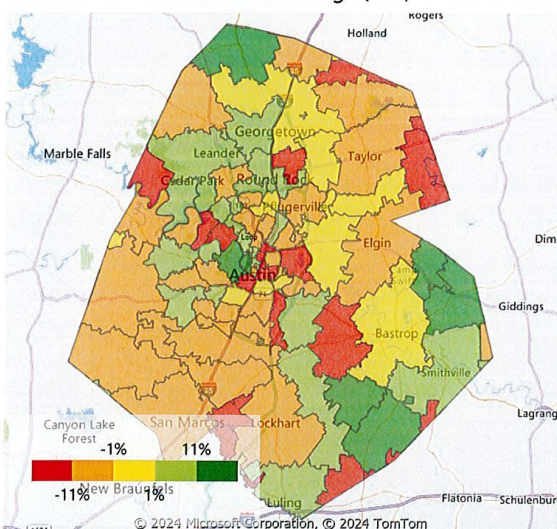
Third Quarter 2024



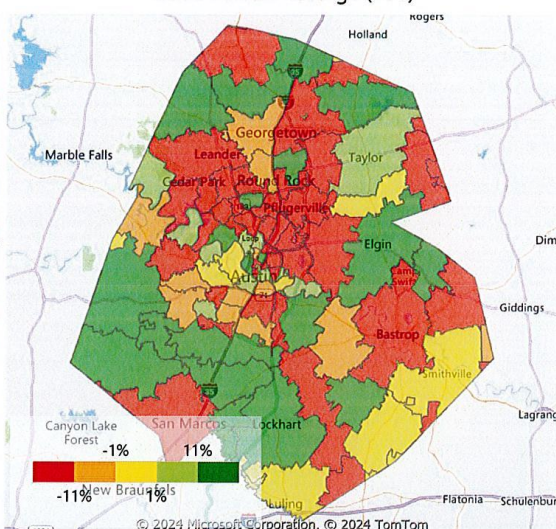
Executive Summary

- Metro area sales volume decreased 3.7% to 7,798 transactions. Median price decreased 3.8% year-over-year to \$437,925.
- 2024 Q3 months inventory for all residential properties rose 16.4% year-over-year to 4.6 months.
- Metro area residential property listings increased 15% year-over-year to 11,679 active listings.
- Single-family new construction median price decreased by 10.2% year-over-year to \$400,000.
- Single-family rental average rent decreased by 2.1% year-over-year to \$2,300.

Median Price Change (YoY)



Sales Volume Change (YoY)



About this report

Data used in this report come from the Texas REALTOR® Data Relevance Project, a partnership among the Texas REALTORS® and local REALTOR® associations throughout the state. Analysis is provided through a research agreement with the Texas Real Estate Research Center at Texas A&M University.



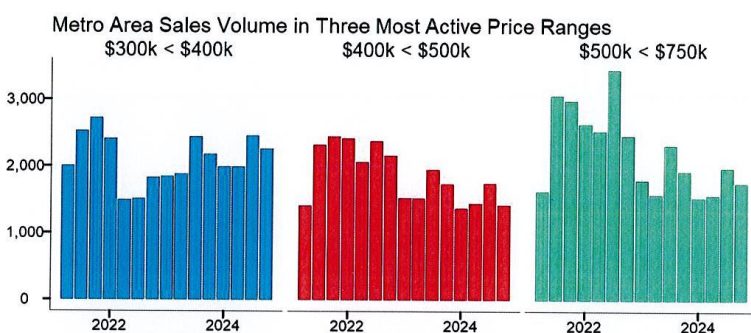
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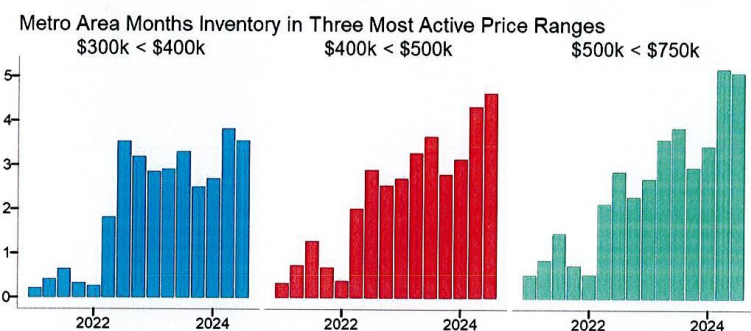
Key Market Metrics



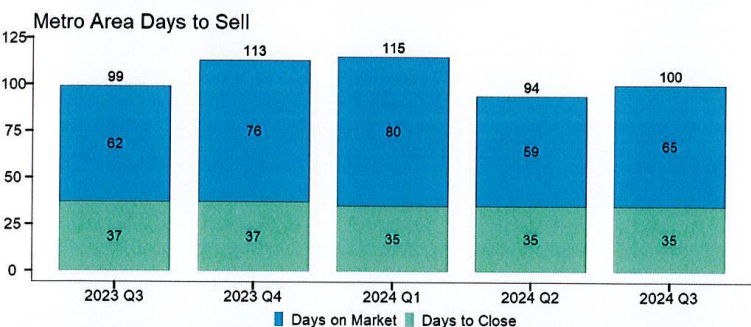
Median price in the Austin-Round Rock-San Marcos metro decreased by approximately 3.8% year-over-year, from \$455,000 to \$437,925. Metro area price exceeded the statewide median price of \$340,000 by \$97,925.



2024 Q3 total sales volume decreased by approximately 3.7% year-over-year, from 8,093 to 7,798. Sales of homes between \$300k and \$400k rose from 2,178 to 2,254, while homes between \$500k and \$750k dipped from 1,927 to 1,754, and homes between \$400k and \$500k dipped from 1,736 to 1,419.



Metro area months inventory increased year-over-year from 3.99 to 4.64 months. Homes between \$300k and \$400k rose year-over-year, from 3.3 to 3.55 months, while homes between \$500k and \$750k rose year-over-year, from 3.86 to 5.11 months and homes between \$400k and \$500k rose year-over-year, from 3.65 to 4.63 months.



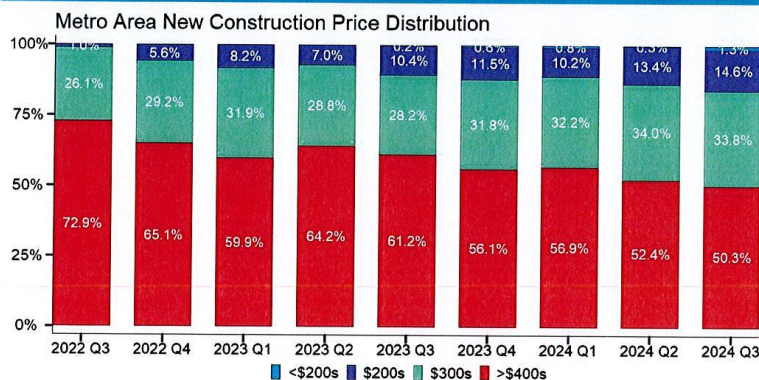
Average days to sell throughout the metro area increased from 99 to 100 days, an increase of 1% year-over-year. Average days to sell for homes between \$300k and \$400k remained stagnant compared with the same quarter last year.



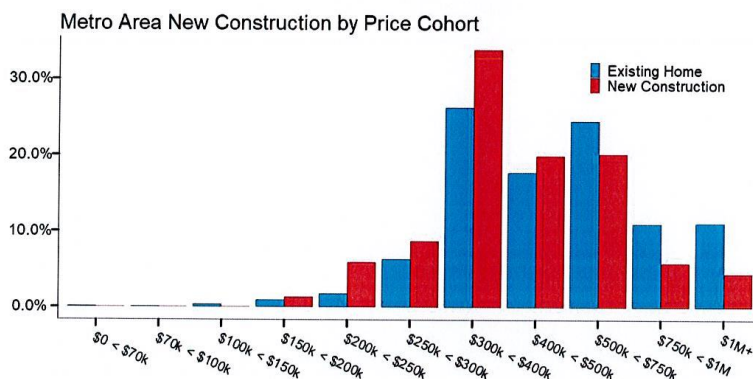
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Single-Family New Construction



Homes in the \$400s and above range fell to 50.3% of single-family new construction sales through the MLS. The second most active price range was homes in the \$300s, which grew from 28.2% to 33.8% year-over-year.



In the latest quarter, the average price was \$491,834 for new homes sold through the MLS, a decrease over last year's figure of \$546,124. Average price for existing homes was \$619,671, an increase over last year's figure of \$616,773.

Top Five Most Active Zip Codes

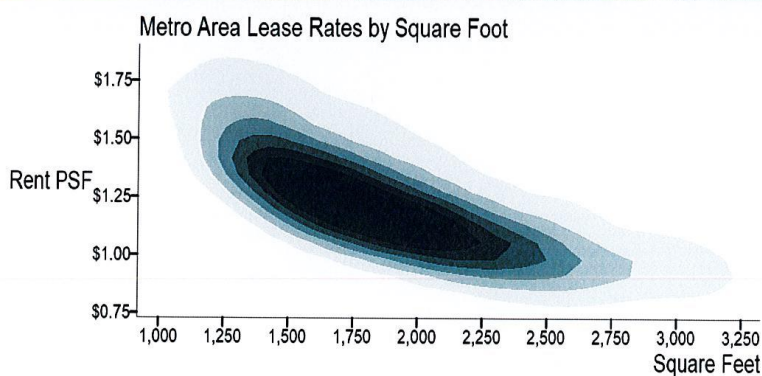
	Median Price	YoY%	Median Price PSF	YoY%	Median Square Feet
	\$312,000	-8.2%	\$179.34	-6.2%	1,747
	\$327,740	-9.0%	\$178.56	-6.8%	1,853
	\$520,000	4.0%	\$218.31	0.0%	2,480
	\$495,955	2.2%	\$212.79	-3.5%	2,441
	\$280,000	-6.0%	\$156.21	-5.6%	1,874



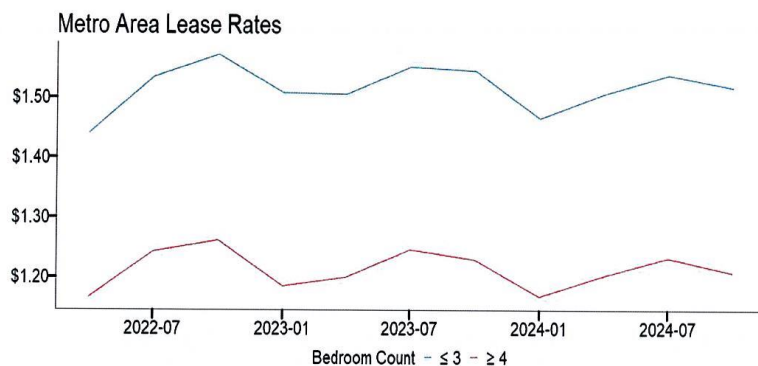
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Single-Family Rentals



Average rent per square foot for single-family properties was \$1.39, a decrease compared with last year's rental rate of \$1.42. The average home size was 1,956 square feet.



Average rent per square foot for three-bedroom single-family properties was \$1.52, a decrease compared with last year's rental rate of \$1.54. For four-bedroom single-family homes, the rental rate per square foot was \$1.21, a decrease compared with last year's rental rate of \$1.23.

Rental Metrics by Bedroom Count

Bedroom Count	Average Monthly Rent	Average Monthly Rent	Average Square Feet	Distribution
Three or less	\$2,349	\$1.52	1,624	58.5%
Four or more	\$2,924	\$1.21	2,424	41.5%
Overall	\$2,588	\$1.39	1,956	100%



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Housing Metrics by County

Bastrop County

Price Cohort	Closed Sales	YoY%	% Sales	Median Price	YoY%	Median Price PSF	YoY%	Active Listings	Months Inventory	Median Square Feet	Median Year Built
\$0 < \$70k	1	100%	0%	***	***	***	***	0	0.0	***	***
\$70k < \$100k	0	-100%	0%	-	-	-	-	1	12.0	-	-
\$100k < \$150k	2	-33%	1%	***	***	***	***	4	6.0	***	***
\$150k < \$200k	11	38%	3%	\$168,000	1%	\$153.06	-11%	4	1.6	1,000	1983
\$200k < \$250k	14	-30%	4%	\$227,490	-2%	\$169.69	-9%	23	3.3	1,293	2011
\$250k < \$300k	55	-26%	16%	\$285,000	2%	\$196.47	0%	74	3.6	1,409	2014
\$300k < \$400k	151	3%	43%	\$339,945	-1%	\$189.74	-5%	255	5.5	1,765	2024
\$400k < \$500k	48	-28%	14%	\$441,965	0%	\$216.87	1%	155	8.5	2,083	2023
\$500k < \$750k	52	4%	15%	\$566,640	-5%	\$229.64	-3%	144	8.3	2,472	2021
\$750k < \$1M	12	-33%	3%	\$783,500	-1%	\$274.87	22%	43	14.3	3,090	2000
\$1M+	2	0%	1%	***	***	***	***	34	45.3	***	***

*** Not displayed when fewer than five sales

Caldwell County

Price Cohort	Closed Sales	YoY%	% Sales	Median Price	YoY%	Median Price PSF	YoY%	Active Listings	Months Inventory	Median Square Feet	Median Year Built
\$0 < \$70k	1	100%	1%	***	***	***	***	0	0.0	***	***
\$70k < \$100k	0	-100%	0%	-	-	-	-	1	4.0	-	-
\$100k < \$150k	0	0%	0%	-	-	-	-	3	4.0	-	-
\$150k < \$200k	14	180%	8%	\$184,900	9%	\$135.29	-38%	6	2.1	1,344	2023
\$200k < \$250k	32	45%	19%	\$224,990	-3%	\$170.83	3%	14	1.7	1,360	2024
\$250k < \$300k	40	25%	24%	\$272,884	-2%	\$192.71	-2%	39	2.8	1,411	2024
\$300k < \$400k	59	37%	36%	\$333,500	3%	\$172.83	-7%	65	3.1	1,961	2024
\$400k < \$500k	9	29%	5%	\$460,000	5%	\$176.38	-20%	19	4.9	2,608	2003
\$500k < \$750k	8	0%	5%	\$565,000	-1%	\$340.05	18%	19	8.4	1,835	1997
\$750k < \$1M	2	100%	1%	***	***	***	***	15	25.7	***	***
\$1M+	1	100%	1%	***	***	***	***	4	6.0	***	***

*** Not displayed when fewer than five sales

Hays County

Price Cohort	Closed Sales	YoY%	% Sales	Median Price	YoY%	Median Price PSF	YoY%	Active Listings	Months Inventory	Median Square Feet	Median Year Built
\$0 < \$70k	0	0%	0%	-	-	-	-	0	0.0	-	-
\$70k < \$100k	0	-100%	0%	-	-	-	-	0	0.0	-	-
\$100k < \$150k	4	300%	0%	***	***	***	***	3	4.5	***	***
\$150k < \$200k	11	57%	1%	\$169,500	-1%	\$152.34	2%	14	4.1	1,108	1997
\$200k < \$250k	90	173%	7%	\$227,500	-1%	\$171.50	-5%	40	2.4	1,360	2024
\$250k < \$300k	179	57%	13%	\$284,661	0%	\$183.18	-6%	182	3.7	1,527	2023
\$300k < \$400k	467	6%	35%	\$339,000	-2%	\$185.35	-3%	581	3.8	1,853	2024
\$400k < \$500k	211	9%	16%	\$443,000	0%	\$200.60	-2%	318	5.0	2,196	2024
\$500k < \$750k	212	-7%	16%	\$585,000	0%	\$235.40	1%	376	5.7	2,602	2020
\$750k < \$1M	90	1%	7%	\$857,500	0%	\$283.35	3%	174	6.1	3,068	2015
\$1M+	67	20%	5%	\$1,325,000	0%	\$359.25	-3%	181	9.6	3,797	2015

*** Not displayed when fewer than five sales



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Housing Metrics by County

Travis County

Price Cohort	Closed Sales	YoY%	% Sales	Median Price	YoY%	Median Price PSF	YoY%	Active Listings	Months Inventory	Median Square Feet	Median Year Built
\$0 < \$70k	1	0%	0%	***	***	***	***	1	4.0	***	***
\$70k < \$100k	0	0%	0%	-	-	-	-	1	12.0	-	-
\$100k < \$150k	9	200%	0%	\$133,000	6%	\$128.56	-2%	7	3.8	1,089	1979
\$150k < \$200k	41	86%	1%	\$183,500	1%	\$279.79	20%	47	4.8	651	1983
\$200k < \$250k	71	-3%	2%	\$230,000	0%	\$299.85	0%	105	5.1	782	1984
\$250k < \$300k	175	5%	5%	\$280,000	2%	\$227.59	-11%	214	3.9	1,239	2002
\$300k < \$400k	716	5%	21%	\$351,000	-1%	\$225.14	-5%	863	3.9	1,533	2007
\$400k < \$500k	592	-23%	18%	\$443,500	0%	\$237.62	-1%	995	4.8	1,886	2010
\$500k < \$750k	854	-14%	25%	\$600,001	0%	\$287.94	0%	1,357	4.9	2,080	2005
\$750k < \$1M	382	-20%	11%	\$840,000	-1%	\$323.37	-3%	667	5.2	2,546	2004
\$1M+	513	-6%	15%	\$1,450,000	4%	\$471.72	-2%	1,306	8.0	3,354	2006

*** Not displayed when fewer than five sales

Williamson County

Price Cohort	Closed Sales	YoY%	% Sales	Median Price	YoY%	Median Price PSF	YoY%	Active Listings	Months Inventory	Median Square Feet	Median Year Built
\$0 < \$70k	0	0%	0%	-	-	-	-	0	0.0	-	-
\$70k < \$100k	1	100%	0%	***	***	***	***	1	6.0	***	***
\$100k < \$150k	3	-25%	0%	***	***	***	***	1	0.9	***	***
\$150k < \$200k	34	240%	1%	\$185,000	4%	\$139.70	-18%	10	1.7	1,200	2024
\$200k < \$250k	82	100%	3%	\$225,000	-4%	\$161.36	-3%	46	2.1	1,411	2024
\$250k < \$300k	154	11%	6%	\$282,995	1%	\$189.46	-2%	173	3.2	1,473	2017
\$300k < \$400k	861	0%	33%	\$354,895	0%	\$203.67	-4%	808	2.9	1,724	2015
\$400k < \$500k	559	-20%	22%	\$441,970	0%	\$205.31	0%	821	4.0	2,168	2018
\$500k < \$750k	628	-4%	24%	\$592,600	1%	\$219.49	-2%	1,013	5.0	2,706	2017
\$750k < \$1M	201	7%	8%	\$840,000	2%	\$246.27	-1%	305	5.0	3,399	2016
\$1M+	70	-27%	3%	\$1,187,500	-5%	\$292.10	-11%	147	6.9	4,241	2017

*** Not displayed when fewer than five sales



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QUALIFICATIONS OF THE APPRAISER

QUALIFICATIONS OF PHILLIP F. BARLETTA, MAI, SRA

PROFESSIONAL AFFILIATIONS

Member Appraisal Institute, MAI Number: 7644

Texas State Certified General Real Estate Appraiser
 Certificate Number: TX-1320197-G
 Date of Expiration: 03/31/2025

Texas Real Estate Broker, License Number: 0235500

Mr. Barletta is a designated Realtor Member of the Houston Association of Realtors and the Texas Association of Realtors. He has served as a member on the Appraisal Institute's Houston Chapter Number 33 Admissions Committee and Candidate's Guidance Committee. He has also been elected to the Houston Chapter Number 33 Board of Directors for Years 2000, 2001 and 2002, and served on the Officer's Nominating Committee for 2003, 2004, 2011, 2014, 2017 and 2019. In 2020, he was again elected to the Houston Chapter Board of Directors in 2020 for 2021.

EDUCATIONAL BACKGROUND

Mr. Barletta graduated from Sam Houston State University in Huntsville, Texas on May 21, 1977. He received a Bachelor of Business Administration degree with primary emphasis on finance, management, and real estate related courses. In addition he has successfully passed the following Appraisal Institute Courses and attended the following Seminars:

- 1) Course 1-A: Basic Appraisal Principles, Methods and Techniques (1979)
- 2) Course 8: Single-Family Residential Appraisal (1979)
- 3) Course 1B-A: Capitalization Theory and Techniques, Part A (1984)
- 4) Course 1B-B: Capitalization Theory and Techniques, Part B (1985)
- 5) Course 2-1: Case Studies and Real Estate Valuation (1985)
- 6) Course 2-2: Valuation Analysis and Report Writing (1985)
- 7) Course 2-3: Standards of Professional Practice (1985)
- 8) Seminar: Subdivision Analysis, by A.I.R.E.A., Houston, TX (1986)
- 9) Seminar: R41-b and the Appraiser, by S.R.E.A., Dallas, TX (1987)
- 10) Course 1B-B: Audited Capitalization, Part B (1987)
- 11) Seminar: FNMA Underwriting Guidelines, by S.R.E.A., Houston, TX (1987)
- 12) Seminar: FNMA Appraisal Guidelines & Condo/PUD Acceptance (2 days), by S.R.E.A., Houston, TX (1988)
- 13) Seminar: FNMA Appraisal Guidelines, by S.R.E.A., Houston, TX (1989)
- 14) Seminar: Standards of Professional Practice Update by A.I.R.E.A., Houston, TX (1989)
- 15) Seminar: Comprehensive Appraisal Workshop by Ted Whitmer, MAI, Houston, TX (Jan. 15-18, 1990)
- 16) Seminar: Affordable Housing Disposition Program by RTC, Houston, TX (Sept. 21, 1990)
- 17) Seminar: Appraising Troubled Income Properties by A.I.R.E.A., Houston, TX (Oct. 25, 1990)
- 18) Seminar: Discounted Cash Flow Analysis by A.I.R.E.A., Houston, TX (Nov. 16, 1990)
- 19) Seminar: FNMA Underwriting Guidelines by Appraisal Institute, Houston, TX (July 19, 1991)
- 20) Seminar: Valuation of Leased Fees by Appraisal Institute, Houston, TX (July 20, 1991)
- 21) Course: Standards of Professional Practice - Parts A & B by Appraisal Institute, Houston, TX (March 26-29, 1992)
- 22) Seminar: Americans with Disabilities Act (ADA) Seminar by Appraisal Institute, Houston, TX (Nov. 4, 1992)
- 23) Seminar: ARGUS Version 3.0 Training Seminar by ARGUS Financial Software, Houston, TX (Nov. 12, 1993)
- 24) Seminar: The New URAR Report, by Appraisal Institute, Houston, TX (Feb. 17, 1994)
- 25) Seminar: Fair Lending and the Appraiser, by Appraisal Institute, Houston, TX (April 8, 1994)
- 26) Seminar: Understanding Limited Appraisals & Reporting Options - General, Houston, TX (July 7, 1994)
- 27) Seminar: How to Appraise FHA Insured Property, by H.U.D., Houston, TX (Dec. 1, 1994)
- 28) Seminar: Real Estate Evaluations & The Appraisal Industry, by Appraisal Institute, Houston, TX (April 20, 1995)
- 29) Seminar: Appraisal Practices for Litigation, by Appraisal Institute, Houston, TX (May 19-20, 1995)
- 30) Seminar: The High-Tech Appraisal Office, by Appraisal Institute, Kansas City, MO (6/14/96)
- 31) Seminar: The Internet and Appraising, by Appraisal Institute, Kansas City, MO (6/15/96)
- 32) Seminar: Litigation Skills for the Appraiser: An Overview, by Appraisal Institute, Houston, TX (10/25/96)
- 33) Seminar: Understanding Limited Appraisals & Appraisal Reporting Options, by Appraisal Institute, Houston, TX (June 12, 1997)
- 34) Seminar: Affordable Housing Valuation, by Appraisal Institute, Houston, TX (June 13, 1997)
- 35) Course 430: Standards of Professional Practice, Part C, by Appraisal Institute, Houston, TX (Dec. 4-5, 1997)
- 36) Seminar: R4580 Fannie Mae Seminar, by Appraisal Institute, Houston, TX (July 17, 1998)
- 37) Seminar: The Appraisal of Local Retail Properties, by Appraisal Institute, Houston, TX (September 28, 1998)

- 38) Seminar: Attacking & Defending an Appraisal in Litigation, by Ted Whitmer, MAI, CCIM, Houston, Texas (April 15-16, 1999)
- 39) Seminar: Fannie Mae – Mortgage Lending, by Appraisal Institute, Houston, TX (November 10, 1999)
- 40) Seminar: 10th Annual Outlook for Texas Rural Land Markets, by Texas A&M University, College Station, TX (March 24, 2000)
- 41) Seminar: Subdivision Analysis, by Appraisal Institute, Houston, TX (June 20, 2000)
- 42) Seminar: HUD Multifamily Accelerated Processing (MAP), by HUD, Fort Worth, TX (September 27, 2000)
- 43) Seminar: U.S.P.A.P. 2001 Update, by Appraisal Institute, Houston, TX (February 17, 2001)
- 44) Seminar: 11th Annual Outlook for Texas Rural Land Markets, by Texas A&M University, College Station, TX (May 4, 2001)
- 45) Seminar: 2002 Commercial Real Estate Forecast, by CCIM, Houston, TX (February 14, 2002)
- 46) Seminar: Texas USPAP Update, by Appraisal Institute, Houston, TX (March 23, 2002)
- 47) Seminar: 12th Annual Outlook for Texas Rural Land Markets, by Texas A&M University, College Station, TX (May 3, 2002)
- 48) Course 430: Standards of Professional Practice, Part C, by Appraisal Institute, Houston, TX (December 12-13, 2002)
- 49) Seminar: 13th Annual Outlook for Texas Land Markets, by Texas A&M University, College Station, TX (April 10, 2003)
- 50) Course 400: U.S.P.A.P. 2004 Update, by Appraisal Institute, Houston, TX (January 24, 2004)
- 51) Course 400: U.S.P.A.P. 2005 Update, by Appraisal Institute, Houston, TX (April 14, 2005)
- 52) Seminar: 15th Annual Outlook for Texas Land Markets, by Texas A&M University, College Station, TX (April 28, 2005)
- 53) Seminar: Professional Guide to the URAR, by Appraisal Institute, Houston, TX (June 23, 2005)
- 54) Seminar: 16th Annual Outlook for Texas Land Markets, by Texas A&M University, College Station, TX (April 27, 2006)
- 55) Seminar: Subdivision Valuation, by Appraisal Institute, Houston, TX (November 9, 2006)
- 56) Seminar: Scope of Work, by Appraisal Institute, Houston, TX (January 18, 2007)
- 57) Course 400: U.S.P.A.P. 2008-09 Update, by Appraisal Institute, Houston, TX (Jan. 19, 2008)
- 58) Seminar: Analyzing Distressed Real Estate, by Appraisal Institute, Houston, TX (Dec. 11, 2008)
- 59) Seminar: Mortgage Fraud, by Champions School of R.E., Houston, TX (Jan. 16, 2009)
- 60) Seminar: 19th Annual Outlook for Texas Land Markets, by Texas A&M University, San Antonio, TX (April 6-7, 2009)
- 61) Seminar: U.S.P.A.P. 2010 – 2011 Update, by Appraisal Institute, Houston, TX (Feb. 24, 2010)
- 62) Seminar: 20th Annual Outlook for Texas Land Markets, by Texas A&M University, San Antonio, TX (May 6-7, 2010)
- 63) Seminar: Business Practices & Ethics, by Appraisal Institute, Houston, TX (Dec. 9, 2010)
- 64) Seminar: Staying out of Trouble in Appraisal Practice & A Lender's Perspective, by Appraisal Institute, Houston, TX (Feb. 26, 2011)
- 65) Seminar: Appraising Distressed Commercial Real Estate, by Appraisal Institute, Houston, TX (April 15, 2011)
- 66) Seminar: Appraisal Curriculum Overview (2-Day General), by Appraisal Institute, Austin, TX (May 10-11, 2011)
- 67) Course: Fundamentals of Separating Real & Personal Property from Intangible Business Assets, by Appraisal Institute, Chicago, IL (Dec. 15-16, 2011)
- 68) Seminar: U.S.P.A.P. 2012-2013 Update, by Appraisal Institute, Houston, TX (Feb 22, 2012)
- 69) Seminar: Complex Litigation Appraisal Case Studies, by Appraisal Institute, Houston, TX (Jan. 14, 2013)
- 70) Seminar: 23rd Annual Outlook for Texas Land Markets, by Texas A&M University, San Antonio, TX (April 25-26, 2013)
- 71) Seminar: Business Practices & Ethics, by Appraisal Institute, Houston, TX (July 31, 2013)
- 72) Seminar: U.S.P.A.P. 2014-2015 Update, by Appraisal Institute, Houston, TX (December 6, 2013)
- 73) Seminar: 24th Annual Outlook for Texas Land Markets, by Texas A&M University, San Antonio, TX (April 17-18, 2014)
- 74) Course: Texas Appraiser Trainee/Sponsor Course, Houston, TX (April 16, 2015)
- 75) Seminar: 25th Annual Outlook for Texas Land Markets, by Texas A&M University, San Antonio, TX (April 23-24, 2015)
- 76) Seminar: U.S.P.A.P. 2016 – 2017 Update, by Appraisal Institute, Houston, TX (December 11, 2015)
- 77) Seminar: 26th Annual Outlook for Texas Land Markets, by Texas A&M University, San Antonio, TX (April 28 – 29, 2016)
- 78) Seminar: Eminent Domain, by CLE International, Austin, TX (Feb 9-10, 2017)
- 79) Seminar: 27th Annual Outlook for Texas Land Markets, by Texas A&M University, San Antonio, TX (April 20-21, 2017)
- 80) Symposium: 2017 Real Estate Symposium/TALCB Course #32884, by Appraisal Institute, Houston, TX (August 18, 2017)
- 81) Seminar: Business Practices & Ethics, by Appraisal Institute, Houston, TX (Oct. 13, 2017)
- 82) Course: U.S.P.A.P. 2018-2019, 7-Hour Update, by Appraisal Institute, Houston, TX (Dec. 7, 2017)
- 83) Seminar: 28th Annual Outlook for Texas Land Markets, by Texas A&M University, San Antonio, TX (April 26-27, 2018)
- 84) Symposium: 2018 Real Estate Symposium, by Appraisal Institute, Houston, TX (September 28, 2018)
- 85) Seminar: 29th Annual Outlook for Texas Land Markets, by Texas A&M University, San Antonio, TX (April 25-26, 2019)
- 86) Symposium: 2019 Real Estate Symposium, TALCB Course #37477, By Appraisal Institute, Houston, TX (Sept. 26, 2019)
- 87) Seminar: U.S.P.A.P. 2020-2021, 7-Hour Update, by Appraisal Institute, Houston, TX (Dec. 13, 2019)
- 88) Course: Eminent Domain & Condemnation by Appraisal Institute Online, (Sept. 10, 2020)
- 89) Seminar: Business Practice and Ethics, by Appraisal Institute, Live Online-Synchronous (July 27, 2021)
- 90) Course: U.S.P.A.P. 2022-2023, 7-Hour Update by Appraisal Institute, Austin, TX (Dec. 17, 2021)
- 91) Seminar: 31st Annual Outlook for Texas Land Markets, by Texas A&M University, San Antonio, TX (April 28-29, 2022)
- 92) Symposium: 2022 Real Estate Symposium, by Appraisal Institute, Houston, TX (Oct. 25, 2022)
- 93) Course: Supervisory Appraiser Course, by Appraisal Institute, Synchronous, Houston, TX (Dec. 2, 2022)
- 94) Seminar: 32nd Annual Outlook for Texas Land Markets, by Texas A&M University, San Antonio (April 13-14, 2023)
- 95) Symposium: 2023 Houston Real Estate Symposium – Riding the Waves of Market Volatility, Houston, TX (Sept. 19, 2023)
- 96) Course: U.S.P.A.P. 2024-2025, 7-Hour Update, by Appraisal Institute, Houston, TX (Dec. 15, 2023)
- 97) Seminar: 33rd Annual Outlook for Texas Land Markets, by Texas A&M University, San Antonio, TX (April 4-5, 2024)
- 98) Symposium: 2024 Real Estate Symposium by Appraisal Institute, Houston, TX (Oct. 23, 2024)

APPRAISAL BACKGROUND

Mr. Barletta began appraising in January, 1977. He has had extensive experience in appraising all types of commercial and residential properties (listed below) in the Houston, Dallas/Ft. Worth, Austin and San Antonio regions, plus numerous other cities throughout Texas. In August, 1987, Mr. Barletta became a partner in an appraisal company in which he held the title President. In 1991, he formed a new company, BARLETTA & ASSOCIATES, INC., where he also holds the title of President, with offices at 1313 Campbell Road, Suite C, Houston, Texas 77055-6429.

Some of the various types of appraisals performed by Mr. Barletta would include: high-end single-family residences, two-to-four unit residential income properties, raw land, mixed-use developed commercial sites, master-planned residential subdivisions, condominium/PUD projects, conventional and HUD apartment projects, office buildings, shopping centers, office/warehouses, special-purpose properties, motels/hotels, golf courses, marinas, restaurants, various commercial/retail facilities, all types of industrial properties and eminent domain/condemnation properties. Mr. Barletta has also been qualified as an expert witness in various court matters for real property valuation by numerous attorneys, and he has arbitrated and reviewed a number of legal issues.

Texas Address:	1313 Campbell Road, Suite C Houston, Texas 77055-6429
Phone Number:	(713) 464-7700
Fax Number:	(713) 464-3696
E-Mail:	phillip@barlettainc.com



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APPENDIX F

FORM OF IMPROVEMENT AREA #1 REIMBURSEMENT AGREEMENT

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**PERSIMMON PUBLIC IMPROVEMENT DISTRICT CONSTRUCTION, FUNDING,
REIMBURSEMENT AND ACQUISITION AGREEMENT
(IMPROVEMENT AREA #1)**

THIS PERSIMMON PUBLIC IMPROVEMENT DISTRICT CONSTRUCTION, FUNDING, REIMBURSEMENT AND ACQUISITION AGREEMENT (IMPROVEMENT AREA #1) (this “**Agreement**”), dated as of _____, 2025, is by and between (i) the **CITY OF BUDA, TEXAS**, a Texas home rule municipal corporation (the “**City**”), (ii) **BAILEY LAND INVESTMENTS, LP**, a Texas limited partnership, and **ARMBRUSTER LAND INVESTMENTS, LP**, a Texas limited partnership (collectively, the “**Landowner**”), and (iii) **BAILEY COMMUNITY DEVELOPMENT INC.**, a Texas corporation, and **ARMBRUSTER DEVELOPMENT, INC.**, a Texas corporation (collectively, the “**Developer**”).

**ARTICLE I
DEFINITIONS**

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

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

“**Actual Costs**” means the “Actual Costs” (as that term is defined in the Indenture) of the Improvement Area #1 Projects actually paid or incurred for construction and installation of the Improvement Area #1 Projects in accordance with the Service and Assessment Plan.

“**Administrator**” means, initially, P3Works, LLC, or any other individual or entity designated by the City to administer the District.

“**Annual Installment**” means each annual payment of: (i) the Assessments (including the principal of and interest on), as shown on the Improvement Area #1 Assessment Roll attached as Exhibit E-1 to the Service and Assessment Plan and calculated as provided in Section VI of the Service and Assessment Plan, (ii) Annual Collection Costs (as defined in the Indenture), and (iii) the Additional Interest (as defined in the Indenture).

“**Assessments**” means the assessments levied against property within Improvement Area #1 in the District, as provided for in an Assessment Ordinance and in the Service and Assessment Plan, and any supplemental assessments or reallocation of assessments levied in accordance with Sections 372.019 and 372.020 of the Act.

“**Bond Ordinance**” means an ordinance to be adopted by the City Council authorizing the issuance of the Bonds or any Bonds Similarly Secured pursuant to an Indenture.

“Bonds” means the City’s bonds designated “City of Buda, Texas Special Assessment Revenue Bonds, Series 2025 (Persimmon Public Improvement District Improvement Area #1 Project),” and any Bonds Similarly Secured.

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

“Certification for Payment” means the certificate, substantially in the form attached as **Exhibit C** hereto or otherwise mutually agreed to by the Developer, Administrator, and City Representative, executed by an engineer, construction manager, or other person or entity acceptable to the City, as evidenced by the signature of a City Representative, specifying the amounts to be reimbursed to Developer for Actual Costs of Improvement Area #1 Projects.

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

“City Manager” means the City Manager of the City, or his or her designee.

“City Representative” means the City Manager, or any other official or agent of the City later authorized by the City in writing to undertake the action referenced herein.

“Closing Disbursement Request” means the certificate, substantially in the form of **Exhibit B** hereto or otherwise mutually agreed to by the Landowner, Developer, Administrator, and City Representative, executed by an engineer, construction manager or other person or entity acceptable to the City, as evidenced by the signature of a City Representative, specifying the amounts to be disbursed for the costs related to the creation of the District (if any disbursement is requested by the Landowner or the Developer) and the costs of issuance of the Bonds.

“Construction Contracts” means the contracts for the construction of an Authorized Improvement. “Construction Contract” means any one of the Construction Contracts.

“Cost” means the Budgeted Costs or the costs of an Improvement Area #1 Project as reflected in a Construction Contract and the Service and Assessment Plan, if greater than the Budgeted Costs.

“Cost of Issuance Account” means the account of such name in the Project Fund created under Section 6.1 of the Indenture.

“Cost Overruns” means, with respect to each Improvement Area #1 Project, the amount by which the Actual Cost, as appropriate, of such Improvement Area #1 Project, respectively, is in excess of its Budgeted Costs.

“Cost Underrun” means, with respect to each Improvement Area #1 Project, the amount by which the Actual Cost, as appropriate, of such Improvement Area #1 Project, respectively, is less than its Budgeted Costs.

“Developer Fiscal Surety” means (i) evidence of available funds to the Landowners in cash, (ii) a letter of credit, or (iii) a reasonably acceptable lending facility, in the amount of \$_____ to cover the portion of the Actual Costs that is not reimbursed with the proceeds of the Bonds.

“Development Agreement” means that certain “City of Buda Development Agreement Bailey/Armbruster Tract Subdivision” effective as of June 18, 2024, entered into between the City and Landowner.

“District” shall mean the Persimmon Public Improvement District created by the City pursuant to City Resolution No. 2024-R-43.

“Final Completion” means completion of an Authorized Improvement, as applicable, in compliance with existing City standards for dedication under the City’s ordinances, including any remaining “punch-list” items to be completed after Substantial Completion (as hereinafter defined).

“Improvement Area #1” means that certain approximately 117.502-acre portion of the District more particularly identified on **Exhibit A-1** attached hereto and further defined in the Service and Assessment Plan.

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

“Improvement Area #1 Improvements” mean the public improvements allocable only to Improvement Area #1 listed in Section III of the Service and Assessment Plan. An individual Improvement Area #1 Improvement, including a completed segment, section or part, shall be referred to as an **“Improvement Area #1 Improvement”**.

“Improvement Area #1 Projects” means Improvement Area #1 Improvements and Improvement Area #1’s allocable share of the Major Improvements (as defined in the Service and Assessment Plan). An individual Improvement Area #1 Project, including a completed segment, section or part thereof, shall be referred to as an **“Improvement Area #1 Project”**.

“Indenture” means the Indenture of Trust for Improvement Area #1 between the City and U.S. Bank Trust Company, National Association, as trustee, dated as of _____, 2025 relating to the Bonds, and any Supplemental Indenture authorizing the issuance of such series of Bonds Similarly Secured.

“Major Improvements” has the same meaning as set forth in the Service and Assessment Plan.

“PID Bonds” means bonds issued by the City, in one or more series, to finance the Authorized Improvements that confer a special benefit on the property within the District.

“Plans” means the plans, specifications, schedules and related construction contracts for the Authorized Improvements (as that term is defined in the Indenture), respectively, approved pursuant to the applicable standards, ordinances, procedures, policies and directives of the City and any other applicable governmental entity.

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

“Remainder Area” means that certain approximately 656.733-acre portion of the District more particularly identified on **Exhibit A-2** attached hereto.

“Service and Assessment Plan” means the Persimmon Public Improvement District Service and Assessment Plan, as may be updated or amended, adopted by a City ordinance on _____, 2025 by the City Council, prepared pursuant to the Act.

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

“Supplement” means a written document agreed upon by the parties to this Agreement amending, supplementing or otherwise modifying this Agreement and any exhibit hereto.

“TIRZ” means that certain tax increment reinvestment zone over the area comprising the area covered by the District known as the “Tax Increment Reinvestment Zone Number Three, City of Buda, Texas (Persimmon Development)” established pursuant to City Ordinance No. 2024-43.

“TIRZ Ordinance” means that certain City Ordinance No. 2024-43.

“TIRZ Reimbursement Agreement” means the Tax Increment Reinvestment Zone Number Three, City of Buda, Texas (Persimmon Development) entered into on _____, 2025 by and between the City, the Developers, and the Board of Directors of the TIRZ.

ARTICLE II RECITALS

Section 2.01. The District and the Authorized Improvements.

(a) The City has created the District under the Act for the financing of, among other things, the acquisition, construction and installation of the Authorized Improvements.

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

(c) The Developer represents that all Improvement Area #1 Projects are eligible to be financed with proceeds of the Bonds to the extent specified herein.

(d) The proceeds from the issuance and sale of the Bonds shall be deposited in accordance with the Indenture.

(e) Developer will undertake, oversee, or ensure the construction and development of the Authorized Improvements for acquisition and acceptance by the City, in accordance with the terms and conditions of this Agreement and the Development Agreement.

(f) Pursuant to the TIRZ Ordinance, the City (i) entered into an Interlocal Agreement (the “Interlocal Agreement”) with Hays County, Texas (the “County”) to set forth the conditions governing the contribution of the tax increment by the City and current, annually appropriated funds by the County to the TIRZ; (ii) created and established the TIRZ, (iii) created the TIRZ’s board of directors and delegated the board’s powers, (iv) established the duration of the TIRZ until December 31, 2069 or until at such time that the obligations of the TIRZ have been paid in full, (v) established a tax increment base as the appraised value of the property in the District on January 1, 2024 (the “**Tax Increment Base**”), and (vi) created and established a tax increment fund into which all “tax increments” (as defined in Chapter 311 of the Texas Tax Code (the “TIRZ Act”)) will be deposited (the “**TIRZ Fund**”), all as a financing mechanism for completion of Authorized Improvements and to offset costs for the Landowner and the Developer and, ultimately, for the future residents.

(g) Pursuant to the terms of the Development Agreement, the Interlocal Agreement, the TIRZ Ordinance, and the TIRZ Project and Financing Plan, the City agrees to allocate and collect for payment of costs of the Authorized Improvements (i) fifty percent (50%) of the City’s ad valorem tax increment attributable to Subzone A (as defined in the TIRZ Project and Financing Plan) of the District, and (ii) seventy-five (75%) of the of the City’s ad valorem tax increment attributable to Subzone B (as defined in the TIRZ Project and Financing Plan) of the District; and the County has agreed to allocate and collect fifty percent (50%) of the County’s ad valorem tax increment attributable to Subzone A. The anticipated use of the TIRZ revenues will be for the (i) payment of the TIRZ administrative expenses, and (ii) payment of the Authorized Improvements, through a reduction of a portion of the Assessments and interest components of the Annual Installments, as further described in the TIRZ Reimbursement Agreement, the TIRZ Project and Financing Plan and the Service and Assessment Plan (collectively, the “TIRZ Documents”). In accordance with the TIRZ Documents, the tax increment revenues obtained from the TIRZ shall be placed into the separate TIRZ Fund. To the extent funds are available in the TIRZ Fund, the monies in the TIRZ Fund shall be distributed in accordance with the TIRZ Documents in the following order of priority: (i) first, to pay the administrative expenses for the TIRZ; (ii) second, transferred annually on a parcel-by-parcel and pro-rata basis to the applicable bond fund for the payment of debt service on the respective series of PID Bonds, including the Bonds, and used to

off-set or pay a portion of the Annual Installment (as defined in the Service and Assessment Plan for the applicable improvement area) of Assessments levied within the District securing such PID Bonds in an amount not to exceed the TIRZ No. 3 Maximum Annual Credit Amount (as defined in the Service and Assessment Plan); and (iii) third, any excess TIRZ revenue may be used in any other manner as authorized by the City and allowed pursuant to the TIRZ Act.

(h) The City, Landowner, and Developer acknowledge and agree that it is the intention to issue Bonds for Improvement Area #1 after a portion of the construction of the Improvement Area #1 Projects has commenced to provide funding for such work. Prior to the issuance of such Bonds, any Assessments collected by the City may also be utilized by Developer as provided herein. The City agrees that, subject to the Developer's Fiscal Surety, Assessments and TIRZ revenues in the TIRZ Fund may be used as follows: after any Bonds are issued with respect to any Authorized Improvements, (i) the Assessments levied against the property in the District will be deposited and applied in accordance with the Indenture, and (ii) the TIRZ revenues in the TIRZ Fund may be used as provided in Section 2.01(g) above. Notwithstanding the foregoing, the Developer may seek reimbursement from any Assessments levied prior to issuance of the Bonds (if any) with respect to Improvement Area #1. The interest on Actual Costs to be reimbursed shall be calculated from the date such reimbursable Actual Costs were paid by Developer at the interest rate 4% per annum, calculated from the respective dates of the expenditures until the date of reimbursement therefor. Notwithstanding the preceding clause, and in accordance with the PID Act, the interest rate due under this Agreement (i) may not exceed, for a period of not more than five (5) years, as determined by the City, five (5) percent above the highest average index rate for tax-exempt bonds reported in a daily or weekly bond index approved by the City and reported in the month before the date the obligation was incurred; and (ii) after the period described in (i), may not exceed two (2) percent above the bond index rate described by (i).

(i) With respect to the Remainder Area, the City acknowledges and agrees that as part of the public improvements being constructed pursuant to this Agreement, the Landowner and Developer intend to construct Major Improvements that benefit both Improvement Area #1 and the Remainder Area.

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

ARTICLE III FUNDING

Section 3.01. Bonds.

(a) The City, in connection with this Agreement, is proceeding with the issuance and delivery of the Bonds, levy and subsequent collection of Assessments, and collection of TIRZ revenues.

(b) The projects to be financed in part with the proceeds of the Bonds, Assessments (as applicable) and TIRZ revenues (as applicable) are the Improvement Area #1 Projects. The payment of Actual Costs from the proceeds of the Bonds for such Improvement Area #1 Projects shall be made from the Improvement Area #1 Improvement Account as established under the Indenture. The payment of Actual Costs from TIRZ revenues shall be made from the TIRZ Fund to the extent available and as established in the TIRZ Documents.

(c) The City's obligation with respect to the payment of the Improvement Area #1 Projects shall be subject to satisfaction of the Developer Fiscal Surety and shall be limited to the lesser of the Actual Costs or Budgeted Costs, and shall be payable solely from amounts on deposit for the payment of such costs as provided herein, in the Indenture and in the TIRZ Documents. Developer agrees and acknowledges that it is responsible for all Cost Overruns and all expenses related to the Improvement Area #1 Projects, qualified, however, by the distribution of Cost Underrun monies, as detailed in Section 4.04.

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

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

Section 3.02 Accounts. All disbursements from the Improvement Area #1 Improvement Account, from collected Assessments (as applicable), and/ or the TIRZ Fund (as applicable) shall be made by the City in accordance with provisions of the Development Agreement, the Service and Assessment Plan, this Agreement, the TIRZ Documents (as applicable), and the Indenture.

ARTICLE IV

CONSTRUCTION OF THE IMPROVEMENT AREA #1 IMPROVEMENTS AND THE REMAINDER AREA IMPROVEMENTS

Section 4.01. Duty of Developer to Construct.

(a) All Authorized Improvements shall be constructed by or at the direction of Developer in accordance with the Plans and in accordance with this Agreement and the Development Agreement. Developer shall perform, or cause to be performed, all of its obligations and shall conduct, or cause to be conducted, all operations with respect to the construction of the Authorized Improvements in a good, workmanlike and commercially reasonable manner, with the standard of diligence and care normally employed by duly qualified persons utilizing their commercially reasonable efforts in the performance of comparable work and in accordance with

generally accepted practices appropriate to the activities undertaken. Developer shall employ at all times adequate staff or consultants with the requisite experience necessary to administer and coordinate all work related to the design, engineering, acquisition, construction and installation of all Authorized Improvements to be acquired and accepted by the City from Developer as provided in this Agreement.

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

Section 4.02. No Competitive Bidding. The Parties acknowledge and agree that the Authorized Improvements do not currently 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, Developer is an independent contractor and not the agent or employee of the City with respect to the Authorized Improvements.

Section 4.04. Remaining Funds After Completion of an Improvement Area #1 Project. Upon the Final Completion of an Improvement Area #1 Project (or segment or section thereof), and payment of all outstanding invoices for such Improvement Area #1 Project, as applicable, any Cost Underrun for such Improvement Area #1 Project may be made available to pay Cost Overruns on any other Improvement Area #1 Project for Improvement Area #1, as applicable. The City shall promptly confirm to the Administrator that such remaining amounts are available to pay such Cost Overruns, and Developer, the Administrator and the City Representative will agree how to use such moneys to secure the payment and performance of the work for other Improvement Area #1 Projects, as applicable. Prior to completion of an Improvement Area #1 Project (or segment or section thereof), any anticipated Cost Underrun for such Major Improvement benefitting Improvement Area #1 and/ or Improvement Area #1 Improvement (or segment or section thereof) may be applied to any Cost Overruns on any other Improvement Area #1 Project within Improvement Area #1, as set forth in more detail in the Indenture. If, upon completion of the Improvement Area #1 Projects (or segment or section thereof) in any improvement category, there are funds remaining in any improvement categories, those funds can then be used to reimburse Developer for any qualifying costs of the Improvement Area #1 Projects (or segment or section thereof) that have not been previously paid.

Section 4.05. Contracts and Change Orders. 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 Authorized Improvements. Developer or its contractors may approve and implement any change orders, even if such change order would increase the Actual Cost of an Authorized Improvement, but 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 the event that the Developer elects to seek disbursement at closing of the Bonds for the costs related to the creation of the District, then in order to receive the disbursement from the Improvement Area #1 Improvement Account related to such cost of District creation, Developer shall execute a Closing Disbursement Request, substantially in the form of **Exhibit B** hereto or otherwise acceptable and agreed to by the City, to be delivered to the City no less than five (5) 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 at closing for an Improvement Area #1 Project from the Improvement Area #1 Improvement Account, Developer shall execute a Certification for Payment (as set forth in Section 5.02 below) to be delivered to the Administrator and the City no later than five (5) business days prior to the scheduled Closing Date for the Bonds for payment in accordance with the provisions of the Indenture. Upon approval by the City, the City shall submit a Closing Disbursement Request or a Certification for Payment, as applicable, to the Trustee for disbursement to be made from the Improvement Area #1 Improvement Account.

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

(a) No payment hereunder shall be made from the Project Fund to Developer for work on an Improvement Area #1 Project until a Certification for Payment is received by the City Representative and the Administrator from Developer. Upon receipt of a Certification for Payment from Developer, the City Inspector shall promptly conduct a review in order to confirm that such request is complete, that the work with respect to such Improvement Area #1 Project identified therein for which payment is requested was completed in accordance with all applicable governmental laws, rules and regulations and applicable Plans therefor and with the terms of this Agreement, and to verify and approve the Actual Cost of such work specified in such Certification for Payment. The Administrator and the City Inspector and/or the City Representative shall also conduct such review as is required in their discretion to confirm the matters certified in the Certification for Payment. Developer agrees to cooperate with the City Inspector and/or City Representative in conducting each such review and to provide the Administrator and City Inspector and/or City Representative with such additional information and documentation as is reasonably necessary for them to conclude each such review. In no event shall the Administrator or the City require both an all-bills-paid affidavit and copies of cleared checks to be provided as additional documentation. The City agrees that providing either an all-bills-paid affidavit or copies of cleared checks shall be sufficient.

(b) Within ten (10) business days of receipt of any Certification for Payment, the City Representative shall either (i) approve and execute the Certification for Payment and deliver the

approved, executed Certification for Payment to the Trustee for payment to Developer, in whole or in part, in accordance with Section 5.03(a) hereof or (ii) in the event the City Representative disapproves the Certification for Payment, give written notification, within ten (10) business days of receipt thereof, to 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 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 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 Developer. Any appeal to and action of the City Council on appeal is subject to the standards and procedures governing the subject of the appeal under applicable ordinances, and this Agreement and the remedies allowed under this subsection do not and may not supersede the requirements of such applicable ordinances.

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

(e) Developer shall not submit Certifications for Payment more frequently than once per month.

Section 5.03. Payment for Improvement Area #1 Projects.

(a) Subject to satisfaction of the Developer Fiscal Surety, upon receipt of a reviewed and approved Certification for Payment, the Trustee shall make payment from the Improvement Area #1 Improvement Account, pursuant to the terms of the Certification for Payment and the Indenture in an amount not to exceed the Budgeted Cost for the particular Improvement Area #1 Project (or a completed segment or section thereof), unless a Cost Overrun amount has been approved for a particular Improvement Area #1 Project. If a Cost Overrun amount has been approved, then the amount reimbursed shall not exceed the Budgeted Amount plus the approved Cost Overrun amount.

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

(c) Notwithstanding any other provisions of this Agreement, and unless otherwise directed by Developer, when payment is made, the Trustee shall make payment directly to the Developer (or any permitted assignee of Developer) as reimbursement for payments by Developer to the general contractor or supplier of materials or services, as indicated in an approved Certification for Payment, out of available funds in the Improvement Area #1 Improvement Account.

(d) Nothing in this Agreement shall be deemed to prohibit Landowner, 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 Developer or the City with respect thereto, including the withholding of any payment that may be associated with the exercise of such remedy, so long as such delay in performance shall not subject the Improvement Area #1 Project, as applicable, to foreclosure, forfeiture, or sale. In the event that any such mechanics or materialman's lien and/or judgment with respect to any Improvement Area #1 Project is contested, Developer shall post or cause delivery of a surety bond or other type of surety in the amount reasonably determined by the City or City may decline to accept the Improvement Area #1 Project until such mechanics or materialman's lien and/or judgment is satisfied.

ARTICLE VI OWNERSHIP AND TRANSFER OF IMPROVEMENT AREA #1 IMPROVEMENT OR REMAINDER AREA IMPROVEMENT

Section 6.01. Authorized Improvement Constructed on City Land or Landowner Land. If the applicable Authorized Improvement is on land owned by the City, the City hereby grants to Developer a license to enter upon such land for purposes related to construction (and maintenance pending acquisition and acceptance) of the Authorized Improvement, as applicable. If the Authorized Improvement is on land owned by Landowner, Landowner hereby grants to the City a license to enter upon such land for purposes related to inspection and maintenance (pending acquisition and acceptance) of the Authorized Improvement, as applicable. The grant of the license shall not relieve Landowner or Developer of any obligation to grant the City title to property and/or easements related to the Authorized Improvement as required by the Development Agreement or this 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 Authorized Improvement. The provisions for inspection and acceptance of such Authorized Improvement otherwise provided herein shall apply.

ARTICLE VII REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 7.01. Representations, Covenants and Warranties of Landowner and Developer. Landowner and Developer represent and warrant for the benefit of the City as follows, where applicable:

(a) Organization. Landowner consists of two limited partnerships duly formed, organized and validly existing under the laws of the State of Texas, are in compliance with the laws of the State of Texas, and have the power and authority to own their properties and assets and

to fulfill its obligations in this Agreement and the Development Agreement, and to carry on their business in the State of Texas as now being conducted as hereby contemplated. Developer consists of two corporations duly formed, organized and validly existing under the laws of the State of Texas, are in compliance with the laws of the State of Texas, and have the power and authority to own their properties and assets and to fulfill its obligations in this Agreement and the Development Agreement, and to carry on their business in the State of Texas as now being conducted as hereby contemplated.

(b) Authority. Developer and Landowner have 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 Developer and Landowner.

(c) Binding Obligation. This Agreement is a legal, valid, and binding obligation of Developer and Landowner, enforceable against Developer and Landowner in accordance with its terms, subject to bankruptcy and other equitable principles.

(d) Compliance with Law. Developer and Landowner shall not commit, suffer or permit any act to be done in, upon or to the lands in the District or the Improvement Area #1 Projects in violation of any law, ordinance, rule, regulation or order of any governmental authority or any covenant, condition or restriction now or hereafter affecting the lands in the District or the Improvement Area #1 Projects.

(e) Requests for Payment. Developer and Landowner 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, or costs associated with, Improvement Area #1 Projects, and (ii) it will diligently follow all procedures set forth in this Agreement with respect to the Certifications for Payment.

(f) Financial Records. For a period of two years after completion of the Authorized Improvements, as applicable, Developer covenants to maintain proper books of record and account for the construction of the Authorized Improvements and all Actual 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. 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. Developer further agrees that, subject to the terms hereof, the Authorized Improvements have been or will be constructed in full compliance with such Plans and any change orders thereto consistent with the Act, this Agreement and the Development Agreement.

(h) Additional Information. Developer and Landowner agree 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 Authorized

Improvements within the District, the anticipated completion dates for future improvements and any other matter that the initial purchaser of the Bonds or City Representative deems material to the investment quality of the Bonds.

(i) Continuing Disclosure Agreement. Developer and/ or Landowner agrees to provide the information required pursuant to a continuing disclosure agreement executed by the Developer and/or Landowner in connection with the Bonds.

(j) Tax Certificate.

(i) 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**”).

(ii) 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. Developer further covenants that (1) 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 Developer providing such facts and estimates, true, correct and complete as of that date, and (2) Developer will make reasonable inquiries to ensure such truth, correctness and completeness. 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 proceeds of the Bonds (including, but not limited to, the use of the Improvement Area #1 Projects) that would cause any of the covenants or agreements of the City contained in the Tax Certificate to be violated or that would otherwise have an adverse effect on the tax-exempt status of the interest payable on the Bonds for federal income tax purposes.

(k) Qualified Tax-Exempt Status.

(i) In any calendar year in which PID Bonds are issued, the Developer and Landowner agree to pay the City additional costs ("Additional Costs") the City may incur in the issuance of City obligations (the "City Obligations") as described in this Section 7.01(k) 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 of 1986, 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 7.01(k) 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; provided, however that if the City fails to use diligent, good faith efforts to issue PID Bonds as required and that failure causes PID Bonds to be issued in a different calendar year or not be issued

at all, the City shall refund to Developer all Additional Costs paid by Developer as a result of such failure. Additionally, the City will (1) provide the Developer and Landowner on an annual basis no later than August 15th each year the projected amount of City Obligations to be issued in the upcoming year based on its annual budget process, and (2) upon request of the Developer will provide Developer and Landowner any updates to the project amount of City Obligations to be issued such upcoming year.

(ii) In the event the City issues PID Bonds prior to the issuance of City Obligations, the City's Financial Advisor shall calculate the estimated Additional Costs based on the market conditions as they exist approximately thirty (30) calendar days prior to the date of the pricing of the PID Bonds (the "Estimated Additional Costs"), and the City shall provide a written invoice to the Developer and Landowner. Unless otherwise agreed to in writing by the City, the Developer and/or Landowner shall pay such Estimated Additional Costs to the City on or before the earlier of (i) fifteen (15) business days after the date of the City's invoice and (ii) five (5) business days prior to pricing the PID Bonds. The City shall not be required to price or sell any issue of PID Bonds until the Developer and/or Landowner have paid to the City the Estimated Additional Costs related to the PID Bonds then being issued. The Estimated Additional Costs are an estimate of the increased cost to the City to issue its City Obligations as non-QTEO. Upon the City's approval of the City Obligations, the City's Financial Advisor shall calculate the actual Additional Costs to the City of issuing its City Obligations as non-QTEO (the "Actual Increased Costs"). The City will, within five (5) business days of the issuance of the City Obligations, notify the Developer of the Actual Increased Costs. In the event the Actual Increased Costs are less than the Estimated Additional Costs, the City will refund to the Developer the difference between the Actual Increased Costs and the Estimated Additional Costs within ten (10) business days of the date of the City's notice to the Developer and Landowner of the Actual Increased Costs. If the Actual Increased Costs are more than the Estimated Additional Costs, the Developer and/or Landowner will pay to the City the difference between the Actual Increased Costs and the Estimated Additional Costs within ten (10) business days of the date of the City's notice to the Developer and Landowner of the Actual Increased Costs. If the Developer and/or Landowner does not pay the City the difference between the Actual Increased Costs and the Estimated Additional Costs within ten (10) business days of the date of the City's notice to the Developer and Landowner of the Actual Increased Costs, the Developer shall not be reimbursed for any Actual Costs until such payment is made in full.

(iii) In the event the City issues City Obligations prior to the issuance of PID Bonds, the City's Financial Advisor shall calculate the estimated Additional Costs based on the market conditions as they exist approximately twenty (20) days prior to the date of the pricing of the City Obligations (the "Estimated Additional City Obligation Costs"), and the City shall provide a written invoice to the Developer and Landowner. The Developer and/or Landowner shall pay such Estimated Additional City Obligation Costs to the City at least five (5) business prior to pricing the City Obligations. If the Developer and/or Landowner has not paid the Estimated Additional City Obligation Costs to the City by the required time, the City, at its option, may elect to designate such City Obligations as QTEO, and the City shall not be required to issue any PID Bonds in such calendar year. The Estimated Additional City Obligation Costs are an estimate of the increased cost to the City to issue its City Obligations as non-QTEO. Upon the City's approval of the City Obligations, the City's Financial Advisor shall calculate the actual Additional Costs to

the City of issuing its City Obligations as non-QTEO (the "Actual Increased City Obligation Costs"). The City will, within five (5) business days of the issuance of the City Obligations, notify the Developer and Landowner of the Actual Increased City Obligation Costs. In the event the Actual Increased City Obligation Costs are less than the Estimated Additional City Obligation Costs, the City will refund to the Developer and/or Landowner the difference between the Actual Increased City Obligation Costs and the Estimated Additional City Obligation Costs within ten (10) business days of the date of the City's notice to the Developer and Landowner of the Actual Increased City Obligation Costs. If the Actual Increased City Obligation Costs are more than the Estimated Additional City Obligation Costs, the Developer and/or Landowner will pay to the City the difference between the Actual Increased City Obligation Costs and the Estimated Additional City Obligation Costs within fifteen (15) business days of the date of the City's notice to the Developer and Landowner of the Actual Increased City Obligation Costs. If the Developer and/or Landowner does not pay the City the difference between the Actual Increased City Obligation Costs and the Estimated Additional City Obligation Costs within fifteen (15) business days of the date of the City's notice to the Developer and Landowner of the Actual Increased City Obligation Costs, the Developer and/or Landowner shall not be reimbursed for any Actual Costs until such payment is made in full.

(iv) To the extent any developer(s) or owner(s) (including the Developer, as applicable) has (have) paid Additional Costs for any particular calendar year, any such Additional Costs paid subsequently by a developer or owner (including the Developer and Landowner, as applicable) to the City applicable to the same calendar year shall be reimbursed by the City to the developer(s) or owner(s) (including the Developer and Landowner, as applicable) as necessary so as to put all developers and owners so paying for the same calendar year in the proportion set forth in the next paragraph, said reimbursement to be made by the City within ten (10) business days after its receipt of such subsequent payments of such Additional Costs.

(v) The City shall charge Additional Costs attributable to any other developer or owner on whose behalf the City has issued debt in the same manner as described in this Section 7.01(k), and the Developer and/or Landowner shall only be liable for their portion of the Additional Costs under this provision, and if any Additional Costs in excess of the Developer and/or Landowner's portion had already been paid to the City under this provision, then such excess of Additional Costs shall be reimbursed to the Developer and/or Landowner. The portion owed by the Developer and/or Landowner shall be determined by dividing the total proceeds of the Bonds from any debt issued on behalf of the Developer and/or Landowner in such calendar year by the total proceeds of the Bonds from any debt issued by the City for the benefit of all owners or developers (including the Developer and Landowner) in such calendar year.

(vi) If in any calendar year the City issues City Obligations or PID Bonds on its own account that exceed the amount that would otherwise qualify the City for the issuance of bank qualified debt, then no Additional Costs shall be due from the Developer and/or Landowner in connection with such PID Bonds. The Additional Costs incurred with respect to such PID Bonds shall be allocated as described above, and if any Additional Costs had already been paid by the Developer to the City for such calendar year, then such excess of Additional Costs shall be reimbursed to the Developer and/or Landowner within five (5) business days of the issuance of such City Obligations or PID Bonds, as applicable.

(vii) Notwithstanding any provision in this Section 7.01(k) to the contrary, the Parties recognize and agree that the provisions of this Section 7.01(k) are intended to compensate the City in the event the issuance of PID Bonds prevents the City from issuing other obligations as QTEO and the City may, in its sole discretion, waive the applicability of this Section 6.11 in any calendar year and such waiver does not impact the applicability of this Section 6.11 in future calendar years.

(l) Financial Resources. Developer and Landowner represent and warrant 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. DEVELOPER AND LANDOWNER 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 DEVELOPER OR LANDOWNER; (II) THE NEGLIGENT DESIGN, ENGINEERING, AND/OR CONSTRUCTION BY DEVELOPER, LANDOWNER OR ANY ARCHITECT, ENGINEER OR CONTRACTOR HIRED BY DEVELOPER OR LANDOWNER OF ANY OF THE AUTHORIZED IMPROVEMENTS ACQUIRED FROM DEVELOPER OR LANDOWNER HEREUNDER; (III) DEVELOPER OR LANDOWNER’S NONPAYMENT UNDER CONTRACTS BETWEEN DEVELOPER OR LANDOWNER AND ITS CONSULTANTS, ENGINEERS, ADVISORS, CONTRACTORS, SUBCONTRACTORS AND SUPPLIERS IN THE PROVISION OF THE AUTHORIZED IMPROVEMENTS; (IV) ANY CLAIMS OF PERSONS EMPLOYED BY DEVELOPER OR LANDOWNER OR ITS AGENTS TO CONSTRUCT THE AUTHORIZED IMPROVEMENTS; OR (V) ANY CLAIMS AND SUITS OF THIRD PARTIES, INCLUDING BUT NOT LIMITED TO DEVELOPER OR LANDOWNER’S RESPECTIVE PARTNERS, OFFICERS, DIRECTORS, EMPLOYEES, REPRESENTATIVES, AGENTS, SUCCESSORS, ASSIGNEES, VENDORS, GRANTEES AND/OR TRUSTEES, REGARDING OR RELATED TO THE AUTHORIZED IMPROVEMENTS OR ANY AGREEMENT OR RESPONSIBILITY REGARDING THE AUTHORIZED IMPROVEMENTS, INCLUDING CLAIMS AND CAUSES OF ACTION WHICH MAY ARISE OUT OF THE SOLE OR PARTIAL NEGLIGENCE OF AN INDEMNIFIED PARTY (THE “CLAIMS”). NOTWITHSTANDING THE FOREGOING, NO INDEMNIFICATION IS GIVEN HEREUNDER FOR ANY ACTION, DAMAGE, CLAIM, LOSS OR EXPENSE DETERMINED BY A COURT OF COMPETENT JURISDICTION TO BE DIRECTLY ATTRIBUTABLE TO THE WILLFUL MISCONDUCT OF ANY INDEMNIFIED PARTY, DEVELOPER OR LANDOWNER IS EXPRESSLY REQUIRED TO DEFEND CITY AGAINST ALL SUCH CLAIMS, AND CITY IS REQUIRED TO REASONABLY COOPERATE AND ASSIST DEVELOPER OR LANDOWNER IN PROVIDING SUCH DEFENSE.

IN ITS REASONABLE DISCRETION, CITY SHALL HAVE THE RIGHT TO APPROVE OR SELECT DEFENSE COUNSEL TO BE RETAINED BY DEVELOPER OR

LANDOWNER 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 OR LANDOWNER'S OBLIGATION TO DEFEND INDEMNIFIED PARTIES OR AS A WAIVER OF DEVELOPER OR LANDOWNER'S OBLIGATION TO INDEMNIFY INDEMNIFIED PARTIES, PURSUANT TO THIS AGREEMENT. DEVELOPER OR LANDOWNER 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 OR LANDOWNER FAILS TO RETAIN COUNSEL WITHIN SUCH TIME PERIOD, INDEMNIFIED PARTIES SHALL HAVE THE RIGHT TO RETAIN DEFENSE COUNSEL ON ITS OWN BEHALF, AND DEVELOPER OR LANDOWNER 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 DEVELOPER OR LANDOWNER.

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 Improvement Area #1 Projects, the City agrees not to modify or supplement the Indenture without the approval of Landowner and 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 Actual Costs of the Improvement Area #1 is reduced, delayed or deferred, (b) the obligations or liabilities of Developer and/or Landowner are or may be substantially increased or otherwise adversely affected in any manner, or (c) the rights of Developer and/or Landowner are or may be modified, limited, restricted or otherwise substantially adversely affected in any manner.

Section 7.04. No Reduction of Assessments. Developer and Landowner agree 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 only be terminated by the mutual, written consent of the City, Landowner, and Developer, in which event the City may either execute

contracts for or perform any remaining work related to the Improvement Area #1 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 Developer shall have no claim or right to any further payments for the Actual Costs of an improvement Area #1 Project, as applicable, 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 Landowner and the passage of the cure period identified in subsection (b) below, may terminate this Agreement if Developer or Landowner breaches 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 Developer and Landowner, and Developer or Landowner 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 Improvement Area #1 Improvements. 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 Developer and Landowner (and any mortgagee or trust deed beneficiary specified in writing by Developer or Landowner to the City to receive such notice) of the grounds for such termination and allow Developer or Landowner a minimum of forty-five (45) days to eliminate or to mitigate to the reasonable satisfaction of the City the grounds for such termination. Such period may be extended, at the reasonable discretion of the City, if Developer or Landowner, 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, Developer or Landowner has not eliminated or mitigated such grounds to the reasonable satisfaction of the City, the City may then terminate this Agreement. In the event of the termination of this Agreement, Developer is entitled to payment for work accepted by the City related to an Authorized Improvement as provided for under the terms of the Indenture and/ or this Agreement prior to the termination date of this Agreement. Notwithstanding the foregoing, so long as Developer or Landowner 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 Developer and Landowner, and such event has not been cured or otherwise eliminated by Developer or Landowner, the City may in its discretion cause the Trustee to cease making payments for the Actual Costs of Authorized Improvements until such event has been cured in the sole discretion of the City; provided that, however, Developer shall receive payment of the Actual Costs of any Authorized Improvements that were accepted by the City at the time of the occurrence of such breach or default by Developer or Landowner 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 Authorized Improvements not accepted by the City and use all or any portion of the funds on deposit in the Project Fund or other amounts transferred to the Project Fund and Developer shall have no claim or right to any further payments

for the Authorized Improvements hereunder, except as otherwise may be provided upon the mutual written consent of the City and Developer. The City shall have no obligation to perform any work related to an Authorized Improvement or to incur any expense or cost in excess of the remaining balance of the Project Fund.

Section 8.03. Termination Upon Redemption or Defeasance of Bonds. This Agreement will terminate automatically and with no further action by the City or 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 Authorized Improvements Upon Termination of this Agreement. Notwithstanding anything to the contrary contained herein, unless the City has elected to perform any remaining work with respect to the Authorized Improvements, upon the termination of this Agreement pursuant to this Article VIII, Developer and Landowner shall perform its obligations with respect to the Authorized Improvements in accordance with this Agreement and the Development Agreement.

Section 8.05. Force Majeure. Whenever performance is required of a party hereunder, that party shall use all due diligence and take all necessary measures in good faith to perform, but if completion of performance is delayed by reasons of floods, earthquakes or other acts of God, pandemics, 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. Developer and Landowner acknowledge and agree 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, collected Assessments, and the TIRZ 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 Developer, Landowner 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 (3) business days’ prior written notice to Developer, to review all books and records of Developer pertaining to costs and expenses incurred by Developer with respect to any of the Authorized Improvements and any bids taken or received for the construction thereof or materials therefor.

Section 9.03. Notices. Any notice, payment or instrument required or permitted by this Agreement to be given or delivered to any party shall be deemed to have been received when personally delivered (including by overnight delivery service) or transmitted electronically, or 72 hours following deposit of the same in any United States Post Office, registered or certified mail, postage prepaid, addressed as follows:

If to City:	City of Buda Attn: City Manager 405 E. Loop Street, Bldg. 100 Buda, Texas 78610
With a copy to:	Bojorquez Law Firm, PC Attn: Alan Bojorquez 11675 Jollyville Road, Ste. 300 Austin, Texas 78759
If to Landowner:	Bailey Land Investments, LP Armbruster Land Investments, LP Attn: Garrett Martin 2100 Northland Drive Austin, Texas 78759
If to Developer:	Bailey Community Development, Inc. Armbruster Development, Inc. Attn: Garrett Martin 2100 Northland Drive Austin, Texas 78759
And to:	McLean & Howard, LLP 4301 Bull Creek Road, Suite 150 Austin, Texas 78731 Attn: Jeffrey S. Howard

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 Developer and Landowner 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 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, without prior written consent of the City, to: (i) an assignee that is or will become an owner of property within the District; (ii) an affiliate or related entity of Developer or Landowner; or (iii) any lien holder of property within the District. The obligations, requirements, or covenants of this Agreement shall not be assigned by Developer or Landowner to any other person or entity without prior written consent of the City Manager (which consent shall not be unreasonably withheld, conditioned, or delayed), except pursuant to a collateral assignment to any person or entity providing financing to Developer for an Authorized Improvement, provided such person or entity expressly agrees to assume all obligations of Developer hereunder if there is a default under such financing and such person elects to complete the Authorized Improvement, as applicable. No such assignment shall be made by Developer or Landowner or any successor or assignee of Developer or Landowner 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 Developer or Landowner 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 Developer and Landowner hereby consent to such assignment.

Section 9.06. Other Agreements. The obligations of the Developer and/or Landowner 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, Landowner’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, Landowner, 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, Landowner or

the Developer shall be for the sole and exclusive benefit of the City, Landowner, and the Developer.

Section 9.10. Amendment. Except as otherwise provided in Section 9.05, upon agreement by the parties, this Agreement may be amended, from time to time in a manner consistent with the Act, the Indenture, and the Bond Ordinance by written supplement hereto and executed in counterparts, each of which shall be deemed an original.

Section 9.11. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original.

Section 9.12. Effective Date. This Agreement has been dated as of the date first above written solely for the purpose of convenience of reference and shall become effective upon its execution and delivery, on the Closing Date of the Bonds, by the parties hereto. All representations and warranties set forth therein shall be deemed to have been made on the Closing Date of the Bonds.

Section 9.13. Term. The term of this Agreement, other than the provisions contained in Section 7.02, which shall survive the termination of this Agreement, shall be forty-five (45) years or upon redemption or defeasance of the Bonds (including any refunding bonds issued to refund the Bonds) issued under the Indenture. If Developer or Landowner defaults under this Agreement or the Development Agreement, this Agreement and the Development Agreement shall not terminate with respect to the costs of the Improvement Area #1 Projects that have been approved by the City pursuant to a Certification for Payment prior to the date of default.

Section 9.14 Verifications of Statutory Representations and Covenants. The Developer and Landowner make 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 and Landowner represent that neither they nor any of their parent companies, 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 Landowner and each of their parent companies, 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 and Landowner hereby verify that they and their parent companies, 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 and Landowner hereby verify that they and their parent companies, 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 and Landowner hereby verify that they and their parent companies, 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 9.15 Modification of PID Policy. To the extent that any conflict exists between the terms of the City’s existing Public Improvement District (PID) Policy as set forth in Resolution No. 2022-R-20 (the “**PID Policy**”) and the terms of this Agreement, the term of this Agreement shall govern with respect to the District, and the terms of the PID Policy shall be deemed modified to conform to the terms of this Agreement with respect to the District. Without limiting the generality of the foregoing, the City hereby approves any modifications to the PID Policy with respect to the District that are contained within this Agreement.

Section 9.16 1295 Compliance. Section 2252.908 of the Texas Government Code requires that for certain types of contracts, you must fill out a conflict-of-interest form (“Disclosure of Interested Parties”) at the time you submit your signed contract to the City. For further information please go to the Texas Ethics Commission website via the following link. https://www.ethics.state.tx.us/whatsnew/elf_info_form1295.htm. The City has no obligation under this Agreement until such form is accurately completed and properly submitted, and any City obligation is conditioned on such proper completion and submission.

[Execution pages follow.]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of _____, 2024.

CITY OF BUDA, TEXAS

By: _____

Name: _____

Title: _____

APPROVED AS TO FORM

Name: _____

Title: Attorney for the City

LANDOWNER:

BAILEY LAND INVESTMENTS, LP,
a Texas limited partnership

By: Bailey Land Investments GP, LLC,
a Texas limited liability company,
its General Partner

By: _____

Name: _____

Title: _____

ARMBRUSTER LAND INVESTMENTS, LP,
a Texas limited partnership

By: Armbruster Land Investments GP, LLC,
a Texas limited liability company,
its General Partner

By: _____

Name: _____

Title: _____

DEVELOPER:

BAILEY COMMUNITY DEVELOPMENT, INC.

a Texas corporation

By: _____

Name: _____

Title: _____

ARMBRUSTER DEVELOPMENT, INC.

a Texas corporation

By: _____

Name: _____

Title: _____

Exhibit A-1

IMPROVEMENT AREA #1

[NOTE: To be added based on Survey]

Exhibit A-2

REMAINDER AREA

[NOTE: To be added based on Survey]

Exhibit B

FORM OF CLOSING DISBURSEMENT REQUEST

The undersigned is an agent for Bailey Community Development, Inc., a Texas corporation, and Armbruster Development, Inc., a Texas corporation (collectively, the “Developer”) and requests payment from:

The Improvement Area #1 Improvement Account of the Project Fund (as defined in the Persimmon Public Improvement District Construction, Funding, and Acquisition Agreement) from _____ (the “Trustee”) in the amount of _____ DOLLARS (\$_____) for costs incurred in the establishment, administration, and operation of the Persimmon Public Improvement District (the “District”), as follows:

Closing Costs Description	Cost	PID Allocated Cost
TOTAL		

In connection to 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 Persimmon Public Improvement District Construction, Funding, Reimbursement and Acquisition Agreement, the Development Agreement (as defined in the Persimmon South Public Improvement District Construction, Funding, and Acquisition Agreement), the Indenture, and the Service and Assessment Plan.

5. All conditions set forth in the Indenture (as defined in the Persimmon Public Improvement District 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.

BAILEY COMMUNITY DEVELOPMENT, INC.,
a Texas corporation

By: _____

Name: _____

Title: _____

Date: _____

ARMBRUSTER DEVELOPMENT, INC.,
a Texas corporation

By: _____

Name: _____

Title: _____

Date: _____

APPROVAL OF REQUEST BY CITY

The City is in receipt of the attached Closing Disbursement Request, acknowledges the Closing Disbursement Request, and finds the Closing Disbursement Request to be in order. After reviewing the Closing Disbursement Request, the City approves the Closing Disbursement Request to the extent set forth below and authorizes and directs payment by Trustee in such amounts and from the accounts listed below, to the Developer or other person designated by the Developer herein.

CITY OF BUDA, TEXAS

By: _____

Name: _____

Title: _____

Date: _____

Exhibit C

CERTIFICATION OF PAYMENT

[TBD; Developer proposes using forms it has previously utilized with P3]

APPENDIX G

DEVELOPMENT AGREEMENT

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**CITY OF BUDA DEVELOPMENT AGREEMENT
BAILEY/ARMBRUSTER TRACT SUBDIVISION**

STATE OF TEXAS §
 §
COUNTY OF HAYS §

This Development Agreement ("Agreement") is between the CITY OF BUDA, TEXAS, a home rule municipality located in Hays County, Texas (the "City"), BAILEY LAND INVESTMENTS, LP, a Texas limited partnership, its successors and/or permitted assigns, and ARMBRUSTER LAND INVESTMENTS, LP, a Texas limited partnership, its successors and/or permitted assigns (collectively, the "Landowners"). In this Agreement, the City and the Landowners are sometimes individually referred to as a "Party" and collectively referred to as the "Parties".

WHEREAS, the Landowners collectively own approximately 774.24 acres of real property located in Hays County, Texas and Travis County, Texas, of which approximately 459 acres was previously within the existing extraterritorial jurisdiction of the City ("ETJ"), approximately 303.26 acres was previously located within the extraterritorial jurisdiction of the City of Austin ("Austin ETJ"), and approximately 12.045 acres is currently located within the full purpose jurisdiction of the City ("City Limits Parcel"), such real property being more particularly described in **Exhibit A**, attached hereto and fully incorporated into this Agreement for all purposes (the "Property"); and

WHEREAS, the Landowners have previously submitted, and the City has verified, a petition to remove the 459-acre portion of the Property (the "City ETJ Parcel"), being more particularly described in **Exhibit C**, attached hereto and fully incorporated into this Agreement for all purposes, from the City's ETJ pursuant to Section 43.101 *et seq.* of the *Texas Local Government Code*, and as such, the City ETJ Parcel is currently outside the City's regulatory jurisdiction; and

WHEREAS, the Landowners (i) have, pursuant to the terms of this Agreement, previously submitted a petition the City of Austin for release of the approximately 303.26-acre northern portion of the Property located in the Austin ETJ ("Austin ETJ Parcel"), being more particularly described in **Exhibit D**, attached hereto and fully incorporated into this Agreement for all purposes, (ii) subsequently intend to petition the City of Austin for the release from the City of Austin's certificate of convenience and necessity utility service area ("Austin CCN"), (iii) have submitted a petition to the City to include the Austin ETJ Parcel and the City ETJ Parcel within the City's ETJ (and future annexation if the terms and conditions of this Agreement are satisfied), and (iv) subsequently intend to include all or part of the Property within the City's certificate of convenience and necessity utility service area ("CCN") as provided herein; and

WHEREAS, the Landowners desire to develop the Property as a mixed-use project containing both a commercial component and a residential component; and

WHEREAS, the Landowners have voluntarily submitted a petition to the City to add the City ETJ Parcel and Austin ETJ Parcel (collectively, "ETJ Parcels") into the ETJ conditioned upon the approval of and execution by the City of this Agreement (among other conditions set forth in such petition), and annex the Property located outside the full purpose jurisdiction into the municipal boundaries of the City, with the understanding that the City will consider the annexation and zoning of the ETJ Parcels, and the rezoning of the City Limit Parcel, in the manner and time period set forth in this Agreement; and

WHEREAS, the City and the Landowners acknowledge and agree that this Agreement satisfies the requirements of Sections 43.0671-.0673 and 212.172 of the *Texas Local Government Code* and authorized by Section 42.0022(b) pursuant to the powers incident to the City's authority to approve a request for expansion of the ETJ by a landowner; and

WHEREAS, the City and the Landowners further agree that this Agreement will be recorded in the official public records of Hays County, Texas and Travis County, Texas, and will run with the Property, as provided by law; and

WHEREAS, in recognition of the mutual benefits to be derived from the reasonably managed development of the Property, the Landowners and the City desire to enter into this Agreement, pursuant to Section 43.016 and 212.172 of the *Texas Local Government Code* and Section 42.002(b) of the *Texas Local Government Code*; extending the City's regulatory authority over the Property by providing for the regulations and planning authority of the City to be applicable to the Property as provided herein; and authorizing enforcement by the City of the City's land use and development regulations, subject to the terms of this Agreement; and

WHEREAS, the City will provide water and wastewater services to the Property as provided herein; and

WHEREAS, the City desires that certain regional transportation infrastructure be constructed in connection with the Project (as defined below), and Landowners have previously submitted to the City, and intend to submit a new, superseding petition for the creation of the Persimmon Public Improvement District (the "PID") on the Property (the "PID Petition") after the effective date of this Agreement, in order to construct certain Authorized Improvements (as defined below) including, without limitation, certain regional transportation infrastructure (including without limitation Marathon Road and the 1626 Connector as identified on the **Exhibit K**) to support the Project in a financially feasible manner in accordance with Chapter 372 of the *Texas Local Government Code* (the "PID Act") and any applicable state law; and

WHEREAS, Landowners intend to submit a petition for the creation of a tax increment reinvestment zone ("TIRZ") pursuant to Chapter 311 of the Texas Tax Code after the effective date of this Agreement to further support the financing of the Authorized Improvements and other public improvements allowed by law as set forth in this Agreement; and

WHEREAS, the City intends to create the PID and the TIRZ in order to plan, finance, construct, acquire, operate and maintain the Authorized Improvements within the Project without imposing an undue burden on the City and its residents and taxpayers; and

WHEREAS, the City desires that the Authorized Improvements be constructed as provided herein, and the City and the Landowners agree that financing the costs of such infrastructure should be facilitated by the (i) creation of the PID and the issuance of PID Bonds (as defined below) to fund such construction pursuant to the PID Act and (ii) creation of the TIRZ; and

WHEREAS, it is intended that special assessments will be levied on the Property within the PID ("PID Assessments"), and PID Bonds will be sold to finance the design, construction and installation of the Authorized Improvements. The Authorized Improvements will confer a special benefit to the Property within the PID; and

WHEREAS, the City intends to exercise its powers under the PID Act, to provide alternative financing arrangements that will enable the Landowners, at their option, to do the

following in accordance with the procedures and requirements of the PID Act and this Agreement: (i) fund or be reimbursed for a specified portion of the costs of the Authorized Improvements using the proceeds of the PID Bonds; and/ or (ii) obtain reimbursement for the specified portion of the costs of the Authorized Improvements, the source of which reimbursement will be installment payments from the PID Assessments within the Property; and

WHEREAS, the City, after due and careful consideration, has concluded that the development of the Property, as provided for herein, will provide public recreational spaces, upgrade public infrastructure within the City, result in superior development than would otherwise occur on the Property, and otherwise be in the best interests of the City by furthering the health, safety, morals and welfare of its residents and taxpayers; and

WHEREAS, the City's Planning & Zoning Commission has considered and made its recommendation regarding this Agreement and the City Council has considered, authorized, and approved this Agreement, each at a regularly scheduled meeting subject to and conducted in accordance with the Texas Open Meetings Act and the ordinances and Charter of the City; and

WHEREAS, this Agreement was passed and approved by Ordinance on June 4, 2024, contained in the records of the City and recorded minutes adopted and approved for such meeting.

NOW, THEREFORE, for and in consideration of the mutual promises and covenants contained or referred to herein, the receipt and sufficiency of which are hereby acknowledged by the City and the Landowners, the Parties agree as follows:

1. *Findings.* The foregoing recitals are hereby found to be true and correct and are hereby adopted by the Parties and made a part of this Agreement for all purposes.
2. *Effective Date and ETJ Date.* The Effective Date of this Agreement shall be the effective date of the ordinance adopted by the City Council approving this Agreement by formal action of the City Council ("Effective Date"). Commencing on the Effective Date, this Agreement shall be binding on and enforceable against the Parties for all obligations related to the expansion of the City's ETJ and CCN over the ETJ Parcels as provided in Section 8 below and the commitment of the Parties that this Agreement shall remain in effect. This Agreement shall become effective, binding, and enforceable as to all remaining obligations of this Agreement, specifically those developmental matters enumerated in Section 212.172(b) of the *Texas Local Government Code*, on the date of the ordinance adopted by the City Council approving the expansion of the City's ETJ over the ETJ Parcels ("ETJ Date"). The Parties expect that the Effective Date and the ETJ Date will be the same date being June 18, 2024. In the event a Party fails to perform any condition precedent or any obligation under this Agreement during the time period between approval and execution of this Agreement and the approval of the ordinance expanding the City's ETJ, and the failure to perform such condition precedent or obligation is not cured prior to the City's consideration of the ordinance expanding the City's ETJ, the non-defaulting Party has the right to terminate this Agreement with notice to the defaulting Party before the vote on such ordinance.
3. *Property.* The Landowners and the City acknowledge and agree that the Property is, upon inclusion of the ETJ Parcels in the City's ETJ, subject to the terms of this Agreement. The Landowners and the City further acknowledge and agree, that notwithstanding any term, condition, or provision contained in this Agreement, this Agreement shall not apply to or in any way bind the owners of adjacent properties located outside the boundaries of the Property.

4. *Term.* The term of this Agreement (but not any obligations created under separate agreements related to the PID or TIRZ) shall commence on the Effective Date and continue until the earlier to occur of: (i) the expiration of thirty-five (35) years from the Effective Date, or (ii) the date on which the City and the Landowners fully discharge all of their obligations hereunder, including, without limitation: (a) the Authorized Improvements have been completed and the City has accepted all of the Authorized Improvements, (b) all PID Bond proceeds have been expended for the construction of all of the Authorized Improvements, and (c) the Landowners have been reimbursed for all completed and accepted Authorized Improvements.
5. *General Benefits.* Landowners have voluntarily elected to enter into and accept the benefits of this Agreement and will benefit from the financing, funding and reimbursements set forth herein. The City will benefit from this Agreement by virtue of construction of the Authorized Improvements and of expanding its public amenities by the Landowners as herein provided.
6. *Necessary and Appropriate Actions.* The Parties agree to take such actions, including the execution and delivery of such documents, instruments, petitions, and certifications (and, in the City's case, the adoption of such ordinances and resolutions), as may be necessary or appropriate, from time to time, to carry out the terms of this Agreement.
7. *Definitions.* In addition to the terms defined above in this Agreement, the following terms, when used in this Agreement, will have the meanings set forth below:
 - A) Appraisal means an appraisal of the Property or portions thereof obtained in connection with the PID Bonds to determine whether there is sufficient value associated to meet the value to lien ratios set forth in this Agreement.
 - B) Armbruster Tract means the portion of the Property owned by Armbruster Community Development, Inc., as more particularly described in **Exhibit A-2**, consisting of approximately 413.91 acres of real property located in Hays County, Texas and Travis County, Texas outside the existing ETJ of the City and approximately 12.045 acres of real property located in Hays County, Texas within the full purpose jurisdiction of the City.
 - C) Austin ETJ Parcel means that approximately 303.26-acre northern portion of the Property previously located within the Austin ETJ, being more particularly described in **Exhibit D**, attached hereto and fully incorporated into this Agreement for all purposes.
 - D) Authorized Improvements means the authorized public improvements within or benefitting the Property and/or any improvement areas within the PID (including, without limitation, Marathon Road and 1626 Connector, utilities, internal streets, public parks, drainage improvements, and all other improvements authorized by the PID Act) to the maximum extent authorized by the PID Act, and any other applicable state law, and to be constructed and funded in connection with the PID Bonds that will be more particularly described in the PID creation resolution, the PID Financing Agreement (hereinafter defined) and the SAP (hereinafter defined).
 - E) Bailey Tract means the portion of the Property owned by Bailey Community Development, Inc., as more particularly described in **Exhibit A-1**, consisting of

approximately 348.277 acres of real property located in Hays County, Texas and Travis County, Texas outside the existing ETJ of the City.

- F) Bond Authorization Date means the date that the City Council authorizes the issuance of the PID Bonds.
- G) Certificate(s) of Occupancy means an official certificate issued by the City pursuant to the UDC that indicates conformance with applicable rules and regulations and authorizes legal use of the premises.
- H) City Limits Parcel means that 12.045-acre portion of the Property, within the Armbruster Tract, located in the full purpose jurisdiction of the City and more particularly described in **Exhibit I**, attached hereto and fully incorporated into this Agreement for all purposes.
- I) City ETJ Parcel means that 459-acre portion of the Property, being more particularly described in **Exhibit C**, attached hereto and fully incorporated into this Agreement for all purposes, removed from the City's ETJ pursuant to Section 43.101 *et seq.* of the *Texas Local Government Code*, and as such, the City ETJ Parcel is currently outside the City's regulatory jurisdiction.
- J) City Manager means the City Manager of the City, or his/her designee.
- K) Commercial Tracts means the tracts located in the southern portion of the Property identified as "Commercial Tracts" on the Conceptual Plan, as defined herein and attached hereto as **Exhibit B**.
- L) Commercial Uses means the nonresidential uses permitted as a use by right under the Form District 4 (F4) zoning district in the UDC ("F4 Zoning District"), except as expressly modified by this Agreement.
- M) Condominium Residential Use means a for-sale residential use (single-family attached, single-family detached, townhome, and and/or patio or garden home style residential units) where more than one individual residential dwelling unit is constructed per lot and the residential dwelling units are within a condominium regime pursuant to Chapter 82 of the Texas Property Code. Condominium Residential Use shall be permitted as a use by right in the Residential Tracts and comply with R-3 Zoning District or R-4 Zoning District dimensional regulations, as selected by Landowner, except as expressly modified by this Agreement.
- N) Conceptual Plan means the Conceptual Plan for the Property, attached as **Exhibit B**, as amended from time to time in accordance with this Agreement.
- O) Connecting Facilities means the improvements necessary to connect the Internal Facilities to the City's water and wastewater systems at the points of connection described in Section 13.
- P) Critical Root Zone (CRZ) means the area intended to define the drip line of the tree and is represented by a concentric circle that is centered on the trunk with a diameter equal in feet to the number of inches of the tree's trunk diameter.

- Q) Force Majeure means acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders of any kind of the government of the United States, the State of Texas, or any other civil or military authority; insurrections; riots; epidemics; landslides; earthquakes; lightning; fires; hurricanes; storms; floods; washouts; or other natural disasters; arrests; restraint of government and people; civil disturbances; explosions; breakage or accidents to machinery, pipelines or canals; or other causes not reasonably within the control of the Party claiming such inability.
- R) HOA means a homeowners' association, with mandatory assessment powers, created by the Landowners as a Texas non-profit corporation.
- S) Indenture of Trust means an Indenture of Trust between the City and a trustee acceptable to the City covering the PID Bonds, as the same may be extended from time to time.
- T) Internal Facilities means the potable water distribution system and related facilities, exclusive of storage systems, the wastewater collection system and related facilities, stormwater and drainage facilities, and public roadways to be constructed by the Landowners within the Property as provided herein, and all other subdivision improvements located within the Property that may qualify as Authorized Improvements.
- U) Landscape (or Signage) Lot means a subdivided lot within the recorded plat of the Property that is not required to comply with minimum lot size requirements, is restricted in use to open space, landscaping, and/or signage, and maintained by the HOA.
- V) Minor Modifications mean variations between any preliminary plat or final plat of the Property from the Conceptual Plan, limited to minor adjustments of street or alley alignments or lengths, and minor changes in lot lines, provided that those changes do not increase the overall density of the residential dwellings included in the Property in excess of the increases authorized by Subsection 9.A of this Agreement.
- W) Parkland Improvement Funds means the funds to be expended by the Landowners pursuant to Subsection 11.C of this Agreement, which will be used as provided in Subsection 12.D of this Agreement.
- X) Phase means an individual phase of development of the Project as depicted on the Conceptual Plan. A Phase may be referred to by its assigned number shown on the Conceptual Plan.
- Y) Phasing Plan means the Landowners' current proposed order of development of portions of the Property as indicated on the Conceptual Plan attached as **Exhibit B**.
- Z) PID Bonds means special assessment revenue bonds authorized by the City to be issued, in one or more series, for multiple improvement areas, in accordance with the PID Act, the applicable Indenture of Trust and the PID Financing Agreement (as defined below).

- AA) PID Financing Agreement means a PID Financing Agreement to be entered into between the City and the Landowners to provide for the assessment, levying, and collection of PID Assessments on the Property, the construction and maintenance of the Authorized Improvements, the issuance of PID Bonds and other matters related thereto.
 - BB) PID Financing Documents means, collectively, the PID Financing Agreement, Reimbursement Agreement, SAP, Indenture of Trust, and all related documents that may be referenced therein.
 - CC) Prairie Building Program means the requirements set forth in Section 17 of this Agreement.
 - DD) Project means the development of the Property as described in this Agreement.
 - EE) Project Approvals means this Agreement and all approvals, variances, waivers and exceptions to the UDC approved by the City that are necessary or required for the development of the Project in accordance with this Agreement, including those expressly set forth in this Agreement and shown on the Conceptual Plan as well as any other future regulatory approvals required for the development of the Project, including plat approval, final zoning designation, site development plans and building permits. If there is any conflict between the Project Approvals and the UDC or any other rule, regulation or ordinance of the City, the Project Approvals will control.
 - FF) Reimbursement Agreement means a PID Reimbursement Agreement; PID Construction Funding, Acquisition, and Reimbursement Agreement; and/or similar agreement between the City and the Landowners to provide for the payment and/ or reimbursement of construction costs related to the Authorized Improvements.
 - GG) Residential Tracts means the tracts located in the Property identified as "Residential Tracts" on **Exhibit B**.
 - HH) SAP means a Service and Assessment Plan to be prepared contemporaneously with the levy of all requisite PID Assessments on the Property in support of the PID Bonds in accordance with the PID Financing Documents and further subject to the PID Bond issuance requirements set forth below.
 - II) Specific Use Permit means a Specific Use Permit or SUP as defined in the UDC.
 - JJ) TXDOT means the Texas Department of Transportation.
 - KK) UDC means the Unified Development Code of the City of Buda as adopted on October 2, 2017, as amended by Ordinance Number 2019-24 adopted December 3, 2019, and by Ordinance Number 2020-04, adopted on March 24, 2020, excluding any any provisions thereof which have been, or which may in the future be, preempted or otherwise invalidated by state law.
8. *Expansion of the City's ETJ and CCN.* The Landowners (i) have obtained a release of the Austin ETJ Parcel from the Austin ETJ pursuant to applicable state law, and (ii) shall make

good faith, commercially reasonable efforts to seek the release of the Austin ETJ Parcel from the Austin CCN on terms and conditions acceptable to the Landowners.

- A) Release from Austin ETJ. The Parties hereto acknowledge and agree that Landowners have obtained a release of the Austin ETJ Parcel from the Austin ETJ on May 20, 2024. Upon expansion of the City's ETJ to include the Austin ETJ Parcel pursuant to applicable state law, the terms of this Agreement shall apply to the Austin ETJ Parcel. Notwithstanding the foregoing, in the event that such Austin ETJ release is ever subsequently determined to be invalid or ineffective for any reason, this Agreement shall continue to apply to the City ETJ Parcel and City Limits Parcel, in which case the terms and obligations of this Agreement shall be deemed modified to apply only to the City ETJ Parcel and City Limits Parcel. In that event, the Parties shall enter into an amendment to this Agreement that memorializes such modifications.
- B) Release from Austin CCN. The Landowners may, at their sole option, file a petition for release of all or any portion of the Austin ETJ Parcels from the Austin CCN pursuant to Chapter 13 of the *Texas Water Code* for either or both water and wastewater, as applicable. In that event, the Landowners will determine and negotiate the terms, conditions, and any compensation due to the City of Austin under the Texas Water Code that are acceptable to the City of Austin for the Austin CCN release before the petition for CCN release is submitted with the City of Austin. Notwithstanding the foregoing, if the City of Austin opposes release of the Austin ETJ Parcels from the Austin CCN or seeks terms, conditions, and/ or compensation on such Austin CCN release which are not acceptable to the Landowners in their sole discretion, then the Landowners will send written notice the City regarding such circumstance. Within twenty (20) days of such written notice, the City will notify Landowners in writing whether or not they wish to engage with the City of Austin in facilitating negotiations for release from the Austin CCN requested by Landowners. If the City fails to send such notice within such time period, or if the City notifies Landowners that it does not wish to facilitate the Austin CCN negotiations, Landowners may withdraw the petition for release (prior to approval by the Public Utility Commission) and shall not be required to further pursue such a release of the Austin ETJ Parcel from the Austin CCN and all references to the "Property" as defined herein pertaining only to the provision of water and/or wastewater service shall be deemed not to include the Austin ETJ Parcel, but the other terms and provisions of this Agreement shall continue to apply to the Austin ETJ Parcel, and any and improvements necessary or appropriate for Landowners to connect to the City of Austin utility systems that are eligible for PID funding under the PID Act shall be considered Authorized Improvements and the costs of such improvements may be funded and reimbursed from PID Bond proceeds and TIRZ revenues. If the City notifies Landowners within the twenty (20) day time period that it will facilitate such negotiations, the Parties shall make diligent, good faith efforts to obtain the Austin CCN release requested by Landowners. If, despite such diligent, good faith efforts, the Parties are not able to obtain the City of Austin's approval of such release on terms acceptable to the both the Landowners and the City, each in their respective sole discretions, within sixty (60) days of the City's notice to facilitate, then the Landowners may withdraw the petition for release (prior to approval by the utility commission) and shall not be required to further pursue such a release of the Austin ETJ Parcel from the Austin CCN and all references to the "Property" as

defined herein pertaining to the provision of water and/or wastewater service shall be deemed not to include the Austin ETJ Parcel, but the other terms and provisions of this Agreement shall continue to apply to the Austin ETJ Parcel. As a condition to any such release from the Austin CCN, the Parties shall prepare an amendment to this Agreement, as might be necessary or appropriate, to incorporate the specific terms and conditions required by the City of Austin for its release of Austin CCN from the Austin ETJ Parcel. Following the release of the Austin ETJ Parcel from the Austin CCN, the Landowners may, at their sole option, submit a request to enter the City's CCN. The City further agrees that upon such request from Landowners, the City agrees to take any and all actions necessary or appropriate to request and thereafter diligently pursue and use best efforts as necessary or appropriate to obtain and effectuate such additions to the City's CCN upon terms and conditions acceptable to the Landowners.

- C) Expansion Request by Landowners. The parties acknowledge and agree that Landowners have submitted a voluntary petition with the City requesting expansion of the City's ETJ to cover the ETJ Parcels, which such voluntary request for ETJ expansion shall be expressly conditioned on (i) this Agreement being approved and (ii) the City commencing and continuing in good faith informal review of development applications for the Project in accordance with Section 11.B(5) of this Agreement. If the foregoing conditions to the voluntary request are not satisfied before the City Council action of the ETJ petition, the voluntary request for expansion of the City's ETJ is automatically revoked and void *ab initio*.

9. *Land Uses.*

- A) Permitted Uses; Conceptual Plan. The Landowners covenant and agree not to use the Property for any use other than (i) the existing uses of the Property as of January 1, 2023, and (ii) except as provided herein, the uses provided for pursuant to this Agreement, including those uses shown on the Conceptual Plan, without City approval as evidenced by a duly adopted ordinance or City approval of an amendment of this Agreement. The Residential Tracts may be used for any uses allowed in the UDC for the One & Two Family Residential (R-3) zoning district ("R-3 Zoning District") and Transitional Residential (R-4) zoning district ("R-4 Zoning District"), except as may be modified herein and as modified hereby to expressly allow Condominium Residential Use. The Commercial Tracts may be used for any uses allowed in the UDC for the F-4 Zoning District, except as may be modified herein. Requirements of the Rural Heritage Overlay (O-R) District shall not apply to the Project. The City confirms that the Conceptual Plan sets forth the current development plan for the Property, has been reviewed and approved by all required departments, boards and commissions, and complies with the Buda 2030 Comprehensive Plan, as amended. The City agrees that the Property may be developed by the Landowners in accordance with the Conceptual Plan and this Agreement. Any preliminary plat or final plat of the Property may include Minor Modifications from the Conceptual Plan, however, in no event may the residential units in the Project exceed the lesser of 2,300 units or the total number of units using the maximum density of the R-3/R-4 Zoning Districts as set forth in the UDC, where such maximum density is calculated within the boundaries of and based on the acreage of each final plat approved within the Property. Notwithstanding the foregoing, for any single-family attached, Condominium Residential Use, or townhome development proposed within the Residential

Tracts, any single-family attached, Condominium Residential Use, or townhome development proposed changes from the Conceptual Plan that do not constitute Minor Modifications will require an amendment of the Conceptual Plan and this Agreement.

- B) Generally. The Project will include the Commercial Tracts, containing approximately twenty one and a half (21.5) acres, and the Residential Tracts containing the balance of the Property, which includes an approximately fifteen (15) acre site reserved for Hays CISD or other public uses as set forth in Section 20 below, an approximately three and a half (3.5) acre site to be donated to the Hays County Emergency Services District #8 (ESD), and no more than 2,300 residential dwelling units in a range of housing types (no for-rent multifamily) and lot and unit sizes. A minimum total acreage of forty (40) of developable land shall be reserved for non-residential uses, which includes public use space, Commercial Tracts, School Site (as described and defined in Section 20 below) and ESD Site (as described and defined in Section 21 below). Notwithstanding anything in this Agreement or the UDC to the contrary, Landscape Lots and Signage Lots within the Project are not required to comply with any dimensional standards set forth in this Agreement or in the UDC, are restricted in use to open space, landscaping, and/or signage, and will be maintained by the HOA.
- C) Historic Preservation. The Landowners agree that the dairy house and historic dairy barn located on the Bailey Tract will, through restoration or re-use of its architectural elements, be incorporated into a modern amenity structure that echoes and honors the historic structure, as depicted on the attached **Exhibit E.** The Landowners agree to install a plaque on the amenity center site that recognizes and honors the Bailey family and the Property's history. In addition, elements within the Property's open space, amenity sites, and signage will reference and honor the Property's agricultural history and, where practicable, existing agricultural artifacts and materials that are found on-site will be salvaged and re-used.
- D) Commercial Tracts. The development of the Commercial Tracts will comply with all requirements of F4 Zoning District, subject to the modifications set forth in this Agreement and the following:
- (1) Assisted Living/Nursing Home uses are prohibited within the Commercial Tracts.
 - (2) No single-family dwelling, two-family dwelling, or townhome structures or uses are allowed in the Commercial Tracts.
 - (3) The increased block lengths shown on the Conceptual Plan for the Commercial Tracts are approved and shall be deemed to modify the UDC to allow such block lengths to the extent of any conflict.
 - (4) Gasoline Filling or Service Station/Car Wash and Automobile Service Garage (Minor) uses are prohibited within the Commercial Tracts.
 - (5) Grocery Store, Market, and Farmers Market are included as permitted uses within the Commercial Tracts, and Specific Use Permits are not required for such uses.

- (6) Use of temporary buildings, construction trailers, portable trailers, or temporary outdoor storage during construction, remodeling or reconstruction is permitted on the Property prior to substantial completion.
- (7) Temporary structures for a marketing and sales office, which may be a model home, temporary building, or portable trailer, are allowed and approved for use on the Property.
- (8) Adequate provisions must be made based on final development for the acceptance, collection, conveyance, detention, and discharge of storm water runoff drainage onto, through and originating within Commercial Tracts.
- (9) No detention facilities other than underground detention facilities shall be allowed in the Commercial Tracts on the Bailey Tract.
- (10) No detention facilities serving the Residential Tracts shall be located in the Commercial Tracts on the Bailey Tract.

E) Residential Tracts. Subject to the modifications set forth in this Agreement, which are hereby approved by the City, the Residential Tracts will be developed in accordance with (i) R-3 Zoning District in the case of single-family detached residential development and the following incidental uses: parks, playgrounds, trails, water quality features and other public infrastructure and utility facilities, or (ii) R-3 Zoning District or R-4 Zoning District, as selected by Landowner, in the case of any single-family attached, Condominium Residential Use, or townhome development. The specific dimensional regulations applicable to the Property are as follows:

Dimensional Regulations	R-3 Alley Load	R-3	R-4
Minimum Front Yard Setback (ft)	10	20	20
Minimum Side Yard Setback (interior/corner) (ft)	5/10	5/10	5/10
Minimum Rear Yard Setback (ft)	10	15	10
Minimum Rear Yard Setback Accessory/Parking Structure (ft)	5	5	5
Minimum Lot Area (sqft) or Maximum Dwelling Units/Acre	4,000/8 DUA	5,000/8 DUA	3,500/12 DUA
Minimum Lot Frontage (ft)	35	35	35
Minimum Lot Width (ft) (interior/corner)	40/45	50/55	35/40
Minimum Lot Depth (ft)	100	100	100
Maximum Height (ft)	35	35	35
Maximum Building Coverage (%)	50	50	50
Maximum Impervious Cover (%)	60	60	60

The following additional regulations shall apply to the Residential Tracts:

- (1) No more than 2,300 residential dwellings shall be constructed in the Residential Tracts. Of that 2,300-unit cap, no more than 400 single-family attached, single-family detached, townhome, and/or patio or garden home style residential units may be constructed as a Condominium Residential Use on the Property.
- (2) For any development of a Condominium Residential Use consisting of multiple single-family detached units or multiple single-family attached units on a single lot, such development shall be a permitted use in the Residential Tracts, may be developed under the R-3 Zoning District or R-4 Zoning District dimensional regulations (as selected by Landowners) as modified herein, shall not be considered a multi-family development, and shall not be subject to dimensional regulations otherwise applicable to multi-family development. For any development of multiple single-family townhome lots on a single lot, such development shall be a permitted use in the Residential Tracts, may be developed under the R-3 Zoning District or R-4 Zoning District dimensional regulations (as selected by Landowners) as modified herein, shall not be considered a multi-family development, and shall not be subject to dimensional regulations otherwise applicable to multi-family development. For multiple single-family detached dwelling units constructed as a Condominium Residential Use, the minimum separation between structures shall be ten (10) feet. For multiple single-family attached, townhome or patio or garden home constructed as a Condominium Residential Use, the minimum separation between structures containing multiple adjacent units shall be fifteen (15) feet.
- (3) Each single-family detached residence on a lot with a lot width equal or greater than forty (40) feet but less than fifty (50) feet within the Residential Tracts shall include at least five (5) of the City's single-family residential element design options listed in Section 2.09.08.C of the UDC; provided that, one of such design options must be rear-loaded garages, and such rear-loaded garages shall satisfy the requirements of Section 2.09.08.C.4 of the UDC.
- (4) Each single-family detached residence on a lot with a lot width of fifty (50) feet or larger within the Residential Tracts shall include four (4) of the City's single-family residential element design options listed in Section 2.09.08.C of the UDC.
- (5) The maximum number of single-family detached lots on the portion of the Bailey Tract that is within the City ETJ Parcel (but not the portion of the Bailey Tract within the Austin ETJ Parcel) less than fifty-five (55) feet wide shall be sixty percent (60%) of the total number of single family detached lots on such portion of the Bailey Tract.
- (6) The minimum number of residential lots within the Project greater than or equal to fifty-five (55) feet in width shall be twenty-five percent (25%) of the total number of single-family detached residential lots within the Project. The minimum number of residential lots within the Project greater

than or equal to sixty-five (65) feet in width shall be twenty percent (20%) of the total number of residential lots within the Project. The minimum number of residential lots within the Project greater than or equal to eighty (80) feet in width shall be five percent (5%) of the total number of residential lots on the within the Project.

- (7) The minimum single-family detached residential lot width on the Armbruster Tract for lots that are located adjacent to existing residential lots in the existing subdivisions located adjacent to the western boundary of the Armbruster Tract, as shown on the Conceptual Plan, shall be eighty (80) feet.
 - (8) Except as otherwise provided in this Agreement, the single-family design standards set forth in the Subsection 2.09.08 of the UDC shall apply to the single-family detached residential lots located on the Residential Tracts.
 - (9) The owners of all developed and improved residential lots within the Residential Tracts, exclusive of greenbelt, park, drainage, or utility lots, and exclusive of the Public Use Site (as described and defined in Section 20 below) and ESD Site (as described and defined in Section 21 below) will be required to be members of the HOA. The HOA will be formed by the Landowners on or before the date of conveyance of the first developed and improved residential lot within the Residential Tract to an ultimate homeowner (i.e., not to a builder).
 - (10) The Landowners agree to construct a subdivision wall, in phases, along the frontage of Marathon Road and the 1626 Connector adjacent to the Residential Tracts (not Commercial Tracts), as residential development within Phases of the Project is completed. The subdivision wall will be constructed of pre-cast concrete, of a design similar to that depicted on the attached **Exhibit F**. The subdivision wall and adjacent, exterior landscaping will be located in the right of way of Marathon Road or within a public easement with a license from the City to allow HOA maintenance as applicable. The subdivision wall shall be maintained by the HOA and the City shall grant all licenses or other authorizations as may be necessary or appropriate to allow such maintenance. Under the restrictive covenants applicable to the Residential Tracts, the HOA will be required to include a line item for subdivision wall and landscape maintenance in its annual budget to keep the subdivision wall and landscaping in a well-maintained condition at all times, and to collect assessments sufficient for such purpose.
 - (11) Temporary structures for a marketing and sales office, which may be a model home, temporary building, or portable trailer, are allowed and approved for use on the Property.
10. *Contemplated Zoning.* Based on the Project, the Conceptual Plan, and the uses and development authorized by this Agreement, the Landowners contend, and the City acknowledges, that the appropriate zoning for the Property is Planned Development District (PD), including (i) the regulations for the F4 Zoning District, modified as provided in this Agreement for the Commercial Tracts (including the City Limits Parcel), (ii) the regulations for R-3 Zoning District, modified as provided in this Agreement for single-

family detached residential units, and the regulations for R-4 Zoning District, modified as provided in this Agreement for single-family attached, Condominium Residential Use, and townhome residential units, on the Residential Tracts, and (iii) all of the other provisions of this Agreement including other modifications to the City's applicable use and development regulations set forth herein. The City shall consider Planned Development District (PD) zoning of the Property in accordance with this Agreement concurrently with annexation of the ETJ Parcels as provided in Section 18 of this Agreement. The Parties acknowledge that zoning is a legislative act that cannot be guaranteed or agreed to by contract, except to the extent provided in Section 212.172 of the *Texas Local Government Code*; however, if the City does not zone the Property as provided in this Section 10, the Landowners and the Property will be and remain entitled to the rights and benefits provided for in this Agreement which shall supersede and govern over any contrary City regulations, and the Landowners shall further have the rights and remedies set forth in Sections 18 and 34 of this Agreement.

11. *Municipal Regulations.*

- A) Agricultural Wildlife Management and Timber Uses. As of the ETJ Date of this Agreement and except as otherwise provided herein, pursuant to Section 43.016 of the *Texas Local Government Code*, the City is authorized to enforce all City land use regulations and planning authority within the ETJ Parcels authorized by this Agreement. If the ETJ Parcels continue to be used for agriculture, wildlife management or timber uses in effect at the time this Agreement is entered into, the City is authorized to enforce all City land use regulations authorized by this Agreement that do not materially interfere with such uses, and the Parties covenant and agree that all such regulations and planning authority are hereby extended to the ETJ Parcels. The Landowners further authorize, subject to the terms of this Agreement, enforcement by the City of all such regulations authorized by this Agreement, as amended from time to time, in the same manner the regulations are enforced within the City's boundaries. Pursuant to Section 43.016(b)(1)(B) of the *Texas Local Government Code*, the City is authorized, subject to the terms of this Agreement, to enforce all City regulations that do not materially interfere with the use of the Property for agriculture, wildlife management or timber, in the same manner the regulations are enforced within the City's boundaries and that do not conflict with the uses and development allowed in this Agreement for the Project. The City specifically reserves its authority pursuant to Chapter 251 of the *Texas Local Government Code* to exercise eminent domain over property that is subject to a development agreement recognized by Chapter 43 or Chapter 212 of the *Texas Local Government Code*. Except as otherwise provided herein, the UDC is applicable to the ETJ Parcels as if the ETJ Parcels are within the City limits.
- B) Extension of City Planning and Land Use Regulations. Landowners acknowledge and agree that, subject to the terms of this Agreement, the City is authorized, pursuant to Section 42.022 and Section 212.172 of the *Texas Local Government Code*, to extend the City's planning and land use regulations authorized by and subject to this Agreement over the ETJ Parcels. The Conceptual Plan has been approved by the City and sets forth certain general uses and development for the Property which are hereby authorized by the City. The Parties covenant and agree that the City's planning authority and land use and development regulations that do not conflict with the uses and development allowed in this Agreement for the

Project are, upon the ETJ Date, hereby extended and applied to the ETJ Parcels, except as otherwise provided in this Agreement. The Parties further agree that:

- (1) Application and enforcement by the City of these regulations will, except as otherwise provided in this Agreement, be in the same manner as such regulations are enforced within the City's boundaries and, if regulations are established by this Agreement that are not applied within the City's boundaries, those regulations will be applied and enforced as provided herein. Notwithstanding the foregoing and notwithstanding anything in any City code, ordinance, or regulation to the contrary, the City hereby agrees to diligently and reasonably review any and all development applications related to the Project (including without limitation any and all preliminary subdivision plans, final plats and construction plans) in good faith and within any time periods established by state law related to plats regardless of whether or not any such development application is an application for plat approval. By way of example only and without limiting the generality of the foregoing, the City agrees that any review and approval of subdivision construction plans for the Project shall be reviewed within the same time periods and subject to the same requirements as apply to the review and approval of plats under *Chapter 212 of the Texas Local Government Code*. In addition, the City agrees to the following: (i) to hold a comprehensive pre-submittal meeting, if requested by the Landowners, at which City reviewers shall participate and provide detailed guidance regarding submittal and technical review requirements and address any questions and provide any clarifications requested by the Landowners; (ii) prior to the issuance of any approval with conditions or disapproval with reasons of any development application, the City shall provide a complete set of draft comments to the development application and thereafter hold a conference with all City reviewers and the Landowners and its consultants to informally address such draft comments; and (iii) collaborate and cooperate with the Landowners to achieve approval of all development applications within ninety (90) days of submittal.
- (2) Except as otherwise provided in this Agreement, the City may also enforce all environmental regulations applicable to its jurisdiction.
- (3) Except as otherwise provided in this Agreement, the UDC is applicable to the ETJ Parcels as if the Residential Tracts are within the City's limits and being developed under the R-3 Zoning District and R-4 Zoning District (as modified herein) and as if the Commercial Tracts are within the City's limits and being developed under the F4 Zoning District (as modified herein).
- (4) The City's building and permitting regulations and requirements will apply to all development on the Property, except as otherwise provided in this Agreement.
- (5) Notwithstanding anything to the contrary in the City's adopted codes and ordinances, the City agrees to comply with the process and timelines for approval of (i) all jurisdictional matters, (ii) any and all development and construction applications related to the Project, and (iii) all ordinances, documents, and agreements related to the PID and TIRZ, all as set forth on

Exhibit P attached hereto and incorporated herein (the “*Persimmon Development Procedures*”). In addition to the foregoing, the City hereby agrees to strictly enforce any requirements contained in any agreement with and/ or in any City established policy related to third-party reviewers, including any requirements related to the number of third-party reviews, timeline for such reviews, and the fees for such reviews. Compliance by the City with the Persimmon Development Procedures and Section 11.B(1) and this Section 11.B(5) by the City is mandatory and subject to the default provisions set forth in Section 34 below.

12. *Parkland and Open Space.*

A) Open Space.

- (1) For Phase 1 and 2 as indicated on **Exhibit B**, the Landowners agree that a minimum of forty (40) acres of public parks and private parks shall be provided pursuant to this subsection and in compliance with **Exhibit G-1** (“*Detailed Park Plan*”). A minimum of thirty-seven (37) acres of linear public parkland shall be dedicated within the Garlic Creek channel and its tributaries and at least five (5) acres of such thirty-seven (37) acres be provided as publicly accessible and amenitized open space or multi-use detention and/ or water quality areas and/or wet ponds, Landscape Lots, and Signage Lots. A minimum three (3) acres for an amenity center site shall be provided as private parkland. The Parties agree that the area of parks and other spaces, as set forth in this Subsection 12.A, meets the minimum parkland dedication requirements set forth in Section 4.04.02 of the UDC for Phases 1 and 2. The City hereby approves the Detailed Park Plan, attached hereto as Exhibit G-1 and fully incorporated into this Agreement for all purposes, as satisfying the requirements in Section 4.04.02(C) and no further approvals are required for Phase 1 and 2 from the City related to Section 4.04.02(C).
- (2) For the remaining Phases, the Landowners agree that the parkland dedication requirements shall comply with the UDC, except to the extent such requirements are modified as follows. Notwithstanding the foregoing, the Parties agree that a strip of land on both sides of the Garlic Creek tributary, within the Central Greenbelt West channel, shall be dedicated as linear parkland and shall be 100% credited in fulfillment of the UDC parkland dedication requirements, including, but not limited to, the areas located within the 100-year floodplain of the Garlic Creek tributary. This strip shall have a minimum width of fifty (50) feet and an average width of at least one hundred (100) feet. In addition, a minimum fifteen (15) foot wide public recreational trail easement along the west property line of the Armbruster Tract will be granted to the City as a permanent public access easement to be maintained by the HOA and shall be 100% credited in fulfillment of the dedication requirements. A minimum three (3) acres for an amenity center site shall be provided as private parkland and shall receive partial credit in fulfillment of the UDC dedication requirements in accordance with the UDC. A minimum three and one-half (3.5) acre neighborhood park shall be dedicated as public parkland and shall be 100% credited in fulfillment of the UDC dedication requirements. A site plan

required for a detailed parks plan associated for these remaining Phases shall be provided within one (1) year from approval of the final plat.

- B) Park Facilities. All park facilities provided by the Landowners as shown on the Parks and Open Space Summary attached as **Exhibit G-2**, exclusive of the private HOA amenity centers, shall be open to the public. The City shall be responsible for establishing any rules or regulations regarding the use of such public use facilities, which will include reasonable hours of use regulations consistent with those applicable to other City park facilities. The private amenity center and any other park facilities that may be developed by the HOA in addition to those required by this Agreement will be private facilities, for use by the HOA's members only, and no public access to those facilities will be required.
- C) Parkland Improvement Funds. In addition to the requirements set forth above, the Landowners will expend at least one thousand three hundred dollars (\$1,300.00) per unit for each residential dwelling unit developed within the Property, which expenditures will be used by the Landowners to plan, design, permit, and construct public parkland, open space, and trail improvements on the Property.
- D) Use of Parkland Improvement Funds. The City acknowledges and agrees that the Parkland Improvement Funds expended by Landowners, pursuant to Subsection 12.C, shall satisfy the City's parkland improvement requirements provided that such funds are used solely as provided in Section 4.04.02.F of the UDC.
- E) Parkland Dedication. Publicly accessible spaces allowed herein within private parkland may, at the City's discretion, be overlaid with a mutually acceptable permanent public access easement. Landscape Lots and Signage Lots will not be dedicated to the City and will be owned and maintained by the HOA. Unless otherwise agreed by the Landowners and the City, all public parkland within the Property that is to be dedicated to the City will comply with the UDC, except as modified by this Agreement, and will be dedicated in phases as the adjacent land within the Property is final platted. Once dedicated to the City, public parkland will be maintained by the City, unless otherwise provided for herein or indicated on Exhibit G-2. The Parties will enter a parkland maintenance agreement as may be appropriate to implement the terms of this Agreement. Notwithstanding anything to the contrary in this Agreement or the UDC, Section 4.04.02.D.3 of the UDC shall not apply, and the City agrees to accept any parkland dedicated by Landowners pursuant to this Agreement.
- F) Adequacy of Park Contributions. In consideration of the private HOA amenity parks, including the related amenity centers, the public parkland, greenbelts, trails and improvements to be designed, constructed, installed and provided by the Landowners and the Landowners' funding of the Parkland Improvement Funds as provided above, the City agrees that no additional dedication of parkland, provision of park improvements, or payment of park-related fees will be required from the Landowners for the Property.
- G) Trails. The Landowners will design and construct trails, at the Landowners' sole cost except as otherwise provided in this section, as shown and identified on **Exhibit H**. Except for the portion of the Nature Trail that begins at the intersection of the Marathon Road and RM 967 and extends to the right-of-way line for the Rankin Avenue, which will be designed, constructed and completed

within two (2) years of the City's approval of the final plat of Phase 1, each of the trails shown in **Exhibit H** will be designed, constructed and completed within two (2) years of the City's approval of the final plat of the portion of the Property within which the trail in question is located. The trails will be constructed in accordance with the standards set out herein and in **Exhibit H** (Trails Plan and Standards):

- (1) Nature Trail – an eight (8) foot wide natural trail with the concrete being utilized in high maintenance areas and areas susceptible to scouring. A trailhead with publicly accessible parking, in a form reasonably acceptable to the Landowners, for the Nature Trail will be provided at the proposed amenity center in the Bailey Tract and be constructed as ADA compliant.
- (2) Neighborhood Trail – a six (6) foot wide, fully ADA compliant concrete trail to be overlaid with a permanent public access easement and maintained by the HOA.
- (3) East/West Trail – a six (6) foot wide gravel trail to be overlaid with a public access easement and maintained by the HOA for five (5) years following the date of acceptance.
- (4) 1626 Shared Use Path – a ten (10) foot wide shared use path, shown conceptually in **Exhibit O**, from the FM 1626 Connector to the multi-use path at SH-45 as right-of-way, land acquisition, and jurisdictional permits allow and as set forth in Section 16.D below.

13. *Utilities.*

- A) Extension of Wastewater and Water Services. Subject to the terms and conditions set forth in this Agreement, the City will provide wastewater service to the Property through a connection to the City's Garlic Creek Lift Station, located adjacent to the Property on RM 967. The City will provide water service to the Property through a connection to the City's existing 12-inch water line in RM 967, adjacent to the Property, and/or through a connection to a proposed ASR site located within the Property (defined below). Subject to the terms of this Agreement, the Landowners will design, construct and install the Internal Facilities and the Connecting Facilities in order to enable the City to provide water and wastewater service to the Property. Any water or wastewater improvements required to serve the Property beyond those connection points described above will be the sole responsibility of the City, and Landowners shall bear no cost or responsibility in connection therewith, other than the payment of applicable impact fees. The City agrees to ensure that any required improvements shall be fully installed and operational with sufficient capacity to serve the Property as required herein at least sixty (60) days prior to connection at the above-described connection points.
- B) Sizing of Facilities; Oversizing; Credits for Oversizing. The Landowners agree to give the City at least thirty (30) days' written notice before commencing the design of any Connecting Facilities and/or Internal Facilities, which notice will include a schematic plan showing the general location and size of the facilities proposed to be designed and constructed to serve only the Property. If the City determines that it would be in its best interests to oversize any of such facilities or incorporate a storage system in order to serve areas other than the Property ("Oversizing"), the City may request such Oversizing by giving written notice to the Landowners

within that 30-day notice period, specifying, in LUEs, the amount of oversized capacity the City requests be included within each of the facilities depicted on the schematic plan. If the City fails to give the Landowners written notice within the time and in the manner required, the City agrees that the Landowners will be authorized to proceed with the design of the facilities in question, sized only to serve the Property, and no Oversizing may be required by the City at any time thereafter. If Oversizing is timely requested by the City as to any of the facilities shown on a schematic plan, the Landowners agree to cooperate with the City to accommodate the City's request, provided that (a) the Oversizing does not result in an unreasonable delay in design, construction or development; and (b) the City pays a percentage of the hard and soft costs of the facilities based on the increased percentage in pipe diameter or storage capacity due to the Oversizing. The amount of soft costs for which the City may be required to cost participate may not exceed fifteen percent (15%) of the hard costs. The City shall pay the Landowners the total amount owed for its proportional share of the Oversizing within six (6) months of substantial completion of the Oversizing. The Parties will negotiate a mutually acceptable Cost Sharing and Capital Improvement Agreement for the Oversizing that will establish the details of payment, among other aspects, in accordance with the terms of this Agreement. Except as provided in this Subsection 13.B, the City will not require the Landowner to design or construct any facilities other than the Internal Facilities and the Connecting Facilities to provide water and wastewater service to the Property and the Landowners will have no obligation to construct or cost participate in any water or wastewater facilities other than the Internal Facilities and the Connecting Facilities, to oversize any Internal Facilities or Connecting Facilities, or to construct any offsite facilities other than the Connecting Facilities. The amount of cost participation for the hard and soft costs associated with Oversizing shall be based on the tables found in Section 25-9-62 of the City of Austin Code of Ordinance, such tables being fully incorporated into this Agreement for all related purposes, and, for a storage system, based on the percentage of increased capacity.

- C) Service Commitment. Subject to the terms and conditions set forth herein, the City commits and agrees to provide retail water and wastewater services to the Property as and when required by customers within and/or for development of the Property in an aggregate amount not to exceed 2750 LUEs for all allowable uses within the Project, at flow rates and pressures and in quantities, sufficient to meet the minimum requirements of the UDC, including fire flow, in the same manner and on the same terms and conditions as the City provides service to similarly situated retail customers inside its corporate limits. If the applicable portions of the Austin ETJ Parcel is not released from the Austin CCN, then the City's obligation to provide the aggregate amount of LUEs shall be offset and adjusted in relation to the amount of LUEs provided by the City of Austin. The City shall have the discretion to reasonably adjust the amount of LUEs in proportion to those LUEs provided by the City of Austin.
- D) ASR Infrastructure. The Parties hereby agree to cooperate as follows with respect to a potential Aquifer Storage and Recovery System ("ASR"):
 - (1) If the Austin ETJ Parcel is released from the Austin CCN on terms acceptable to the Landowners as provided in Section 8.B above and added to the City's CCN so that the City has the right and obligation to provide

water service to the entire Property (including the Austin ETJ Parcel), then the Landowners agree to cooperate with the City to dedicate a site within the Property for the location of an Aquifer Storage and Recovery system ("ASR") and to design, permit, and construct certain ASR facilities. Subject to obtaining the required permits and governmental approvals, the ASR site and facilities, if required, shall be constructed and dedicated prior to 1,200 water connections for residential dwelling units that receive water service from the City. Notwithstanding the foregoing, the City shall remain obligated to provide water service to the Project as provided herein in any one of the following events: (i) the ASR is not required as provided herein, (ii) the Landowners are unable to obtain necessary permits and approvals for the ASR site and facilities, despite good faith efforts, and (iii) if the ASR is required and permits are obtained, for the water connections that provide water service from the City to less than 1,200 residential dwelling units. Unless the City elects in its sole discretion to construct the ASR as provided below, if applicable, the ASR site and facilities shall be designed, permitted, constructed, and dedicated at Landowners sole cost and expense; provided that, however, such cost and expense shall be Authorized Improvements subject to funding and/ or reimbursement from PID Bond proceeds and from TIRZ revenues. Landowners agree that at least \$5,500,000.00 of the costs of the ASR will either be funded from the PID Bonds and/ or TIRZ revenues or will be funded by Landowners. To the extent that PID Bond proceeds and TIRZ revenues are insufficient to cover the costs of the ASR site and facilities, the Landowners shall be entitled to receive a credit against any and all impact fees, up to maximum amount of \$8,000,000.00, that may be assessed by the City for the Project in an amount equal to the costs in excess of the PID Bond proceeds and TIRZ revenue to design, permit, and construct the ASR site and facilities. For avoidance of any doubt, any impact fee credits due from the City shall not cover costs of the ASR included as actual costs funded or reimbursed from PID Bond proceeds and TIRZ revenues but shall only be required to cover costs not included as actual costs funded by PID Bond proceeds and TIRZ revenues or otherwise covered by the Landowner's \$5,500,000.00 committed amount set forth above. Notwithstanding the foregoing, within thirty (30) days after written notice from the Landowners of their intent to commence construction of the ASR facilities, the City shall have the right at its sole discretion to notify the Landowners that it elects to construct the ASR facilities at the City's sole cost and expense. If the City makes such an election, then (a) the Landowners shall remain obligated to dedicate the ASR site, to design and permit the ASR facilities and to provide \$5,500,000.00 of funding for the construction of such ASR facilities less the amounts expended by Landowners for the design and permitting of such ASR facilities, either through PID Bonds proceeds, TIRZ revenues, or Landowners separate funds; (b) the City shall be fully obligated to cover any and all costs and expenses over such amount provided by Landowners, and Landowners shall have no further obligation with respect thereto; and (c) Landowners shall not be entitled to any impact fee credits as provided herein.

- (2) If Landowners elect to have the City of Austin provide water service to the Austin ETJ Parcel, or if the Austin ETJ Parcel is not otherwise released

from the Austin CCN on terms acceptable to Landowners, the requirements of this Section 13.D related to the ASR site and facilities shall not apply, save and except that Landowners agree to dedicate a site within the Property for the location of the ASR.

14. *Environmental.* The Landowners agree to provide the following environmental enhancements:

- A) Use of Reclaimed Water. Irrigated open space areas within the Property, as shown in **Exhibit Q**, will be developed with a "Purple Pipe" irrigation system that can be adapted to utilize Type I reclaimed water pursuant to the requirements of the Texas Commission on Environmental Quality ("TCEQ") under 30 Texas Administrative Code 210 if and when the City elects to extend and connect facilities to deliver such reclaimed water to the Property. These irrigation systems will utilize potable water until reclaimed water service is provided.
- B) Green Building. "Green" building code/1 Star elements will be provided as set forth on the attached **Exhibit J**.
- C) Batch Detention. "Batch Detention Ponds", designed to LCRA standards, is an allowable permanent water quality control system.
- D) Geologic Report. The City and Landowners acknowledge and agree that the Property is in the "Transition Zone" of the Edwards Aquifer as defined by the TCEQ and outside of the "Recharge Zone" and "Contributing Zone" as defined in the UDC. Notwithstanding the foregoing, the Landowners have conducted a geological report demonstrating that no sensitive environmental features exist on the Property, and has submitted such report to the City. The City acknowledges and agrees that it has received and reviewed such geological report. If sensitive environmental features are discovered during construction, Landowners agree to protect and/ or mitigate the impacts to such features as required by TCEQ regulations.

15. *Tree Preservation, Replacement and Mitigation.* The City approves the following modifications to Subsection 4.04.01 of the UDC, Tree Preservation and Mitigation Code:

- A) Street Trees.
 - (1) All roadways internal to the Project will be planted with street trees spaced at minimum forty (40) feet on center. Notwithstanding anything herein or the UDC to the contrary, planting of street trees shall not be required at the time the internal roadways are constructed, and the Landowners shall only be required to plant such required street trees at the time that buildings on land or lots immediately adjacent to such internal roadways are being constructed. Street trees will not be required in locations in which they would conflict with the canopies of existing shade trees. All street trees will be included in the calculation of replacement planted trees under the City's tree mitigation requirements. These trees will be maintained by either the adjacent property owner or the HOA, under the terms of the restrictive covenants applicable to the Project. The City agrees that no license agreement with the City for the installation or maintenance of street trees will be required.

- (2) If the City or any utility provider prohibits any proposed street trees from being planted in the right-of-way, the City agrees that trees may be spaced every thirty (30) feet on center in other locations within the right-of-way and in the manner compliant with street tree standards.
- B) Landscape Trees. The City agrees that any tree required under Subsection 2.09.01 of the UDC, landscaping, and any other trees in excess of such requirement planted on any lot will also be counted as a replacement tree under the City's tree mitigation requirements.
- C) Street and Replacement Tree Requirements. The Landowners agree that all street trees and other replacement trees planted within the Property will meet the following requirements:
 - (1) Canopy trees will, at a minimum, be three-inch (3") caliper Texas-grown nursery stock complying with the "American Standards for Nursery Stock."
 - (2) Trees will be irrigated using an automatic irrigation system and zoned separately from turf areas.
 - (3) Trees will be covered by a replacement warranty provided by the landscape contractor for two (2) years from the date of planting. The Landowners will be responsible for ensuring any necessary replacement of trees during such two-year warranty period.
 - (4) Trees on public property (including right-of-way and open space) will, in addition to the two-year replacement warranty required by Subsection 15.C)(3), be maintained for a minimum period of four (4) years after planting by the Landowners or HOA.
 - (5) Trees planted for the street tree requirement will be chosen based on best practices regarding typical species root style to encourage root growth in a manner not detrimental to road/trail/sidewalk longevity.
- D) Tree Preservation and Mitigation Modifications. The City hereby approves the following modifications to Section 4.04.01 of the UDC, Tree Preservation and Mitigation Code for the Property:
 - (1) Trees located within right-of-way and within easements to be dedicated to the City will be exempt from the City's tree preservation requirements. Where feasible, Landowners and City will make a good faith effort to avoid including Heritage trees within the right-of-way or to protect and save Heritage trees within the proposed right-of-way except where such rights-of-way have already been planned pursuant to existing major roadway plans and initial subdivision plans previously submitted; provided that, however, such efforts shall not be required if doing so causes a reduction in the number of residential units.
 - (2) During construction, the Landowners will retain, and provide City with contact and access for consultation with, a Certified Arborist to observe and make recommendations regarding the protection and health of all existing trees to be preserved. The Certified Arborist will review all tree protection

measures at the start of construction and will visit the site at least twice per month during construction to review tree health and preservation measures and make recommendations.

- (3) A tree will be considered saved or preserved if one-half of the total area of the CRZ outside the 1/2 CRZ is preserved, and the entire 1/2 CRZ is preserved. Within the 1/2 CRZ, no cut or fill will be allowed. The Certified Arborist retained by the Landowners and will review the viability of any affected tree during design.
- (4) For lots with seven and one-half (7.5) foot side setbacks, the side setback on one side of the lot may be reduced to no less than five (5) feet if this reduction would reduce the impact on the CRZ of a tree on the other side of the lot, so long as the total of the side setbacks on the lot is fifteen (15) feet.
- (5) The number of trees to be preserved shall be based on the average density of all regulated trees on a site as determined based on the tree survey as follows:

Average Tree Density	Percentage of Trees to be Preserved		
	Protected	Signature	Heritage
1-10 trees per acre	60%	85%	90%
10-20 trees per acre	50%	75%	85%
20+ trees per acre	40%	65%	75%

Average density shall be calculated by dividing the total number of regulated trees surveyed by the gross site area of the tree survey. The tree survey shall occur in a minimum of 100-acre increments.

- (6) This Agreement constitutes full City approval (without any further approval being required) of Tree Removal Permits for the removal of all Protected Trees, Signature Trees, and Heritage Trees from the Property, except for the percentage of such trees required to be preserved as set forth in Subsection (5) above. These Tree Removal Permits shall be administratively approved by the Director of Planning. Mitigation (neither replacement trees nor fees in lieu thereof) for Protected Trees removed in accordance with this section shall not be required. Notwithstanding the foregoing, for any Protected Tree removal that exceeds the amount otherwise allowed herein, mitigation will be required in accordance with Section 04.04.01C and Section 04.04.01D of the UDC. Mitigation for Signature Trees and Heritage Trees removed both in accordance with this section and any such removal that exceeds the amount otherwise allowed herein, will be required in accordance with Section 04.04.01C and Section 04.04.01D of the UDC.
- (7) The required tree preservation percentages may be averaged over the entire development provided it is identified as such on the subdivision plat or site plan for the development. Tree removal credits, but not deficits, may be

carried over to average preservation across the Project, provided it is tracked on the subdivision plat or site plan.

- (8) The City Engineer may, to the extent it is safe and prudent to do so, permit preservation of Signature Trees and Heritage Trees within the right-of-way to be counted toward mitigation requirements at the same ratio they are required to be mitigated.
- (9) Alternative water and wastewater service locations meeting the Austin Engineering Criteria for separation, may be allowed to preserve Signature Trees and Heritage Trees.

16. *Transportation.*

- A) Right-of-Way Dedications. The Landowners will dedicate the portions of right-of-way for Marathon Road, Rankin Avenue, the 1626 Connector, and the intersection of Marathon Road with RM 967 that are located within the Property and shown on the attached **Exhibit K**, at no cost to the City and without the City's grant of any development fee credits to the Landowners. The Landowners will use commercially reasonable efforts to acquire any additional right-of-way needed for the 1626 Connector. Notwithstanding the foregoing, the Parties acknowledge and agree that the Landowners shall only be required to dedicate Rankin Avenue in the location and configuration shown in Exhibit K.
- B) RM 967 Intersection Improvements. The Landowners will design, permit, and construct improvements to the intersection of RM 967 and Marathon Road as a roundabout at no cost to the City and without the City's grant of any development fee credits to the Landowners. Entry improvements and monumentation will be permitted within the roundabout of the RM 967 Intersection and the Parties agree to enter a license agreement establishing the Parties' responsibilities and obligations related to such entry improvements and monumentation. The Landowners agree to substantially complete construction of such intersection improvements prior to the issuance of any Certificates of Occupancy.
- C) Marathon Road. Subject to and upon creation of the PID and TIRZ, and the issuance of PID Bonds as provided in Section 19 of this Agreement to provide Landowners with construction funding, the Landowners will design and construct Marathon Road in phases as shown on **Exhibit K** and as provided in this subsection. The Landowners shall design and construct (i) one-half of the street cross-sections included in **Exhibit L** (shared use path and two lanes) of Marathon Road concurrently with the development of Phase 1 of the Project and be completed prior to the City's issuance of any Certificates of Occupancy for homes within Phase 1, and (ii) the design of the remainder of Marathon Road required to be started within thirty (30) days of the ETJ Date, commencement of construction within sixty (60) days after issuance of permits, and completed within eighteen (18) months of issuance of all necessary permits. No more than 325 single-family homes may be occupied and no more than 500 single-family homes may be issued building permits before the first half of Marathon Road and the 1626 Connector are substantially completed. The remaining one-half of the Marathon Road cross section shall be designed and constructed as associated PID Bonds are issued and development of the Armbruster Tract adjacent to such roadway occurs. No more than 1,200 single-family homes may be occupied before the remaining one-half of

Marathon Road is substantially completed. Shared use paths constructed as part of Marathon Road may meander into adjacent Landscape Lots. Notwithstanding the foregoing or in the subsequent sections and subsections below, the Landowners may design and construct Marathon Road in conformance with the approved Traffic Impact Analysis prepared by LJA Engineering, Inc., dated September 2023 (the "TIA"), as may be subsequently revised or updated. If the City fails to consent to the creation of the PID and the TIRZ or to issue the PID Bonds and collect TIRZ revenues as provided in Section 19 of this Agreement, and if the Landowners elect that this Agreement remains in full force and effect in whole or in part, then the Landowners will, despite anything in this Agreement to the contrary, instead design and construct Marathon Road in segments according to the Project's roughly proportional share as provided in the TIA, as it may be amended or updated.

- D) 1626 Connector. Subject to and upon creation of the PID and TIRZ, and issuance of PID Bonds as provided in Section 19 of this Agreement to provide Landowners with construction funding, the Landowners will design and construct the appropriately sized east-west connector from Marathon Road to FM 1626 as shown on Exhibit O and on Exhibit L. The design of the 1626 Connector shall continue the shared use path, as shown conceptually in Exhibit O, from the FM 1626 Connector to the multi-use path at SH-45 as right-of-way, land acquisition, and jurisdictional permits allow. The design of the 1626 Connector must be started within sixty (60) days of creation of the PID. Construction will begin within sixty (60) days after the issuance of permits and acquisition of any needed right-of-way and will be completed within eighteen (18) months of issuance of all necessary permits and acquisition of necessary right-of-way. No more than 325 single-family homes may be occupied and no more than 500 single-family homes may be issued building permits before the first half of Marathon Road and the 1626 Connector are substantially completed.
- E) Rankin Avenue. The Landowners will cause the design and construction of the on-site segment of Rankin Avenue, the east-west arterial shown on Exhibit K and on Exhibit L, at no cost to the City and without the City's grant of any development fee credits to the Landowner. The improvements to the on-site section of the Rankin Avenue must be completed prior to the City's issuance of any Certificates of Occupancy for homes within Phase 1. The City acknowledges and agrees that construction of the Rankin Avenue beyond the location shown in the above-referenced exhibits to the eastern boundary of the Bailey Tract is not feasible and is not required because the eastern boundary line is in the center line of a creek. Notwithstanding the foregoing, the Landowners shall dedicate right-of-way for the Rankin Avenue to the eastern boundary of the Bailey Tract as that portion of the Property is platted and Landowners shall design and engineer the Rankin Avenue extension from its terminus on the Bailey Tract up to and including an intersection with Garrison Road; provided that, however, such design and engineering work is subject to rights of entry being provided to the Landowners in order to survey the potential locations for such extension. Notwithstanding the foregoing, the Parties acknowledge and agree that the Landowners shall only be required to plat, design, and dedicate Rankin Avenue in the location and configuration shown in Exhibit K. Additionally, the Landowners will provide a design and engineering for an economy of scale and buildability analysis of a future bridge to be located at the east terminus of Rankin Avenue.