

## LIMITED OFFERING MEMORANDUM DATED JANUARY 21, 2025

### NEW ISSUE

### NOT RATED

PROSPECTIVE PURCHASERS ARE ADVISED THAT THE BONDS BEING OFFERED PURSUANT TO THIS LIMITED OFFERING MEMORANDUM ARE BEING OFFERED TO “QUALIFIED INSTITUTIONAL BUYERS” AS DEFINED IN RULE 144A PROMULGATED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), AND “ACCREDITED INVESTORS” AS DEFINED IN RULE 501 OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT. SEE “LIMITATIONS APPLICABLE TO INITIAL PURCHASERS” HEREIN. THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT IN RELIANCE UPON THE EXEMPTION PROVIDED BY SECTION 3(A)(2) THEREIN. NO ACTION HAS BEEN TAKEN TO QUALIFY THE BONDS FOR SALE UNDER THE SECURITIES LAWS OF ANY STATE. SEE “LIMITATIONS APPLICABLE TO INITIAL PURCHASERS” HEREIN.

*In the opinion of Bond Counsel, interest on the Bonds will be excludable from gross income for federal income tax purposes under existing statutes, regulations, published rulings and court decisions existing on the date of such opinion,, subject to the matters described under “TAX MATTERS” herein, including the alternative minimum tax on certain corporations. See “TAX MATTERS – Tax Exemption” herein for a discussion of Bond Counsel’s opinion.*



**\$47,644,000**

**CITY OF BUDA, TEXAS,**

**(a municipal corporation of the State of Texas located in Hays County)**

**SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025**

**(PERSIMMON PUBLIC IMPROVEMENT DISTRICT MAJOR IMPROVEMENT AREA PROJECT)**

**Dated Date: Date of Delivery (as defined below)**

**Due: September 1, as shown on the inside cover**

**Interest to Accrue from Date of Delivery**

The City of Buda, Texas, Special Assessment Revenue Bonds, Series 2025 (Persimmon Public Improvement District Major Improvement Area Project) (the “Bonds”), are being issued by the City of Buda, Texas (the “City”). The Bonds will be issued in fully registered form, without coupons, in authorized denominations of \$25,000 of the principal amount and any integral multiple of \$1,000 in excess thereof. The Bonds will bear interest at the rates set forth on the inside cover page hereof, and such interest will be calculated on the basis of a 360-day year of twelve 30-day months, and will be payable on each March 1 and September 1, commencing September 1, 2025, until maturity or earlier redemption. The Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York. No physical delivery of the Bonds will be made to the beneficial owners thereof. For so long as the book-entry only system is maintained, the principal of and interest on the Bonds will be paid from the sources described herein by U.S. Bank Trust Company, National Association, as trustee (the “Trustee”), to DTC as the registered owner thereof. See “BOOK-ENTRY ONLY SYSTEM.”

The Bonds are being issued by the City pursuant to the Public Improvement District Assessment Act, Subchapter A of Chapter 372, Texas Local Government Code, as amended (the “PID Act”), an ordinance adopted by the City Council of the City (the “City Council”) on January 21, 2025, and an Indenture of Trust, dated as of February 1, 2025 (the “Indenture”), entered into by and between the City and the Trustee. Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Indenture.

Proceeds of the Bonds will be used to provide funds for (i) paying a portion of the Actual Costs of the “Major Improvement Area Improvements,” benefitting the entire Persimmon Public Improvement District (the “District”), (ii) paying the Administrative Reserves (as defined herein) related to the Bonds, (iii) paying the Bond Issuance Costs (as defined herein) related to the issuance of the Bonds, including funding a reserve fund for the payment of principal and interest on the Bonds, and (iv) paying a portion of the interest on the Bonds during and after the period of construction of the Major Improvement Area Improvements. See “THE MAJOR IMPROVEMENT AREA IMPROVEMENTS” and “APPENDIX A — Form of Indenture.”

The Bonds Similarly Secured, which includes the Bonds, when issued and delivered, will constitute valid and binding special obligations of the City payable solely from and secured by the Trust Estate, consisting primarily of the Pledged Revenues, which consist primarily of Major Improvement Area Assessments (as defined herein) levied against assessable properties in the Major Improvement Area of the District in accordance with a Service and Assessment Plan, all to the extent and upon the conditions described herein and in the Indenture. The “Bonds Similarly Secured” consist of the Bonds and any series of bonds issued to refund all or a portion of the Bonds. The Bonds are not payable from funds raised or to be raised from taxation. See “SECURITY FOR THE BONDS SIMILARLY SECURED.”

The Bonds are subject to redemption at the times, in the amounts, and at the redemption prices more fully described herein under the subcaption “DESCRIPTION OF THE BONDS — Redemption Provisions.”

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

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

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

The Bonds are offered for delivery when, as, and if issued by the City and accepted by the Underwriter, subject to, among other things, the approval of the Bonds by the Attorney General of Texas and the receipt of the opinion of McCall Parkhurst & Horton LLP, Bond Counsel, as to the validity of the Bonds and the excludability of interest thereon from gross income for federal income tax purposes. See “APPENDIX C — Form of Opinion of Bond Counsel.” Certain legal matters will be passed upon for the Underwriter by its counsel, Norton Rose Fulbright US LLP, for the Developers by their counsel, McLean & Howard, L.L.P., and for the City by its counsel Bojorquez Law Firm PC. It is expected that the Bonds will be delivered in book-entry form through the facilities of DTC on or about February 20, 2025 (the “Date of Delivery”).

**FMSbonds, Inc.**

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

CUSIP Prefix: 118829<sup>(a)</sup>

\$47,644,000  
CITY OF BUDA, TEXAS,  
(a municipal corporation of the State of Texas located in Hays County)  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025  
(PERSIMMON PUBLIC IMPROVEMENT DISTRICT MAJOR IMPROVEMENT AREA PROJECT)

\$4,280,000 5.750% Term Bonds, Due September 1, 2033, Priced to Yield 5.750%; CUSIP Suffix: AD2 <sup>(a) (c)</sup>

\$15,694,000 6.625% Term Bonds, Due September 1, 2045, Priced to Yield 6.625%; CUSIP Suffix: AE0 <sup>(a) (b) (c)</sup>

\$27,670,000 6.750% Term Bonds, Due September 1, 2055, Priced to Yield 6.820%; CUSIP Suffix: AF7 <sup>(a) (b) (c)</sup>

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- <sup>(a)</sup> CUSIP numbers are included solely for the convenience of owners of the Bonds. CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. CUSIP numbers are provided for convenience of reference only. None of the City, the City's Financial Advisor or the Underwriter takes any responsibility for the accuracy of such numbers.
- <sup>(b)</sup> The Bonds may be redeemed before their scheduled maturity date on any date on or after September 1, 2035, at the option of the City, with funds derived from any available and lawful source, as a whole, or in part, and, if in part, the particular Bonds, or portions thereof, to be redeemed shall be selected and designated by the City, at the redemption price of 100% of the principal amount plus accrued interest to the date of redemption as described herein under "DESCRIPTION OF THE BONDS — Redemption Provisions."
- <sup>(c)</sup> The Bonds are also subject to mandatory sinking fund redemption and extraordinary optional redemption as described herein under "DESCRIPTION OF THE BONDS — Redemption Provisions."

**CITY OF BUDA, TEXAS  
CITY COUNCIL**

<b><u>Name</u></b>	<b><u>Position</u></b>	<b><u>Term Expires</u></b>
Mayor Lee Urbanovsky	Mayor	2026
Matt Smith	At-Large Position 1	2025
Monica Davidson	At-Large Position 2	2026
LaVonja Horne-Williams	At-Large Position 3	2027
Greg Bowles	Single Member District A	2027
Evan Ture	Single Member District B	2026
Terry Cummings	Single Member District C	2025

**CITY MANAGER**

Micah Grau

**DIRECTOR OF  
FINANCE**

Bianca Redmon

**CITY CLERK**

Alicia Ramirez

**ADMINISTRATOR**

P3Works, LLC

**FINANCIAL ADVISOR TO THE CITY**

Specialized Public Finance Inc.

**BOND COUNSEL**

McCall, Parkhurst & Horton L.L.P.

**UNDERWRITER'S COUNSEL**

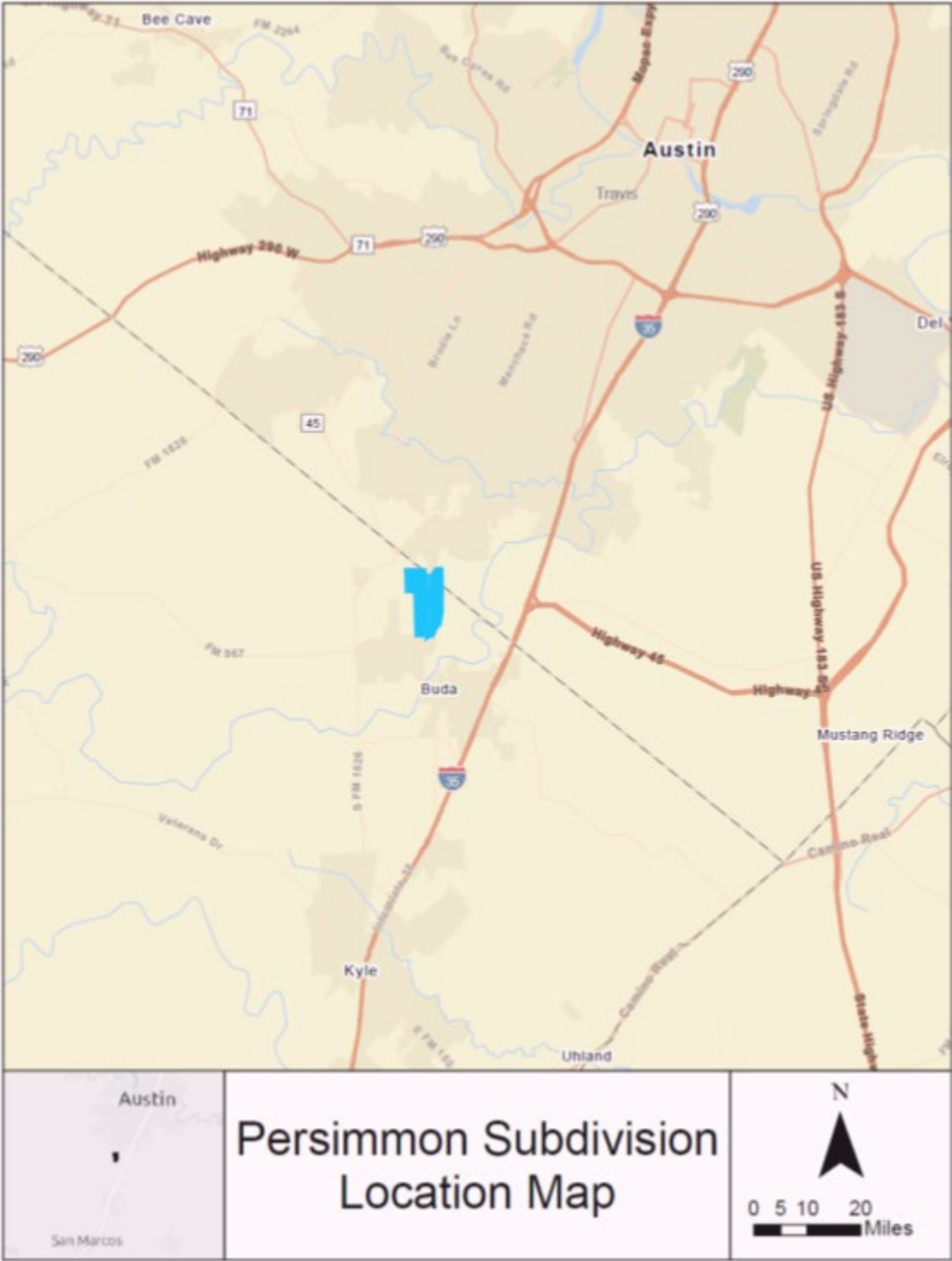
Norton Rose Fulbright US LLP

For additional information regarding the City, please contact:

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City Manager  
City of Buda, Texas  
405 E. Loop Street, Building 100  
Buda, Texas 78610  
(512) 312-0084  
Micah.Grau@BudaTX.gov

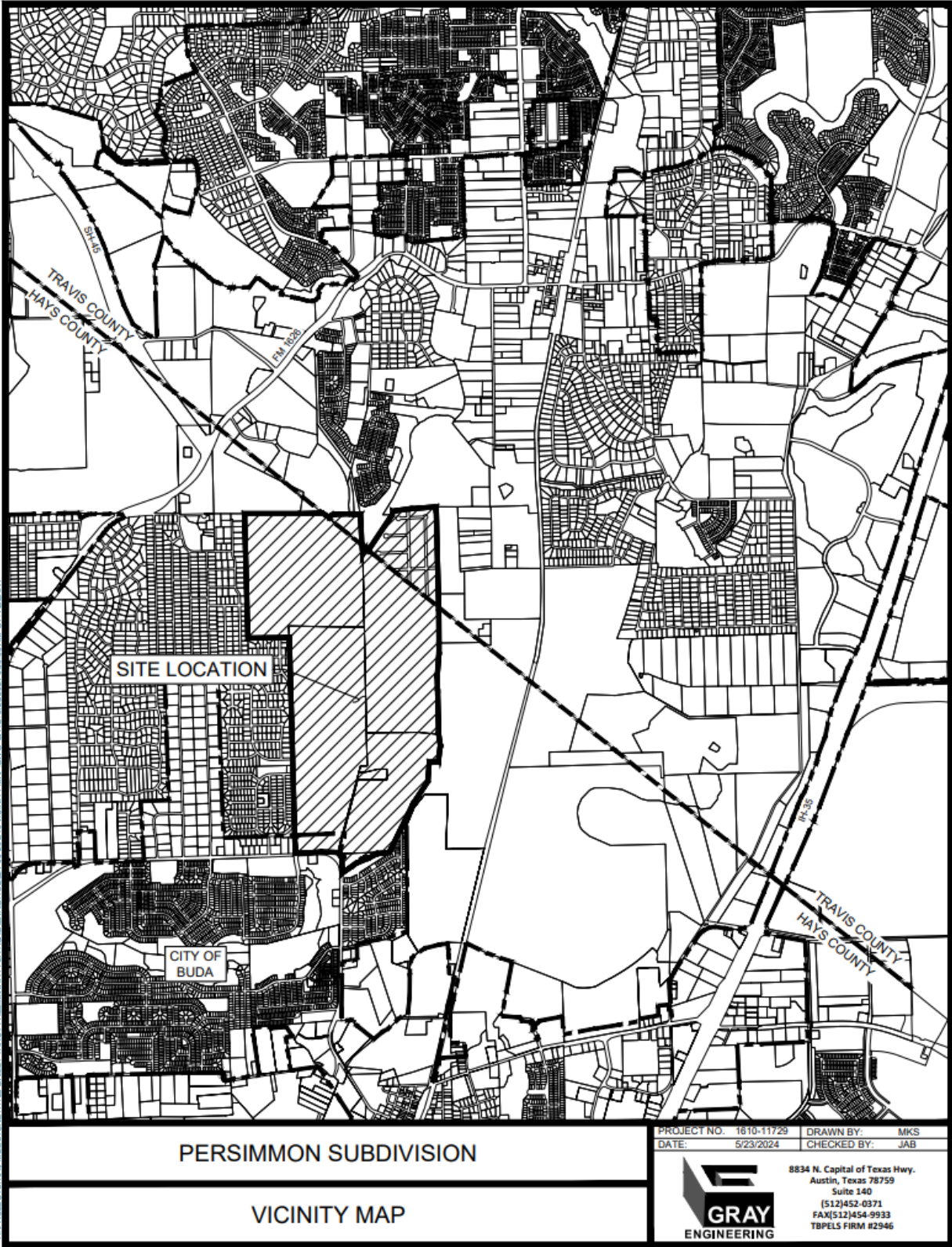
Jennifer Ritter  
Specialized Public Finance Inc.  
248 Addie Roy Road  
Suite B-103  
Austin, Texas 78746  
(512) 275-7304  
jennifer@spfmuni.com

REGIONAL LOCATION MAP OF THE DISTRICT





AREA LOCATION MAP OF THE DISTRICT

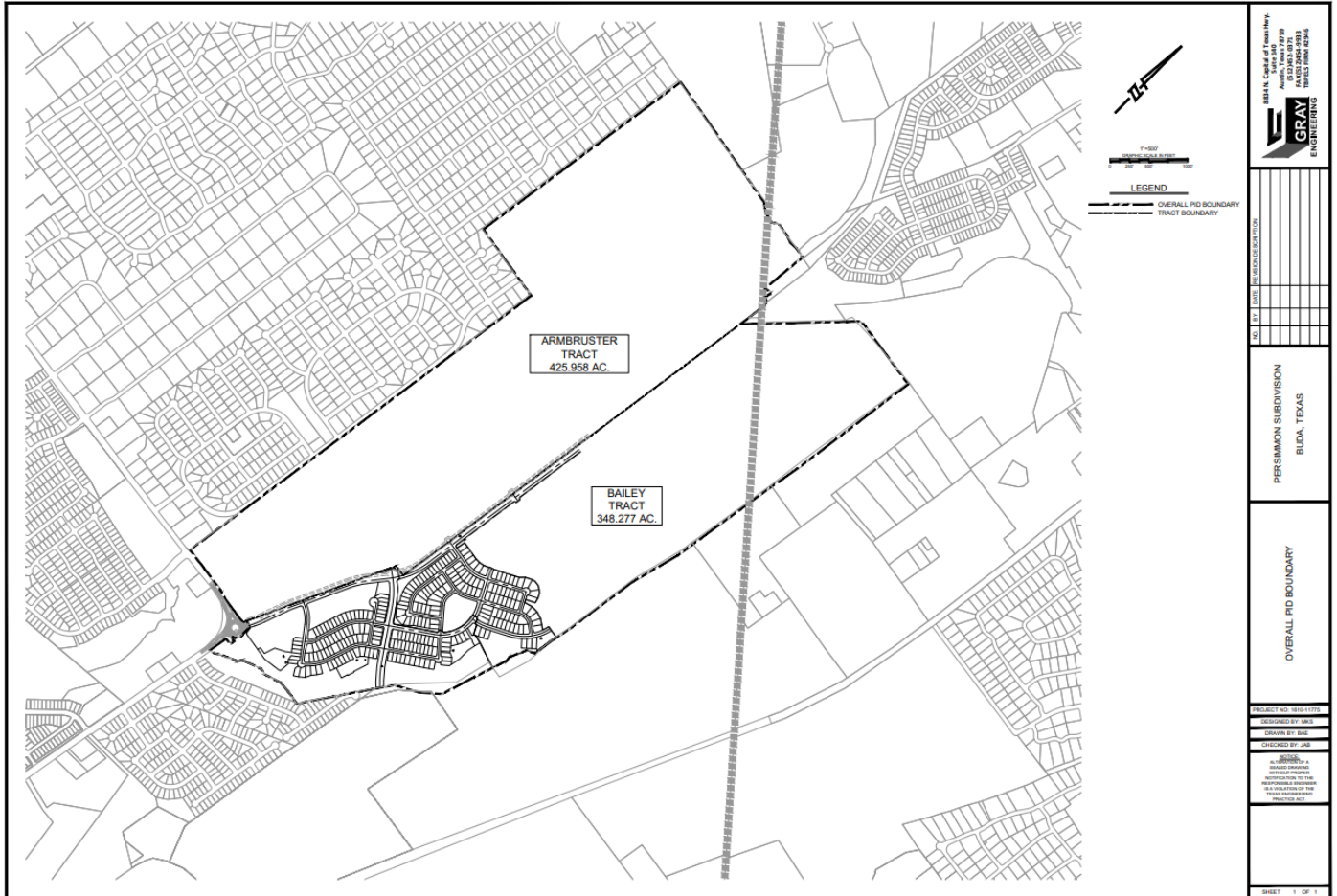


# MAP SHOWING CONCEPT PLAN OF THE DISTRICT

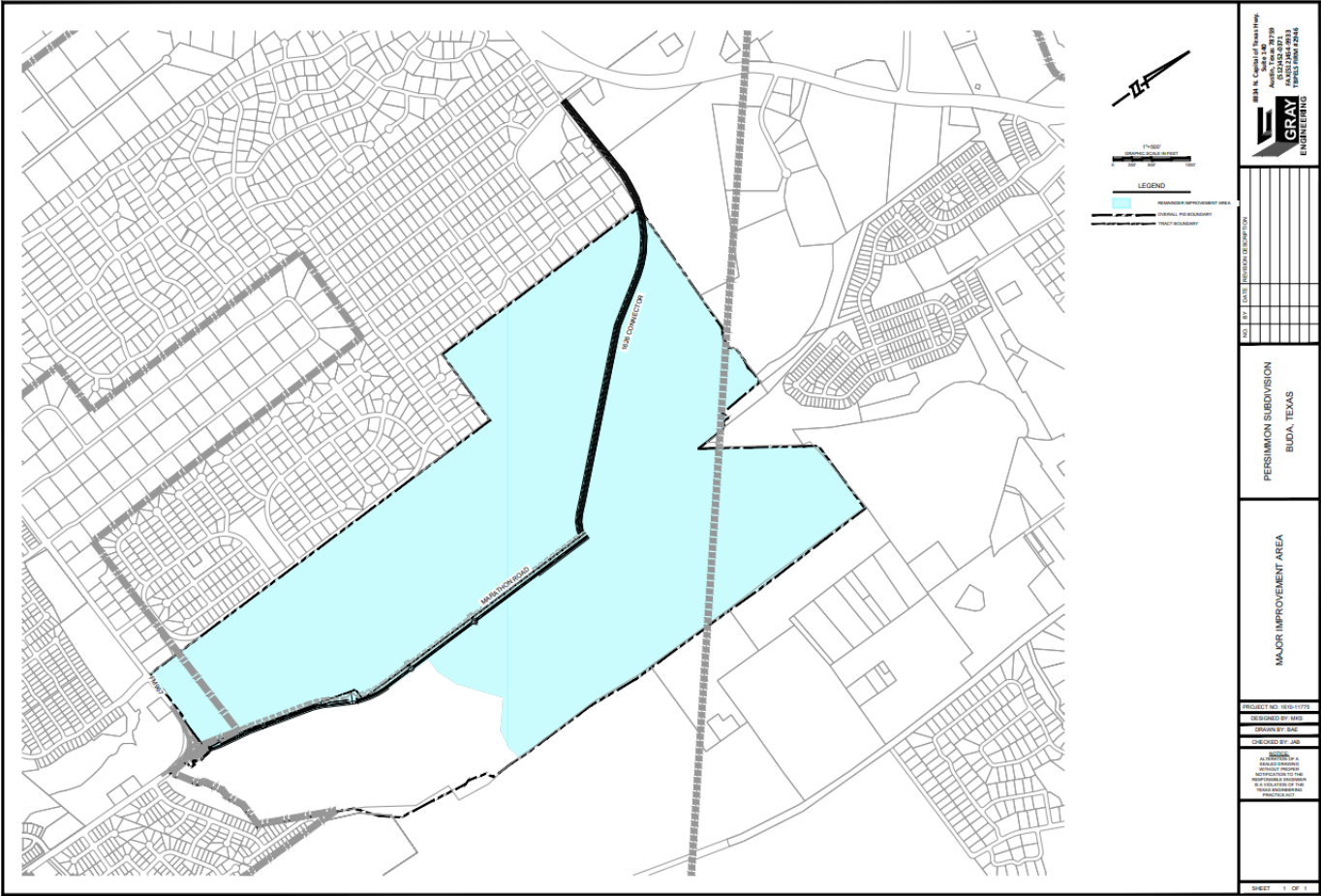




### MAP SHOWING BOUNDARIES OF THE DISTRICT



MAP SHOWING MAJOR IMPROVEMENT AREA



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

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

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

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

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

CERTAIN STATEMENTS INCLUDED OR INCORPORATED BY REFERENCE IN THIS LIMITED OFFERING MEMORANDUM CONSTITUTE “FORWARD-LOOKING STATEMENTS” WITHIN THE MEANING OF THE UNITED STATES PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995, SECTION 21E OF THE UNITED STATES SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, AND SECTION 27A OF THE SECURITIES ACT OF 1933. SUCH STATEMENTS ARE GENERALLY IDENTIFIABLE BY THE TERMINOLOGY USED SUCH AS “PLAN,” “EXPECT,” “ESTIMATE,” “PROJECT,” “ANTICIPATE,” “BUDGET” OR OTHER SIMILAR WORDS. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE CITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ANY OF ITS EXPECTATIONS OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR, OTHER THAN AS DESCRIBED UNDER “CONTINUING DISCLOSURE” HEREIN.

THE TRUSTEE HAS NOT PARTICIPATED IN THE PREPARATION OF THIS LIMITED OFFERING MEMORANDUM AND ASSUMES NO RESPONSIBILITY FOR THE ACCURACY OR COMPLETENESS OF ANY INFORMATION CONTAINED IN THIS LIMITED OFFERING MEMORANDUM OR THE RELATED

TRANSACTIONS AND DOCUMENTS OR FOR ANY FAILURE BY ANY PARTY TO DISCLOSE EVENTS THAT MAY HAVE OCCURRED AND MAY AFFECT THE SIGNIFICANCE OR ACCURACY OF SUCH INFORMATION.

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

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APPENDIX F	Form of Major Improvement Area Reimbursement Agreement
APPENDIX G	Development Agreement

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## **LIMITED OFFERING MEMORANDUM**

**\$47,644,000**

**CITY OF BUDA, TEXAS,**

**(a municipal corporation of the State of Texas located in Hays County)**

**SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025**

**(PERSIMMON PUBLIC IMPROVEMENT DISTRICT MAJOR IMPROVEMENT AREA PROJECT)**

### **INTRODUCTION**

The purpose of this Limited Offering Memorandum, including the cover page, inside cover and appendices hereto, is to provide certain information in connection with the issuance and sale by the City of Buda, Texas (the “City”), of its \$47,644,000 aggregate principal amount of Special Assessment Revenue Bonds, Series 2025 (Persimmon Public Improvement District Major Improvement Area Project) (the “Bonds”).

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

The Bonds are being issued by the City pursuant to the Public Improvement District Assessment Act, Subchapter A of Chapter 372, Texas Local Government Code, as amended (the “PID Act”), the ordinance authorizing the issuance of the Bonds enacted by the City Council of the City (the “City Council”) on January 21, 2025 (the “Bond Ordinance”), and an Indenture of Trust, dated as of February 1, 2025 (the “Indenture”), entered into by and between the City and U.S. Bank Trust Company, National Association, as Trustee (the “Trustee”). The Bonds will be secured by assessments (the “Major Improvement Area Assessments”) levied against assessable property located within the Major Improvement Area (as defined herein) of the Persimmon Public Improvement District (the “District”) pursuant to an ordinance enacted by the City Council on January 21, 2025 (the “Assessment Ordinance”) and the provisions of the Service and Assessment Plan (defined herein). The City created the District pursuant to a resolution adopted by the City Council on September 17, 2024 (the “Creation Resolution”).

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

Set forth herein are brief descriptions of the City, the District, the Assessment Ordinance, the Bond Ordinance, the Service and Assessment Plan, the Reimbursement Agreement (as defined herein), the City of Buda Development Agreement Bailey/Armbruster Tract Subdivision between the City and Bailey Land Investments, LP, a Texas limited partnership (the “Bailey Landowner”), and Armbruster Land Investments, LP, a Texas limited partnership (the “Armbruster Landowner” and, together with the Bailey Landowner, the “Landowners”), effective June 18, 2024 (the “Development Agreement”), the Developers (defined herein) and P3Works, LLC (the “Administrator”), together with summaries of terms of the Bonds and the Indenture and certain provisions of the PID Act. All references herein to such documents and the PID Act are qualified in their entirety by reference to such documents or such PID Act and all references to the Bonds are qualified by reference to the definitive forms thereof and the information with respect thereto contained in the Indenture. Copies of these documents may be obtained during the period of the offering of the Bonds from the Underwriter, FMSbonds, Inc., 5 Cowboys Way, Suite 300-25, Frisco, Texas, 75034, Phone: (214) 302-2246. The Form of Indenture appears in APPENDIX A and the Form of Service and Assessment Plan appears in APPENDIX B. The information provided under this caption “INTRODUCTION” is intended to provide a brief overview of the information provided in the other captions herein

and is not intended, and should not be considered, fully representative or complete as to the subjects discussed in this Limited Offering Memorandum.

## **PLAN OF FINANCE**

### **The District**

The PID Act authorizes municipalities, such as the City, to create public improvement districts within their boundaries or extraterritorial jurisdiction, and to impose assessments within the public improvement district to pay for certain improvements. The District was created for the purpose of undertaking and financing the cost of certain public improvements within the District, including the Major Improvement Area Projects (as defined herein), authorized by the PID Act and approved by the City Council that confer a special benefit on the District.

The boundaries of the District are shown in the “MAP SHOWING BOUNDARIES OF THE DISTRICT” on page v. The City has annexed the entire District and the District is located within the corporate limits of the City.

### **Development Plan and Plan of Finance**

The District is composed of approximately 774.235 acres which are being developed as a master-planned development permitted to include up to 2,300 residential units and a minimum of 21.5 acres of commercial development. It is currently anticipated that the District will include 2,019 single-family residential lots at buildout and approximately 161,250 square feet of commercial space. Bailey Community Development, Inc. (the “Bailey Developer”) and Armbruster Development, Inc. (the “Armbruster Developer” and, together with the Bailey Developer, the “Developers”) will develop the District in distinct areas, which development will begin with development of the infrastructure to serve the first improvement area of the District (“Improvement Area #1”) and a portion of the major infrastructure to serve the entire District. See “THE DEVELOPMENT — Development Plan.” The areas shown as “Major Improvement Area” on the “MAP SHOWING MAJOR IMPROVEMENT AREA” on page vii are referred to herein as the “Major Improvement Area.” Individual distinct areas which may be developed within the Major Improvement Area in the future are referred to herein as “Future Improvement Areas.”

The District consists of two separately purchased tracts. The Bailey Landowner purchased approximately 348.277 acres (the “Bailey Tract”) on June 4, 2021 from Labenski Branch, LP using a loan with the International Bank of Commerce in the original principal amount of \$24,200,000 (the “Bailey Tract Loan”), and a seller note in the original amount of \$10,054,258 (the “Bailey Tract Seller Note”). The Bailey Tract Loan is currently outstanding in the amount of \$11,925,165 with a current maturity date of March 3, 2025, and the Bailey Tract Seller Note is currently outstanding in the amount of \$10,054,258 with a maturity date of June 2, 2027. The Armbruster Landowner purchased approximately 425.958 acres (the “Armbruster Tract”) on December 17, 2021 and December 22, 2021 from Deborah Armbruster, Chance Armbruster, Lynn A. Simon (also known as Lynn Armbruster Hild), and the Texas 1031 Exchange Company as exchange intermediary for Armbruster Holt LTD (1031 Exchange) using a bank loan from the International Bank of Commerce in the original principal amount of \$10,600,000 (the “Armbruster Tract Loan”), and a seller note in the original amount of \$7,075,219 (the “Armbruster Tract Seller Note”). The Armbruster Tract Loan is currently outstanding in the amount of \$10,599,100 with a current maturity date of March 3, 2025, and the Armbruster Tract Seller Note has been fully paid. The Armbruster Landowner entered into a loan agreement with International Commerce Bank on September 26, 2022 in the amount of \$4,000,000 (the “2022 Loan”), which remains outstanding in the amount of \$4,000,000 and currently matures on March 3, 2025, to pay all amounts due on the Armbruster Tract Seller Note. See “THE DEVELOPERS – History and Financing of the District.”

The Landowners intend to sell property within the District to the Developers in phases as development in the District progresses. The Developers expect to finance such purchases with a seller note and a bank loan.

The Developers expect to construct improvements consisting of (i) certain roadway improvements, waste water improvements, drainage improvements, and parks and landscaping improvements, each benefitting the entire District (the “Major Improvements”) and (ii) certain roadway improvements, water improvements, waste water improvements, drainage improvements, and entry, park and landscape improvements as that will benefit only Improvement Area #1 of the District (the “Improvement Area #1 Improvements”). The Improvement Area #1 Improvements and the portion of the Major Improvements benefitting Improvement Area #1 are collectively referred

to herein as the “Improvement Area #1 Authorized Improvements.” The remaining portion of the Major Improvements benefitting the Major Improvement Area is referred to herein as the “Major Improvement Area Improvements.” The Developers also expect to begin construction of the first portion of Phase 1 of Improvement Area #1 consisting of 118 single-family lots in January 2025 and complete construction in November 2025, and expect to begin construction of the second portion of Phase 1 of Improvement Area #1 consisting of 130 single-family lots in May 2025 and complete construction in December 2026. The Developers began construction on the Major Improvements in December 2024 and expect to complete construction in December 2026. All roads, utilities and drainage to serve the commercial lots will be installed with the residential lot development. A commercial development partner has not yet been selected and that site plan will be developed when such partner has been identified. See “THE DEVELOPMENT – Development Plan.”

The total cost of the Major Improvement Area Improvements is expected to be approximately \$35,376,123 (exclusive of any costs of issuance of the Bonds). As of December 1, 2024, the Developers have spent approximately \$278,000 on construction of the Major Improvement Area Improvements, which costs were funded with a bank loan from International Bank of Commerce.

The City has entered into the Persimmon Public Improvement District Construction, Funding, Reimbursement and Acquisition Agreement (Major Improvement Area) with the Developers and the Landowners (the “Major Improvement Area Reimbursement Agreement”) to finance a portion of the costs of the Major Improvement Area Improvements not paid with proceeds of the Bonds. The Bonds and the City’s payment obligations under the Major Improvement Area Reimbursement Agreement will be secured by the Major Improvement Area Assessments on property in the Major Improvement Area of the District only; however, the payment of debt service on the Bonds will be superior in right to payment of obligations under the Major Improvement Area Reimbursement Agreement. See “IMPROVEMENT AREA #1 AUTHORIZED IMPROVEMENTS” and “SECURITY FOR THE BONDS SIMILARLY SECURED.”

The City will pay a portion of the project costs for the Major Improvement Area Projects from proceeds of the Bonds. The Developers will submit payment requests for costs actually incurred in developing and constructing the Major Improvement Area Improvements and be paid in accordance with the Indenture and the Major Improvement Area Reimbursement Agreement. See “THE MAJOR IMPROVEMENT AREA IMPROVEMENTS – General,” “THE DEVELOPMENT – Development Plan” and “APPENDIX F – Form of Major Improvement Area Reimbursement Agreement.” In addition, the Developers will provide funds to fund certain private improvements that will not be reimbursed to the Developers from the proceeds of the Bonds or amounts collected from the Major Improvement Area Assessments. See “SOURCES AND USES OF FUNDS,” “THE MAJOR IMPROVEMENT AREA IMPROVEMENTS – General,” “THE DEVELOPMENT – Development Plan,” “SECURITY FOR THE BONDS SIMILARLY SECURED – Project Fund” and “APPENDIX A – Form of Indenture” and “APPENDIX F – Form of Major Improvement Area Reimbursement Agreement.”

The Developers are actively negotiating a possible lot purchase agreement and have signed letters of intent for 75 lots in Improvement Area #1; however, the Developers have not entered into any lot purchase agreements.

Concurrently with the issuance of the Bonds, the City will issue its \$26,391,000 City of Buda, Texas, Special Assessment Revenue Bonds (Persimmon Public Improvement District Improvement Area #1 Project) (the “Improvement Area #1 Bonds”) to finance a portion of the costs of the Improvement Area #1 Projects. The Improvement Area #1 Bonds will be secured by assessments on property in Improvement Area #1 of the District only (the “Improvement Area #1 Assessments”). **THE IMPROVEMENT AREA #1 ASSESSMENTS DO NOT PROVIDE SECURITY FOR THE BONDS SIMILARLY SECURED.**

The City expects to issue one or more series of bonds (collectively, the “Future Improvement Area Bonds”) to finance the cost of local improvements benefitting the Future Improvement Areas. Future Improvement Area Bonds to finance the cost of local improvements benefitting the Future Improvement Areas are anticipated to be issued in the future. The estimated costs of the local improvements benefitting the Future Improvement Areas of the District will be determined at the same time Future Improvement Areas are developed, and the Service and Assessment Plan will be updated to identify the improvements to be constructed within the Future Improvement Areas of the District and financed by each new series of Future Improvement Area Bonds. Such Future Improvement Area Bonds will be secured by separate assessments levied pursuant to the PID Act on assessable property within the applicable Future

Improvement Area of the District, as applicable. The Developers anticipate that Future Improvement Area Bonds will be issued over a ten-year period. See “THE DEVELOPMENT – Future Improvement Area Bonds.”

## **The Bonds**

Proceeds of the Bonds will be used primarily to provide funds for (i) paying a portion of the Actual Costs of the Major Improvement Area Improvements, (ii) paying the Administrative Reserves related to the Bonds, (iii) paying the Bond Issuance Costs related to the issuance of the Bonds, including funding a reserve fund for the payment of principal and interest, and (iv) paying a portion of the interest on the Bonds during and after the period of construction of the Major Improvement Area Improvements (collectively, the “Major Improvement Area Projects”). “Administrative Reserves” means the first year Annual Collection Costs. “Annual Collection Costs” means the actual or budgeted costs and expenses relating to collecting the Annual Installments (defined herein), including, but not limited to, costs and expenses for: (1) the Administrator and City staff; (2) legal counsel, engineers, accountants, financial advisors, and other consultants engaged by the City; (3) calculating, collecting, and maintaining records with respect to the Major Improvement Area Assessments and Annual Installments; (4) preparing and maintaining records with respect to the Major Improvement Area Assessment Roll (defined herein) and Annual Service Plan Updates; (5) issuing, paying, and redeeming Bonds Similarly Secured; (6) investing or depositing Major Improvement Area Assessments and Annual Installments; (7) complying with the Service and Assessment Plan and the PID Act with respect to issuance of Bonds Similarly Secured, including continuing disclosure requirements; and (8) the Paying Agent/Registrar and Trustee in connection with Bonds Similarly Secured, including their respective legal counsel. Annual Collection Costs collected but not expended in any year shall be carried forward and applied to reduce Annual Collection Costs for subsequent years. “Bond Issuance Costs” means the costs associated with issuing Bonds Similarly Secured, including but not limited to attorney fees, financial advisory fees, consultant fees, appraisal fees, printing costs, publication costs, City costs, reserve fund requirements, underwriter's discount, fees charged by the Texas Attorney General, and any other cost or expense directly associated with the issuance of Bonds Similarly Secured. See “THE MAJOR IMPROVEMENT AREA IMPROVEMENTS,” “APPENDIX A – Form of Indenture” and “SOURCES AND USES OF FUNDS.”

Payment of the Bonds is secured by a pledge of and a lien upon the Trust Estate, consisting primarily of the Pledged Revenues, which consist primarily of Major Improvement Area Assessments levied against the assessable parcels or lots within the Major Improvement Area of the District (the “Major Improvement Area Assessed Property”) and imposed pursuant to the Assessment Ordinance and the provisions of the Service and Assessment Plan, all to the extent and upon the conditions described herein and in the Indenture. See “SECURITY FOR THE BONDS SIMILARLY SECURED,” “ASSESSMENT PROCEDURES” and “APPENDIX A – Form of Indenture.”

**The Bonds, the Improvement Area #1 Bonds, and any Future Improvement Area Bonds shall never constitute an indebtedness or general obligation of the City, the State of Texas (the “State”), or any other political subdivision of the State, within the meaning of any constitutional provision or statutory limitation whatsoever, but the Bonds are limited and special obligations of the City payable solely from the Trust Estate as provided in the Indenture. Neither the faith and credit nor the taxing power of the City, the State or any other political subdivision of the State is pledged to the payment of the Bonds. The Improvement Area #1 Bonds, and any Future Improvement Area Bonds to be issued by the City are not offered pursuant to this Limited Offering Memorandum.**

## **DESCRIPTION OF THE BONDS**

### **General Description**

The Bonds will mature on the dates and in the amounts set forth in the inside cover page of this Limited Offering Memorandum. Interest on the Bonds will accrue from their date of delivery to the Underwriter and will be computed on the basis of a 360-day year of twelve 30-day months. Interest on the Bonds will be payable on each March, 1 and September, 1, commencing September, 1, 2025 (each an “Interest Payment Date”), until maturity or prior redemption. U.S. Bank Trust Company, National Association, is the initial Trustee, Paying Agent and Registrar for the Bonds.



The Bonds will be issued in fully registered form, without coupons, in authorized denominations of \$25,000 of principal and any integral multiples of \$1,000 in excess thereof; provided, however, that if the total principal amount of any Outstanding Bond is less than \$25,000, then the authorized denomination of such Bonds shall be the amount of such Outstanding Bond (“Authorized Denominations”). Upon initial issuance, the ownership of the Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”), and purchases of beneficial interests in the Bonds will be made in book-entry only form. See “BOOK-ENTRY ONLY SYSTEM” and “SUITABILITY FOR INVESTMENT.”

## Redemption Provisions

**Optional Redemption.** The Bonds may be redeemed prior to their scheduled maturities on any date on or after September 1, 2035, at the option of the City, with funds derived from any available and lawful source, as a whole, or in part, and, if in part, the particular Bonds, or portions thereof, to be redeemed shall be selected and designated by the City, at the redemption price of par, plus the applicable premium, plus accrued and unpaid interest to the date of redemption (the “Redemption Price”).

**Extraordinary Optional Redemption.** The City reserves the right and option to redeem Bonds Similarly Secured before their respective scheduled maturity dates, in whole or in part, on any date, at the Redemption Price, from amounts on deposit in the Redemption Fund as a result of Prepayments (including related transfers to the Redemption Fund as provided in the Indenture) or any other transfers to the Redemption Fund under the terms of the Indenture. If less than all Bonds Similarly Secured are called for extraordinary optional redemption, the Bonds Similarly Secured or portion of a Bond Similarly Secured to be redeemed shall be allocated on a pro rata basis (as nearly as practicable) among all Outstanding Bonds Similarly Secured. See “ASSESSMENT PROCEDURES — Prepayment of Assessments” for the definition and description of Prepayments and “APPENDIX A — Form of Indenture.”

**Mandatory Sinking Fund Redemption.** The Bonds maturing on September 1 in the years 2033, 2045, and 2055 (collectively, “Term Bonds”), are subject to mandatory sinking fund redemption prior to their respective maturities and will be redeemed by the City in part at the Redemption Price from moneys available for such purpose in the Principal and Interest Account of the Bond Fund pursuant to the Indenture, on the dates and in the respective Sinking Fund Installments as set forth in the following schedule:

### **\$4,280,000 Term Bonds Maturing September 1, 2033**

<b><u>Redemption Date</u></b>	<b><u>Sinking Fund Installment</u></b>
September 1, 2028	\$611,000
September 1, 2029	649,000
September 1, 2030	689,000
September 1, 2031	731,000
September 1, 2032	776,000
September 1, 2033†	824,000

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† Stated maturity.

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**\$15,694,000 Term Bonds Maturing September 1, 2045**

<b><u>Redemption Date</u></b>	<b><u>Sinking Fund Installment</u></b>
September 1, 2034	\$875,000
September 1, 2035	936,000
September 1, 2036	1,002,000
September 1, 2037	1,073,000
September 1, 2038	1,148,000
September 1, 2039	1,229,000
September 1, 2040	1,316,000
September 1, 2041	1,409,000
September 1, 2042	1,509,000
September 1, 2043	1,615,000
September 1, 2044	1,730,000
September 1, 2045†	1,852,000

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† Stated maturity.

**\$27,670,000 Term Bonds Maturing September 1, 2055**

<b><u>Redemption Date</u></b>	<b><u>Sinking Fund Installment</u></b>
September 1, 2046	\$1,983,000
September 1, 2047	2,126,000
September 1, 2048	2,279,000
September 1, 2049	2,443,000
September 1, 2050	2,620,000
September 1, 2051	2,808,000
September 1, 2052	3,011,000
September 1, 2053	3,228,000
September 1, 2054	3,461,000
September 1, 2055†	3,711,000

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† Stated maturity.

At least thirty (30) days prior to each sinking fund redemption date, and subject to any prior reduction authorized by the Indenture described in the next two paragraphs, the Trustee will select for redemption by lot a principal amount of Term Bonds of such maturity equal to the Sinking Fund Installment amount of such Term Bonds to be redeemed, will call such Term Bonds for redemption on such scheduled mandatory redemption date, and shall give notice of such redemption, as provided in the Indenture.

The principal amount of Term Bonds required to be redeemed on any redemption date described above will be reduced, at the option of the City, by the principal amount of any Term Bonds of such maturity which, at least 30 days prior to the sinking fund redemption date will have been acquired by the City at a price not exceeding the principal amount of such Term Bonds plus accrued unpaid interest to the date of purchase thereof, and delivered to the Trustee for cancellation.

The principal amount of Term Bonds required to be redeemed on any redemption date as described above will be reduced on a pro rata basis among Sinking Fund Installments by the principal amount of any Term Bonds which, at least 30 days prior to the sinking fund redemption date, will have been have been redeemed pursuant to the optional redemption provisions described above or the extraordinary optional redemption provisions described above and not previously credited to a mandatory sinking fund redemption.

**Notice of Redemption.** Upon written notification by the City to the Trustee of the exercise of any redemption, the Trustee will give notice of any redemption of Bonds Similarly Secured by sending notice by first class United States mail, postage prepaid, not less than 30 days before the date fixed for redemption, to the Holder of each Bond

Similarly Secured or portion thereof to be redeemed, at the address shown in the Register. Any notice given will be conclusively presumed to have been duly given, whether or not the Holder receives such notice. Notice of redemption having been given as provided in the Indenture, the Bonds Similarly Secured or portions thereof called for redemption will become due and payable on the date fixed for redemption provided that funds for the payment of on the Redemption Price of such Bonds Similarly Secured to the date fixed for redemption are on deposit with the Trustee; thereafter, such Bonds Similarly Secured or portions thereof will cease to bear interest from and after the date fixed for redemption, whether or not such Bonds Similarly Secured are presented and surrendered for payment on such date.

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

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

*Partial Redemption.* If less than all of a series of Bonds Similarly Secured are to be redeemed pursuant to a mandatory sinking fund redemption, an optional redemption or an extraordinary optional redemption, Bonds Similarly Secured shall be redeemed in increments of \$1,000; provided that no redemption shall cause the principal amount of any Bond Similarly Secured to be less than the minimum Authorized Denomination for such Bond Similarly Secured except as provided in the following sentence. Notwithstanding the foregoing, if any Bonds Similarly Secured are to be partially redeemed and such redemption results in the redemption of a portion of a single Bond Similarly Secured in an amount less than the Authorized Denomination in effect at the time, a Bond Similarly Secured in the principal amount equal to the unredeemed portion, but not less than \$1,000, may be issued. Each Bond Similarly Secured will be treated as representing the number of Bonds Similarly Secured that is obtained by dividing the principal amount of such Bond Similarly Secured by the minimum Authorized Denomination for such Bond Similarly Secured.

If less than all the Bonds are called for optional redemption, the City shall, pursuant to a City Certificate, determine the Bond or Bonds or the amount thereof within a Stated Maturity to be redeemed and direct the Trustee to call by lot the Bonds, or portions thereof, within such Stated Maturity and in such principal amounts, for redemption.

If less than all of the Bonds Similarly Secured are called for extraordinary optional redemption, the Bonds Similarly Secured or portion of a Bond Similarly Secured to be redeemed will be allocated on a pro rata basis (as nearly as practicable) among all Outstanding Bonds Similarly Secured. If less than all Bonds Similarly Secured within a Stated Maturity are called for extraordinary optional redemption, the Trustee will call by lot the Bonds Similarly Secured, or portions thereof, within such Stated Maturity and in such principal amounts, for redemption.

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

## **BOOK-ENTRY ONLY SYSTEM**

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

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

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

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

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

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

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

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

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

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

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

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

## **LIMITATIONS APPLICABLE TO INITIAL PURCHASERS**

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

- 1) The Investor has authority and is duly authorized to purchase the Bonds and to execute any instruments and documents required to be executed by the Investor in connection with the purchase of the Bonds.
- 2) The Investor is an “accredited investor” under Rule 501 of Regulation D of the Securities Act of 1933 or a “qualified institutional buyer” under Rule 144A of the Securities Act of 1933, and therefore, has sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal and other tax-exempt obligations, to be able to evaluate the risks and merits of the investment represented by the Bonds.
- 3) The Bonds are being acquired by the Investor for investment and not with a view to, or for resale in connection with, any distribution of the Bonds, and the Investor intends to hold the Bonds solely for its own account for investment purposes and for an indefinite period of time, and does not intend at this time to dispose of all or any part of the Bonds. However, the Investor may sell the Bonds at any time the Investor deems appropriate. The Investor understands that it may need to bear the risks of this investment for an indefinite time, since any sale prior to maturity may not be possible.
- 4) The Investor understands that the Bonds are not registered under the Securities Act of 1933 and that such registration is not legally required as of the date hereof; and further understands that the Bonds (a) are not being registered or otherwise qualified for sale under the “Blue Sky” laws and regulations of any state, (b) will not be listed in any stock or other securities exchange, and (c) will not carry a rating from any rating service.
- 5) The Investor acknowledges that it has either been supplied with or been given access to information, including financial statements and other financial information, and the Investor has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the City, the Major Improvement Area Projects, the Bonds, the security therefor, and such other information as the Investor has deemed necessary or desirable in connection with its decision to purchase the Bonds (collectively, the “Investor Information”). The Investor has received a copy of this Limited Offering Memorandum relating to the Bonds. The Investor acknowledges that it has assumed responsibility for its review of the Investor Information and it has not relied upon any advice, counsel, representation or information from the City in connection with the Investor’s purchase of the Bonds. The Investor agrees that none of the City, its councilmembers, officers, or employees shall have any liability to the Investor whatsoever for, or in connection with the Investor’s decision to purchase the Bonds except for fraud or willful misconduct, to the extent permitted by law. For the avoidance of doubt, it is acknowledged that the Underwriter is not deemed an officer or employee of the City.
- 6) The Investor acknowledges that the obligations of the City under the Indenture are special, limited obligations payable solely from amounts paid to the City pursuant to the terms of the Indenture and the City shall not be directly or indirectly or contingently or morally obligated to use any other moneys or assets of the City for amounts due under the Indenture. The Investor understands that the Bonds are not secured by any pledge of any moneys received or to be received from taxation by the City, the State or any political subdivision or taxing district thereof; that the Bonds will never represent or constitute a general obligation or a pledge of the faith and credit of the City, the State or any political subdivision thereof; that no right will exist to have taxes levied by the State or any political subdivision thereof for the payment of principal and interest on the Bonds; and that the liability of the City and the State with respect to the Bonds is subject to further limitations as set forth in the Bonds and the Indenture.
- 7) The Investor has made its own inquiry and analysis with respect to the Bonds and the security therefor. The Investor is aware that the development of the District involves certain economic and regulatory variables and risks that could adversely affect the security for the Bonds.

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

### **SECURITY FOR THE BONDS SIMILARLY SECURED**

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

#### **General**

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

NOTWITHSTANDING THE FOREGOING, THE CITY HAS CREATED “TAX INCREMENT REINVESTMENT ZONE NUMBER THREE, CITY OF BUDA, TEXAS (PERSIMMON DEVELOPMENT)” (THE “TIRZ”) THE BOUNDARIES OF WHICH ARE COTERMINOUS WITH THE BOUNDARIES OF THE DEVELOPMENT AND INTENDS TO USE ANNUAL TAX INCREMENT REVENUES COLLECTED, WHICH TAX INCREMENT WILL CONSIST OF AN AMOUNT EQUAL TO 50% OF ALL CITY AND COUNTY AD VALOREM TAXES LEVIED, ASSESSED AND COLLECTED WITHIN THE PORTION OF THE TIRZ LOCATED WITHIN THE CORPORATE LIMITS AND EXTRATERRITORIAL JURISDICTION OF THE CITY LOCATED WITHIN HAYS COUNTY, TEXAS, AND 75% OF ALL CITY AD VALOREM TAXES LEVIED, ASSESSED AND COLLECTED WITHIN THE PORTION OF THE TIRZ LOCATED WITHIN THE EXTRATERRITORIAL JURISDICTION OF THE CITY LOCATED WITHIN TRAVIS COUNTY, TEXAS, ON ALL REAL PROPERTY IN THE TIRZ TAXABLE BY THE CITY AND THE COUNTY THEREIN, TO REDUCE MAJOR IMPROVEMENT AREA ASSESSMENTS ON A PARCEL-BY-PARCEL BASIS. SUCH TAX INCREMENT REVENUE, TO THE EXTENT AVAILABLE, IS EXPECTED TO BE USED BY THE CITY (1) FIRST, TO PAY REASONABLE ADMINISTRATIVE COSTS OF THE TIRZ (AS DEFINED IN THE TIRZ PROJECT AND FINANCE PLAN) AND (2) SECOND, TO REDUCE MAJOR IMPROVEMENT AREA ASSESSMENTS USED TO PAY PRINCIPAL OF AND INTEREST ON THE BONDS AND THE IMPROVEMENT AREA #1 BONDS, (COLLECTIVELY, THE “ISSUED PID BONDS”) ON A PARCEL BY PARCEL AND PRO-RATA BASIS. ANY AMOUNT OF SUCH TAX INCREMENT REVENUE USED TO PAY PRINCIPAL OF AND INTEREST ON THE ISSUED PID BONDS WILL RESULT IN A REDUCTION IN ANNUAL INSTALLMENTS OF MAJOR IMPROVEMENT AREA ASSESSMENTS RELATED TO SUCH ISSUED PID BONDS BY A CORRESPONDING AMOUNT. SUCH TAX INCREMENT REVENUE IS NOT PLEDGED TO THE BONDS UNDER THE INDENTURE, NOR WILL SUCH TAX INCREMENT BE PLEDGED PURSUANT TO ANY INDENTURE RELATING TO ANY ISSUED PID BONDS. SEE “TIRZ NO. 3 REVENUES MAY REDUCE ASSESSMENTS” BELOW.

The principal of, premium, if any, and interest on the Bonds are secured by a pledge of and a lien upon the Trust Estate, consisting primarily of the pledged revenues (the “Pledged Revenues”), which consist primarily of Major Improvement Area Assessments levied against the Major Improvement Area Assessed Property and other funds comprising the Trust Estate, all to the extent and upon the conditions described herein and in the Indenture. In



accordance with the PID Act, the City has caused the preparation of a Service and Assessment Plan (as may be amended and supplemented, the “Service and Assessment Plan”), which describes the special benefit received by the property within the District, including the Major Improvement Area of the District, provides the basis and justification for the determination of special benefit on such property, establishes the methodology for the levy of Major Improvement Area Assessments and provides for the allocation of Pledged Revenues for payment of principal of, premium, if any, and interest on the Bonds. The Service and Assessment Plan is reviewed and updated annually for the purpose of determining the annual budget for improvements and the Annual Installments (as defined below) of Major Improvement Area Assessments due in a given year. The determination by the City of the assessment methodology set forth in the Service and Assessment Plan is the result of the discretionary exercise by the City Council of its legislative authority and governmental powers and is conclusive and binding on all current and future landowners within the District. See “APPENDIX B — Form of Service and Assessment Plan.”

### **Pledged Revenues**

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

Pursuant to the Indenture, Pledged Revenues are the sum of (i) Assessment Revenues (excluding the portion of the Major Improvement Area Assessments and Annual Installments collected for the payment of Annual Collection Costs and Delinquent Collection Costs, as set forth in the Service and Assessment Plan); (ii) the moneys held in any of the Pledged Funds; and (iii) any additional revenues that the City may pledge to the payment of Bonds or other Bonds Similarly Secured. “Assessment Revenue” means the revenues received by the City from the collection of Major Improvement Area Assessments, including Prepayments (defined herein), Annual Installments and Foreclosure Proceeds. “Annual Installments” means, with respect to each Assessed Parcel (defined herein), the annual installment payment of an Major Improvement Area Assessment as calculated by the Administrator and approved by the City Council, that includes: (1) principal; (2) interest; (3) Annual Collection Costs; and (4) and the up to 0.50% additional interest rate (the “Additional Interest”) collected on each annual payment of the Major Improvement Area Assessments as described in the Indenture and as defined and calculated in the Service and Assessment Plan or in any Annual Service Plan Update. “Delinquent Collection Costs” means costs related to the foreclosure on Major Improvement Area Assessed Property and the costs of collection of delinquent Major Improvement Area Assessments, delinquent Annual Installments, or any other delinquent amounts due under the Service and Assessment Plan including penalties and reasonable attorney’s fees actually paid, but excluding amounts representing interest and penalty interest. “Foreclosure Proceeds” means the proceeds, including interest and penalty interest, received by the City from the enforcement of the Major Improvement Area Assessments, whether by foreclosure of lien or otherwise, but excluding and net of all Delinquent Collection Costs. The City has covenanted in the Indenture that it will take and pursue all actions permissible under Applicable Laws to cause the Major Improvement Area Assessments to be collected and the liens thereof to be enforced continuously. See “SECURITY FOR THE BONDS SIMILARLY SECURED — Pledged Revenue Fund,” “APPENDIX A — Form of Indenture” and “APPENDIX B — Form of Service and Assessment Plan.”

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

### **TIRZ No. 3 Revenues May Reduce Assessments**

The Major Improvement Area Assessments levied by the City according to the Assessment Ordinance and described in the Service and Assessment Plan will be set at a level sufficient to fund a portion of the costs of the Major Improvement Area Projects.

Pursuant to Chapter 311 of the Texas Tax Code (the “TIRZ Act”), the City held a public hearing on the creation of the TIRZ and the Reinvestment Zone Number 3, City of Buda, Texas Preliminary Project and Financing Plan (“Preliminary TIRZ Project and Finance Plan”) and adopted an ordinance creating the TIRZ (the “TIRZ Creation Ordinance”) on September 17, 2024.

The City Council approved a final Project and Finance Plan for the TIRZ (the “TIRZ Project and Finance Plan”) on January 21, 2025 with the adoption of an ordinance which authorized the use of TIRZ No. 3 Revenues (defined below) for project costs under the TIRZ Act, relating to the Major Improvement Area Improvements as provided for in the TIRZ Project and Finance Plan (including amendments or supplements thereto). The City has entered into the City of Buda and County of Hays Agreement Regarding the Tax Increment Reinvestment Zone Number Three (the “Interlocal Agreement”), pursuant to which Hays County agrees to pay annually appropriated funds in the Hays County portion of the TIRZ to the City for deposit into the tax increment fund.

Pursuant to the TIRZ Act, the tax increment base of the TIRZ is the total taxable value of all real property taxable by the City located in the TIRZ as of January 1 in the year in which the TIRZ was designated as a reinvestment zone (the “Tax Increment Base”). Pursuant to the TIRZ Act, the TIRZ Creation Ordinance and the Development Agreement, the City will set the amount of the “Tax Increment” for a year as Tax Increment revenues in the amount equal to 50% of the City and Hays County ad valorem taxes, with respect to the portion of the TIRZ located within the corporate limits of the City located within Hays County, Texas, and 75% of the City ad valorem taxes with respect to the portion of the TIRZ located within the corporate limits of the City located within Travis County, Texas, collected within the TIRZ (the “TIRZ No. 3 Revenues”). Consistent with Section 311.012(b) of the TIRZ Act, the Captured Appraised Value of real property taxable by the City for a year is the total appraised value of all real property taxable by the City and located in the TIRZ for that year less the Tax Increment Base (the “Captured Appraised Value”). Other than Hays County, there are currently no other taxing units participating in the TIRZ.

The City expects to use annual TIRZ No. 3 Revenues collected, on a parcel-by-parcel basis, first to pay the actual, direct costs paid or incurred by or on behalf of the City to administer the TIRZ, including planning, engineering, legal services, organizational costs, publicizing costs, or implementations costs paid by or on behalf of the City that are directly related to the administration of the TIRZ (the “Administrative Costs”), and second, to the extent that funds are available after paying the reasonable costs of the TIRZ, to reduce the Annual Installments of the Major Improvement Area Assessments and assessments levied for any Issued PID Bonds by an amount not to exceed such parcel’s TIRZ No. 3 Maximum Annual Credit Amount on deposit in the pledged revenue account created under one or more Indentures (as defined in the Service and Assessment Plan). The City will agree to transfer from the tax increment fund the TIRZ No. 3 Revenues collected each year (100%) on a pro-rata basis relating to the Issued PID Bonds, to the applicable Bond Fund for the payment of debt service on the respective series of Issued PID Bonds. Such TIRZ No. 3 Revenues, if and when collected and transferred by the City, with respect to the Bonds will result in a reduction in Annual Installments of Major Improvement Area Assessments by a corresponding amount. The City intends to dedicate and deposit TIRZ No. 3 Revenues collected for a period ending December 31, 2069.

**THE TIRZ NO. 3 REVENUES, IF AVAILABLE, WILL NOT BE PLEDGED TO THE PAYMENT OF THE BONDS SIMILARLY SECURED, INCLUDING THE BONDS, AND THERE IS NO GUARANTEE THAT THERE WILL EVER BE ANY TIRZ NO. 3 REVENUES TO GENERATE A TIRZ CREDIT (AS DEFINED HEREIN). TO THE EXTENT THAT TIRZ NO. 3 REVENUES ARE GENERATED IN AMOUNTS SUFFICIENT TO FUND A TIRZ CREDIT, SUCH REVENUES ARE NOT EXPECTED TO BE SUFFICIENT TO PROVIDE FOR AN OFFSET UNTIL APPROXIMATELY THE SECOND YEAR AFTER A HOME ON SUCH PARCEL IS BUILT. THE TIRZ CREDIT WILL NOT BE APPLIED IN ANY MANNER THAT WOULD AFFECT THE COLLECTION AND CONTINUOUS ENFORCEMENT OF MAJOR IMPROVEMENT AREA ASSESSMENTS COLLECTED FOR THE PAYMENT OF DEBT SERVICE ON THE BONDS SIMILARLY SECURED AND ADMINISTRATIVE EXPENSES AND THE FUNDING OF**

**THE ADDITIONAL INTEREST RESERVE REQUIREMENT, IN THE MANNER AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAWS.**

**Collection and Deposit of Assessments**

The Major Improvement Area Assessments shown on the Major Improvement Area Assessment Roll, together with the interest thereon, shall first be applied to the payment of the principal of and interest on the Bonds as and to the extent provided in the Service and Assessment Plan and the Indenture.

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

A record of the Major Improvement Area Assessments on each parcel, tract or lot which are to be collected in each year during the term of the Bonds is shown on the Major Improvement Area Assessment Roll. Sums received from the collection of the Major Improvement Area Assessments to pay the debt service requirements (including delinquent installments, Foreclosure Proceeds and penalties) and of the interest thereon shall be deposited into the Pledged Revenue Fund. Notwithstanding the foregoing, the Trustee shall deposit Foreclosure Proceeds to the Pledged Revenue Fund and as soon as practicable after such deposit shall transfer Foreclosure Proceeds first to the Reserve Fund to restore any transfers from the Reserve Fund made to which the Foreclosure Proceeds relate, second, to the Delinquency & Prepayment Reserve Account to replenish the Delinquency & Prepayment Reserve Requirement, and third, to the Redemption Fund. The Trustee shall deposit Prepayments to the Pledged Revenue Fund and as soon as practicable after such deposit shall transfer such Prepayments to the Redemption Fund. See "SECURITY FOR THE BONDS SIMILARLY SECURED — Pledged Revenue Fund and Project Collection Fund" and "APPENDIX A — Form of Indenture."

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

**Unconditional Levy of Assessments**

The City has imposed Major Improvement Area Assessments on the Major Improvement Area Assessed Property to pay the principal of and interest on the Bonds Similarly Secured and amounts due pursuant to the Major Improvement Area Reimbursement Agreement scheduled for payment from Pledged Revenues as described in the Indenture and in the Service and Assessment Plan and coming due during each Fiscal Year. The Major Improvement Area Assessments shall be effective on the date of, and strictly in accordance with the terms of, the Assessment Ordinance. Each Major Improvement Area Assessment may be paid immediately in full or in periodic Annual Installments over a period of time equal to the term of the Bonds Similarly Secured and/or the Major Improvement Area Reimbursement Agreement, which installments shall include interest on the Major Improvement Area Assessments. Pursuant to the Assessment Ordinance, interest on the portion of the Major Improvement Area Assessments assessed to pay debt service on the Bonds Similarly Secured will be calculated at the rate of interest on the Bonds Similarly Secured plus 0.50%, calculated on the basis of a 360-day year of twelve 30-day months and interest on the portion of the Major Improvement Area Assessments assessed to secure the City's obligations under the Major Improvement Area Reimbursement Agreement will be calculated at the rates set forth therein. Such rates may be adjusted as described in the Service and Assessment Plan. Each Annual Installment, including the interest on the unpaid amount of an Major Improvement Area Assessment, and shall be billed on or about October 1 of each year. Each Annual Installment together with interest thereon shall be delinquent if not paid prior to February 1 of the following year. The initial Annual Installments will be due when billed on or about November 1, 2025, and will be delinquent if not paid prior to February 1, 2026.

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

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

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

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

#### **Perfected Security Interest**

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

#### **Pledged Revenue Fund and Project Collection Fund**

The City has created under the Indenture a Pledged Revenue Fund to be held by the Trustee. On or before February 20, 2026, and on or before each August 20 and February 20 of each year thereafter while the Bonds Similarly Secured are Outstanding, the City shall transfer to the Trustee for deposit to the Pledged Revenue Fund the Pledged Revenues, other than the Pledged Revenues deposited into the Project Collection Fund by the Trustee upon the receipt from the Tax Assessor-Collectors of Hays County, Texas and Travis County, Texas. Upon the Trustee's receipt of the Pledged Revenues, including the Pledged Revenues deposited into the Project Collection Fund pursuant to the Indenture and subsequently transferred to the Pledged Revenue Fund by the Trustee pursuant to a City Certificate as described in the Indenture, the Trustee shall deposit or cause to be deposited the foregoing amounts as follows: (i) first, to the Bond Pledged Revenue Account of the Pledged Revenue Fund in an amount sufficient to pay debt service on the Bonds Similarly Secured next coming due, (ii) second, to the Reserve Account of the Reserve Fund in an amount to cause the amount in the Reserve Account to equal the Reserve Account Requirement, (iii) third, to pay other Actual Costs of the Major Improvement Area Projects as provided in the Indenture, and (iv) fourth, to pay other costs permitted by the PID Act. Notwithstanding the foregoing, the Additional Interest of the Annual Installments will only be utilized for the purposes set forth in the Indenture, and, on each March 1, beginning March 1, 2026, and on any other day set forth in a City Certificate, the amount of Additional Interest of the Annual Installments confirmed

by the City pursuant to a City Certificate, will be transferred from the Pledged Revenue Fund and deposited into the Delinquency & Prepayment Reserve Account and/or the Redemption Fund, as applicable. If there are insufficient funds to make the deposit in full set forth in (i) above for the debt service payment date immediately following the required transfer date or the deposit in full set forth in (ii) above after the City transfers the Pledged Revenues to the Trustee by the dates described herein, and after the Trustee deposits all such Pledged Revenues as described herein, the City shall make additional transfers of Pledged Revenues as soon as available and practicable to the Trustee from time to time for deposit to the Pledged Revenue Fund as necessary to ensure such deposits in (i) and (ii) are made in full.

While any of the Bonds Similarly Secured are Outstanding, Hays County and Travis County acting by and through their Tax Assessor-Collectors or another taxing unit or an appraisal district, by agreement with the City, may collect Assessment Revenues on the City's behalf. If such taxing unit or appraisal district presents or otherwise tenders to the Trustee such collected Assessment Revenues for deposit on the City's behalf, the Trustee will accept such Assessment Revenues and deposit the same into the Project Collection Fund. The Trustee will, as directed by the City pursuant to a City Certificate deposit or cause to be deposited (i) all of that portion of the Assessment Revenues deposited into the Project Collection Fund that consists of the Annual Collection Costs and Delinquent Collection Costs to the Administrative Fund, and (ii) all of that portion of the Assessment Revenues deposited into the Project Collection Fund that consists of the Pledged Revenues into the Pledged Revenue Fund and shall further deposit or cause to be deposited such Pledged Revenues as described in the preceding paragraph. The City will provide such City Certificates on or before February 20, 2026 and on or before every August 20 and February 20 thereafter while the Bonds Similarly Secured are Outstanding. The Project Collection Fund is not a Pledged Fund. If there are insufficient funds to make the deposit in full set forth in (i) of the preceding paragraph for the debt service payment date immediately following the required City Certificate delivery date or the deposit in full set forth in (ii) of the preceding paragraph after the City provides a City Certificate by the dates specified in this paragraph and after the Trustee deposits all Pledged Revenues received as provided in this paragraph and the preceding paragraph, the City will provide additional City Certificates as soon as practicable to the Trustee from time to time upon notice from the Trustee that additional Assessment Revenues have been deposited to the Project Collection Fund and the Trustee will make the transfers contemplated by this paragraph and the preceding paragraph as necessary to ensure the deposits set forth in (i) and (ii) of the preceding paragraph are made in full.

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

The Trustee will transfer the amounts determined in writing by the City as Prepayments to the Redemption Fund promptly after deposit of such amounts into the Pledged Revenue Fund.

Upon receipt of Foreclosure Proceeds, the Trustee will transfer such amount of Foreclosure Proceeds determined in writing by the City, first to the Reserve Fund to restore any transfers from the Reserve Fund made to which the Foreclosure Proceeds relate, second, to the Delinquency & Prepayment Reserve Account to replenish the Delinquency & Prepayment Reserve Requirement, and third, to the Redemption Fund.

After satisfaction of the requirement to provide for the payment of the principal of and interest on the Bonds Similarly Secured and to fund any deficiency that may exist in the Reserve Fund, the Trustee will, at the written request of the City, transfer any Pledged Revenues remaining in the Pledged Revenue Fund to the City, pursuant to a City Certificate, which monies may be used for any lawful purpose for which Major Improvement Area Assessments may be used under the PID Act.

#### **Bond Fund**

On each Interest Payment Date, the Trustee will withdraw from the Principal and Interest Account and transfer to the Paying Agent/Registrar the principal (including any Sinking Fund Installments) and/or interest then due

and payable on the Bonds Similarly Secured, less any amount to be used to pay interest on the Bonds Similarly Secured on such Interest Payment Date from the Capitalized Interest Account.

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

Moneys in the Capitalized Interest Account will be used for the payment of all interest due on the Bonds on September 1, 2025, March 1, 2026 and September 1, 2026. Any amounts on deposit in the Capitalized Interest Account after the payment of interest on the dates and in the amounts listed above will be transferred to the Project Fund, or if the Project Fund has been closed as provided in the Indenture, such amounts will be transferred to the Redemption Fund to be used to redeem Bonds and the Capitalized Interest Account will be closed.

If, after the foregoing transfers and any transfer from the Reserve Fund as provided below, there are insufficient funds to make the payments provided above, the Trustee will apply the available funds in the Principal and Interest Account first to the payment of interest, then to the payment of principal (including any Sinking Fund Installments) on the Bonds Similarly Secured.

### **Project Fund**

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

Disbursements from the Costs of Issuance Account of the Project Fund shall be made by the Trustee to pay costs of issuance of the Bonds Similarly Secured pursuant to the instructions on the memorandum to be prepared by the underwriter for the Bonds Similarly Secured as of the Closing Date for the respective series of Bonds Similarly Secured.

Disbursements from the Major Improvement Area Improvement Account of the Project Fund to pay Actual Costs shall be made by the Trustee upon receipt by the Trustee of a properly executed and completed Certification for Payment (as defined in the Indenture). Each such Certification for Payment shall include a list of the payees and the payments to be made to such payees as well as a statement that all payments shall be made by check or wire transfer in accordance with the payment instructions set forth in such written request and the Trustee may rely on such payment instructions though given by the City with no duty to investigate or inquire as to the authenticity of or authorization for the invoice or the payment instructions contained therein. The disbursement of funds from the Major Improvement Area Improvement Account shall be pursuant to and in accordance with the disbursement procedures described in the Major Improvement Area Reimbursement Agreement or as provided in such written direction. Such provisions and procedures related to such disbursement contained in the Major Improvement Area Reimbursement Agreement and no other provisions of the Major Improvement Area Reimbursement Agreement, are therein incorporated by reference and deemed set forth therein in full. See "APPENDIX A – Form of Indenture" and "APPENDIX F – Form of Major Improvement Area Reimbursement Agreement."

Except as provided below, money on deposit in the Major Improvement Area Improvement Account shall be used solely to pay Actual Costs provided the Trustee shall have no responsibility for the application of any funds disbursed from the Major Improvement Area Improvement Account in reliance upon a Certification for Payment approved by the City.

If the City Representative determines in the City Representative's reasonable discretion that amounts then on deposit in the Major Improvement Area Improvement Account of the Project Fund are not expected to be expended for purposes of the Major Improvement Area Improvement Account due to the abandonment, or constructive abandonment, of one or more of the Major Improvement Area Improvements such that, in the reasonable opinion of the City Representative, it is unlikely that the amounts in the Major Improvement Area Improvement Account of the Project Fund will ever be expended for the purposes of the Major Improvement Area Improvement Account, the City Representative shall file a City Certificate with the Trustee, and provide a copy of such City Certificate to the Developers prior to filing with the Trustee, which identifies the amounts then on deposit in the Major Improvement Area Improvement Account of the Project Fund that are not expected to be used for purposes of the Major Improvement Area Improvement Account. If such City Certificate is so filed, the amounts on deposit in the Major

Improvement Area Improvement Account of the Project Fund shall be transferred to the Redemption Fund to redeem Bonds Similarly Secured on the earliest practicable date after notice of redemption has been provided in accordance with the Indenture. Upon such transfers, the Major Improvement Area Improvement Account of the Project Fund shall be closed.

Upon the filing of a City Certificate stating that all of the Major Improvement Area Improvements have been completed and that all Actual Costs have been paid, or that any Actual Costs of the Major Improvement Area Improvements are not required to be paid from the Major Improvement Area Improvement Account of the Project Fund pursuant to a Certification for Payment, the Trustee shall transfer the amount, if any, remaining within the Major Improvement Area Improvement Account of the Project Fund to the Bond Fund or to the Redemption Fund as directed by the City Representative in a City Certificate filed with the Trustee. Upon such transfers, the Major Improvement Area Improvement Account of the Project Fund shall be closed.

Upon the Trustee's receipt of a written determination by the City Representative that all costs of issuance of the applicable series of Bonds Similarly Secured have been paid, any amounts remaining in the Costs of Issuance Account shall be transferred to (i) the Major Improvement Area Improvement Account in the Project Fund and used to pay Actual Costs of the Major Improvement Area Improvements or (ii) if no Major Improvement Area Improvements remain to be funded, to the Principal and Interest Account of the Bond Fund and used to pay principal on the Bonds, as directed in a City Certificate filed with the Trustee and the Costs of Issuance Account shall be closed.

### **Reserve Fund**

Pursuant to the Indenture, a Reserve Account will be created within the Reserve Fund for the benefit of the Bonds Similarly Secured and held by the Trustee and will be funded with proceeds of the Bonds in the amount of the initial Reserve Account Requirement. Pursuant to the Indenture, the "Reserve Account Requirement" for the Bonds shall be an amount equal to the least of: (i) Maximum Annual Debt Service on the Bonds Similarly Secured as of the date of issuance, (ii) 125% of average Annual Debt Service on the Bonds Similarly Secured as of the date of issuance of the applicable series of Bonds Similarly Secured, and (iii) 10% of the proceeds of the Bonds Similarly Secured; provided, however, that such amount shall be reduced as a result of (1) an optional redemption or (2) an extraordinary optional redemption, and any such reduction in the Reserve Account Requirement shall be by a percentage equal to the pro rata principal amount of Bonds Similarly Secured redeemed by such redemption divided by the total principal amount of the Outstanding Bonds Similarly Secured prior to such redemption. As of the date of issuance of the Bonds, the Reserve Account Requirement is \$3,961,492.50, which is an amount equal to Maximum Annual Debt Service on the Bonds as of their date of issuance. See "SECURITY FOR THE BONDS SIMILARLY SECURED – Additional Obligations or Other Liens; Refunding Bonds; Future Improvement Area Bonds" herein.

As described above, the Trustee will transfer from the Bond Pledged Revenue Account of the Pledged Revenue Fund to the Delinquency & Prepayment Reserve Account on March 1 of each year, commencing March 1, 2026, and on any other day set forth in a City Certificate, an amount equal to the Additional Interest until the Delinquency & Prepayment Reserve Requirement has been accumulated in the Delinquency & Prepayment Reserve Account. Once the Delinquency & Prepayment Reserve Requirement has accumulated in the Delinquency & Prepayment Reserve Account, any amounts in excess of the Delinquency & Prepayment Reserve Requirement shall be transferred by the Trustee to the Redemption Fund to redeem Bonds Similarly Secured as provided in the Indenture, however, that at any time the amount on deposit in the Delinquency & Prepayment Reserve Account is less than Delinquency & Prepayment Reserve Requirement, the Trustee shall resume depositing such Additional Interest into the Delinquency & Prepayment Reserve Account until the Delinquency & Prepayment Reserve Requirement has accumulated in the Delinquency & Prepayment Reserve Account.

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

In the event of an extraordinary optional redemption of Bonds Similarly Secured, the Trustee, pursuant to written directions from the City, shall transfer from the Reserve Account of the Reserve Fund to the Redemption Fund the amount specified in such directions, which shall be an amount equal to the principal amount of Bonds Similarly Secured to be redeemed multiplied by the lesser of: (i) the amount required to be in the Reserve Account of the Reserve



Fund divided by the principal amount of Outstanding Bonds Similarly Secured prior to the redemption, and (ii) the amount actually in the Reserve Account of the Reserve Fund divided by the principal amount of Outstanding Bonds Similarly Secured prior to the redemption. If after such transfer, and after applying investment earnings on the Prepayment toward payment of accrued interest, there are insufficient funds to pay the principal amount plus accrued and unpaid interest on such Bonds Similarly Secured to the date fixed for redemption of the Bonds Similarly Secured to be redeemed as a result of such Prepayment, the Trustee shall transfer an amount equal to the shortfall and/or any additional amounts necessary to permit the Bonds Similarly Secured to be redeemed in minimum principal amounts of \$1,000, from the Delinquency & Prepayment Reserve Account to the Redemption Fund to be applied to the redemption of the Bonds Similarly Secured.

Whenever, on any Interest Payment Date, or on any other date at the request of a City Representative, the value of cash and Value of Investment Securities on deposit in the Reserve Account exceeds the Reserve Account Requirement, the Trustee shall provide written notice to the City Representative of the amount of the excess. Such excess shall be transferred to the Principal and Interest Account to be used for the payment of interest on the Bonds Similarly Secured on the next Interest Payment Date in accordance with the Indenture, unless prior to the next Interest Payment Date, the Trustee receives a City Certificate instructing the Trustee to apply such excess: (i) to pay amounts due under as Rebateable Arbitrage, (ii) to the Administrative Fund in an amount not more than the Annual Collection Costs for the Bonds Similarly Secured or (iii) to the Major Improvement Area Improvement Account of the Project Fund to pay Actual Costs of the Major Improvement Area Improvements if such application and the expenditure of funds is expected to occur within three years of the Closing Date.

Whenever, on any Interest Payment Date, or on any other date at the written request of the City Representative, the amount in the Delinquency & Prepayment Reserve Account exceeds the Delinquency & Prepayment Reserve Requirement, the Trustee shall provide written notice to the City of the amount of the excess, and the Trustee shall transfer such excess pursuant to the Indenture.

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

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

If, after a Reserve Account withdrawal, the amount on deposit in the Reserve Account is less than the Reserve Account Requirement, the Trustee shall transfer from the Pledged Revenue Fund to the Reserve Account the amount of such deficiency, but only to the extent that such amount is not required for the timely payment of principal, interest, or Sinking Fund Installments.

If the amount held in the Reserve Fund together with the amount held in the Pledged Revenue Fund, the Bond Fund and Redemption Fund is sufficient to pay the principal amount of all Outstanding Bonds Similarly Secured on the next date the Bonds Similarly Secured may be optionally redeemed by the City at a redemption price of par, together with the unpaid interest accrued on such Bonds Similarly Secured as of such date, the moneys shall be transferred to the Redemption Fund and thereafter used to redeem all Bonds Similarly Secured on such date.

### **Administrative Fund**

On or before February 20, 2026, and on or before each August 20 and February 20 of each year thereafter while the Bonds Similarly Secured are Outstanding, the City shall deposit or cause to be deposited to the Administrative Fund the portion of the Major Improvement Area Assessments and Annual Installments allocated to the payment of Annual Collection Costs and Delinquent Collection Costs, as set forth in the Service and Assessment Plan, other than the Annual Collection Costs and Delinquent Collection Costs deposited into the Project Collection Fund, which amounts shall be deposited in accordance with the Indenture, as applicable.

Moneys in the Administrative Fund shall be held by the Trustee separate and apart from the other Funds created and administered under the Indenture and used as directed by a City Certificate solely for the purposes set forth in the Service and Assessment Plan, including payment of Annual Collection Costs and Delinquent Collection Costs or may be withdrawn by the Trustee without further authorization for the payment of the fees, expenses, advances and indemnities owed to the Trustee in accordance with the Indenture. See "APPENDIX B — Form of Service and Assessment Plan."

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

**Defeasance**

Any Outstanding Bonds Similarly Secured shall, prior to the Stated Maturity or redemption date thereof, be deemed to have been paid and no longer Outstanding within the meaning of the Indenture (a "Defeased Debt"), when payment of the principal of, premium, if any, on such Defeased Debt, plus interest thereon to the due date thereof (whether such due date be by reason of maturity, redemption, or otherwise), either (1) shall have been made in accordance with the terms thereof, or (2) shall have been provided by irrevocably depositing with the Trustee, in trust, and irrevocably set aside exclusively for such payment, (A) money sufficient to make such payment or (B) Defeasance Securities, certified by an independent public accounting firm of national reputation to mature as to principal and interest in such amount and at such times as will insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation, and expenses of the Trustee pertaining to the Bonds Similarly Secured with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of the Trustee. Neither Defeasance Securities nor moneys deposited with the Trustee pursuant to the Indenture nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on the Bonds Similarly Secured. Any cash received from such principal of and interest on such Defeasance Securities deposited with the Trustee, if not then needed for such purpose, shall, be reinvested in Defeasance Securities as directed by the City maturing at times and in amounts sufficient to pay when due the principal of and interest on the Bonds Similarly Secured on and prior to such redemption date or maturity date thereof, as the case may be. Any payment for Defeasance Securities purchased for the purpose of reinvesting cash as aforesaid shall be made only against delivery of such Defeasance Securities.

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

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

## **Events of Default**

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

1. The failure of the City to deposit the Pledged Revenues to the Pledged Revenue Fund;
2. The failure of the City to enforce the collection of the Major Improvement Area Assessments including the prosecution of foreclosure proceedings;
3. Default in the performance or observance of any covenant, agreement or obligation of the City under the Indenture other than a default under (1) above or (4) below, and the continuation thereof for a period of ninety (90) days after written notice specifying such default and requiring same to be remedied shall have been given to the City by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of the Holders of at least a majority of the aggregate Outstanding principal of the Bonds Similarly Secured so affected by such Event of Default; and
4. The failure to make payment of the principal of or interest on any of the Bonds Similarly Secured when the same becomes due and payable and such failure is not remedied within thirty (30) days thereafter; provided, however, that the payments are to be made only from Pledged Revenues or other funds currently available in the Pledged Funds and available to the City to make any such payments.

## **Remedies in Event of Default**

Subject to the provisions of the Indenture, upon the happening and continuance of any of the Events of Default described above, then and in every such case the Trustee may proceed, and upon the written request of the Holders of at least a Quarter in Interest of the Bonds Similarly Secured then Outstanding and so affected by such Event of Default, and its receipt of indemnity satisfactory to it, shall proceed, to protect and enforce the rights of the Holders under the Indenture, by action seeking mandamus or by other suit, action, or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief to the extent permitted by Applicable Laws, including, but not limited to, the specific performance of any covenant or agreement contained herein, or injunction; provided, however, that no action for money damages against the City may be sought or shall be permitted.

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

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

If an Event of Default occurred and is continuing, the City, upon demand of the Trustee, shall surrender the possession of, and it shall be lawful for the Trustee, by such officer or agent as it may appoint, to take possession of all or any part of the Trust Estate, together with the books, papers, and accounts of the City pertaining thereto, and including the rights and the position of the City, and to hold, operate, and manage the same, and from time to time make all needed repairs and improvements, as well as set up proper reserve for the payment of all proper costs and expenses, holding and managing the same, including (i) reasonable compensation to the Trustee, its agents, and

counsel, (ii) any reasonable charges of the Trustee under the Indenture, (iii) any taxes and assessments and other charges prior to the lien of the of Indenture, and (iv) all expenses of such repairs and improvements. After payment in full of the foregoing, the Trustee shall surrender possession of the Trust Estate to the City, its successors or assigns.

### **Restriction on Holder's Actions**

No Holder shall have any right to institute any action, suit or proceeding at law or in equity for the enforcement of the Indenture or for the execution of any trust thereof or any other remedy hereunder, unless (i) a default has occurred and is continuing of which the Trustee has actual knowledge thereof or has been notified in writing as provided in the Indenture, or of which it is deemed to have notice, (ii) such default has become an Event of Default and the Holders of at least a Quarter in Interest of the Bonds Similarly Secured then Outstanding and so affected by such Event of Default have made written request to the Trustee and offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, (iii) the Holders have furnished to the Trustee indemnity as provided in the Indenture, (iv) the Trustee has for 60 days after such notice failed or refused to exercise the powers hereinbefore granted, or to institute such action, suit, or proceeding in its own name, (v) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Holders of at least a Quarter in Interest of the Bonds Similarly Secured then Outstanding and so affected by such Event of Default, and (vi) notice of such action, suit, or proceeding is given to the Trustee; however, no one or more Holders of the Bonds Similarly Secured shall have any right in any manner whatsoever to affect, disturb, or prejudice the Indenture by its, his, or their action or to enforce any right thereunder except in the manner provided therein, and that all proceedings at law or in equity shall be instituted and maintained in the manner provided therein and for the equal benefit of the Holders of all Bonds Similarly Secured then Outstanding. The notification, request and furnishing of indemnity set forth above shall, at the option of the Trustee, be conditions precedent to the execution of the powers and trusts of the Indenture and to any action or cause of action for the enforcement of the Indenture or for any other remedy thereunder.

Subject to certain provisions of the Indenture, nothing in the Indenture shall affect or impair the right of any Holder to enforce, by action at law, payment of any Bond Similarly Secured at and after the maturity thereof, or on the date fixed for redemption or the obligation of the City to pay each Bond Similarly Secured issued thereunder to the respective Holders thereof at the time and place, from the source and in the manner expressed therein and in the Bonds Similarly Secured.

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

### **Application of Revenues and Other Moneys After Event of Default**

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

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

SECOND: To the payment to the Holders entitled thereto of the unpaid principal of Outstanding Bonds Similarly Secured, or Redemption Price of any Bonds Similarly Secured which shall have become due, whether at maturity or by call for redemption, in the direct order of their due dates and, if the amounts available shall not be

sufficient to pay in full all the Bonds Similarly Secured due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due and to the Holders entitled thereto, without any discrimination or preference.

Within thirty (30) days of receipt of such good and available funds, the Trustee may fix a record date and a payment date for any payment to be made to Holders of Bonds Similarly Secured.

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

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

### **Investment or Deposit of Funds**

Money in any Fund or Account, other than the Reserve Account, shall be invested by the Trustee as directed by the City pursuant to a City Certificate filed with the Trustee in Investment Securities; provided that all such deposits and investments shall be made in such manner that the money required to be expended from any Fund or Account will be available at the proper time or times. Money in the Reserve Account shall be invested in such Investment Securities as directed by the City pursuant to a City Certificate filed with the Trustee, provided that the final maturity of any individual Investment Security shall not exceed 270 days and the average weighted maturity of any investment pool or no-load money market mutual fund shall not exceed 90 days. Each such City Certificate shall be a certification that the investment directed therein constitutes an Investment Security and that such investments meet the maturity and average weighted maturity requirements set forth in the preceding sentence and the Trustee shall not be responsible for determining such requirements. Such investments shall be valued each year in terms of the Value of Investment Securities as of September 30. For purposes of maximizing investment returns, to the extent permitted by law, money in the Funds and Accounts may be invested in common investments of the kind described above, or in a common pool of such investment which shall be kept and held at an official depository bank, which shall not be deemed to be or constitute a commingling of such money or funds provided that safekeeping receipts or certificates of participation clearly evidencing the investment or investment pool in which such money is invested and the share thereof purchased with such money or owned by such Fund or Account are held by or on behalf of each such Fund or Account. If necessary, such investments shall be promptly sold, in order to make the disbursements required or permitted by the Indenture, to prevent any default under the Indenture. To insure that cash on hand is invested, if the City does not give the Trustee written or timely instructions with respect to investments of funds, the Trustee shall invest and re-invest cash balances pursuant to the Indenture.

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

### **Against Encumbrances**

The City shall not create and shall not suffer to remain, any lien, encumbrance or charge upon the Trust Estate or upon any other property pledged under the Indenture, except the pledge created for the security of the Bonds Similarly Secured, and other than a lien or pledge subordinate to the lien and pledge of such property related to the Bonds Similarly Secured.

So long as Bonds Similarly Secured are Outstanding under the Indenture or Refunding Bonds, the City shall not issue any bonds, notes or other evidences of indebtedness, other than the Bonds Similarly Secured, secured by any pledge of or other lien or charge on the Pledged Revenues or other property pledged under the Indenture or Refunding Bonds, other than a lien or pledge subordinate to the lien and pledge of such property related to the Bonds Similarly Secured.

### **Additional Obligations or Other Liens; Refunding Bonds; Future Improvement Area Bonds**

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

Other than Refunding Bonds, the City will not create or voluntarily permit to be created any debt, lien or charge on the Trust Estate, and will not do or omit to do or suffer to be done or omit to be done any matter or things whatsoever whereby the lien of the Indenture or the priority hereof might or could be lost or impaired; and further covenants that it will pay or cause to be paid or will make adequate provisions for the satisfaction and discharge of all lawful claims and demands which if unpaid might by law be given precedence over or any equality with the Indenture as a lien or charge upon the Trust Estate; provided, however, that nothing described herein shall require the City to apply, discharge, or make provision for any such lien, charge, claim, or demand so long as the validity thereof shall be contested by it in good faith, unless thereby, in the opinion of counsel to the Trustee, the same would endanger the security for the Bonds Similarly Secured.

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

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

- (i) Notwithstanding anything to the contrary in the Indenture, no Refunding Bonds may be issued by the City unless: (1) the principal (including any principal amounts to be redeemed on a mandatory sinking fund redemption date) of such Refunding Bonds is scheduled to mature on September 1 of the years in which principal is scheduled to mature and (2) the interest on such Refunding Bonds must be scheduled to be paid on March 1 and September 1 of the years in which interest is scheduled to be paid. The date, rate or rates of interest on, interest payment dates, maturity dates, redemption and all other terms and provisions of Refunding Bonds shall be set forth in a Supplemental Indenture; and
- (ii) Upon their authorization by the City, the Refunding Bonds of a series issued as described herein shall be issued and shall be delivered to the purchasers or owners thereof, but before, or concurrently with, the delivery of said Refunding Bonds to such purchasers or owners there shall have been filed with the Trustee (1) a copy, certified by the City Clerk, of the ordinance or ordinances of the City authorizing the issuance, sale, execution and delivery of the Refunding Bonds and the execution and delivery of a Supplemental Indenture establishing, among other things, the date, rate or rates of interest on, interest payment dates, maturity dates, redemption and all other terms and provisions of such Refunding Bonds, and (2) an original executed counterpart of the Supplemental Indenture for such Refunding Bonds.

Future Improvement Area Bonds may be issued to fund and/or to reimburse the Developers for funding the costs of internal Future Improvement Area Improvements within a Future Improvement Area. The Developers may request that the City issue Future Improvement Area Bonds; provided, however, that no Future Improvement Area Bonds shall be issued unless such Future Improvement Area Bonds are made to mature on September 1 in each of the years in which they are scheduled to mature, and the applicable requirements in this described in this subsection are met:

- (i) The Trustee shall receive a certificate from the City Representative certifying that the City is not in default in the performance and observance of any of the terms, provisions and conditions applicable to the City contained in this Indenture or any indenture of trust authorizing the issuance of Future Improvement Area Bonds for the District;

- (ii) The Trustee and the City shall receive a certificate from the Landowners, through an authorized representative, certifying that the Landowners is not in default beyond any applicable notice and cure period in the performance and observance of any of the terms, provisions and conditions applicable to the Landowners contained in the Development Agreement applicable to the District or any continuing disclosure agreement entered into by the Developers relating to the District, unless any defaults under the foregoing agreements (except for defaults under any continuing disclosure agreements entered into by the Developers which defaults shall be cured) are disclosed in a certificate from the Developers to the City and the City Council elects to proceed with the issuance of the Future Improvement Area Bonds regardless of the existence of such default or defaults;
- (iii) The Trustee and the City shall receive a certificate from the Administrator certifying that there is no default by the Landowners or any owner of more than five percent (5%) of the assessed parcels in the applicable Future Improvement Area for failure to pay special assessments or ad valorem taxes on assessed parcels in such Future Improvement Area owed by the Landowners or such owner prior to the delinquency date thereof;
- (iv) With respect to Future Improvement Area Bonds issued for the next subsequent Improvement Area following the issuance of the Improvement Area #1 Bonds, the Trustee and the City shall receive a certificate from the Developer certifying that at least seventy-five percent (75%) of the assessed parcels in such Future Improvement Area, for which Future Improvement Area Bonds will be issued, are under contract with merchant builder(s) or real estate developer(s) for sale to end users;
- (v) With respect to Future Improvement Area Bonds issued for the Improvement Areas thereafter:
  - (a) the Trustee and the City shall receive a certificate from the Developer certifying that (A) a certificate of occupancy for completed homes has been issued for at least forty percent (40%) of the lots or residential units, as applicable, in the preceding Improvement Areas, and (B) at least seventy-five percent (75%) of the residential lots to be assessed in such Future Improvement Area, for which Future Improvement Area Bonds will be issued, are under contract with merchant builder(s) or real estate developer(s) for sale to end users; and
  - (b) the Trustee and City shall receive an appraisal delivered by an independent appraiser evidencing that the Value to Lien Ratio of each individual assessed parcel in the Future Improvement Area for which Future Improvement Area Bonds will be issued is not less than 2:1.

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## DEBT SERVICE REQUIREMENTS

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

<b><u>Year Ending (September 30)</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2025	\$ -	\$ 1,673,134.80	\$ 1,673,134.80
2026	-	3,153,552.50	3,153,552.50
2027	-	3,153,552.50	3,153,552.50
2028	611,000.00	3,153,552.50	3,764,552.50
2029	649,000.00	3,118,420.00	3,767,420.00
2030	689,000.00	3,081,102.50	3,770,102.50
2031	731,000.00	3,041,485.00	3,772,485.00
2032	776,000.00	2,999,452.50	3,775,452.50
2033	824,000.00	2,954,832.50	3,778,832.50
2034	875,000.00	2,907,452.50	3,782,452.50
2035	936,000.00	2,849,483.76	3,785,483.76
2036	1,002,000.00	2,787,473.76	3,789,473.76
2037	1,073,000.00	2,721,091.26	3,794,091.26
2038	1,148,000.00	2,650,005.00	3,798,005.00
2039	1,229,000.00	2,573,950.00	3,802,950.00
2040	1,316,000.00	2,492,528.76	3,808,528.76
2041	1,409,000.00	2,405,343.76	3,814,343.76
2042	1,509,000.00	2,311,997.50	3,820,997.50
2043	1,615,000.00	2,212,026.26	3,827,026.26
2044	1,730,000.00	2,105,032.50	3,835,032.50
2045	1,852,000.00	1,990,420.00	3,842,420.00
2046	1,983,000.00	1,867,725.00	3,850,725.00
2047	2,126,000.00	1,733,872.50	3,859,872.50
2048	2,279,000.00	1,590,367.50	3,869,367.50
2049	2,443,000.00	1,436,535.00	3,879,535.00
2050	2,620,000.00	1,271,632.50	3,891,632.50
2051	2,808,000.00	1,094,782.50	3,902,782.50
2052	3,011,000.00	905,242.50	3,916,242.50
2053	3,228,000.00	702,000.00	3,930,000.00
2054	3,461,000.00	484,110.00	3,945,110.00
2055	<u>3,711,000.00</u>	<u>250,492.50</u>	<u>3,961,492.50</u>
<b>Total</b>	<b><u>\$47,644,000.00</u></b>	<b><u>\$67,672,649.86</u></b>	<b><u>\$115,316,649.86</u></b>

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## SOURCES AND USES OF FUNDS

The following table summarizes the sources and uses of proceeds of the Bonds:

Sources of Funds:	
Principal Amount	\$47,644,000.00
Original Issue Discount	(248,476.60)
<b>Total Sources</b>	<b><u>\$47,395,523.40</u></b>
Uses of Funds:	
Deposit to Major Improvement Area Improvements Account of the Project Fund	\$35,376,123.00
Deposit to Capitalized Interest Account of Bond Fund	4,826,687.30
Deposit to Reserve Account of the Reserve Fund	3,961,492.50
Deposit to the Administrative Fund	30,000.00
Deposit to Costs of Issuance Account of the Project Fund	1,771,900.60
Underwriter's Discount <sup>(1)</sup>	<u>1,429,320.00</u>
<b>Total Uses</b>	<b><u>\$47,395,523.40</u></b>

<sup>(1)</sup> Includes Underwriter's Counsel's fee of \$476,440.00.

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## **OVERLAPPING TAXES AND DEBT**

### **Overlapping Taxes and Debt**

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

In addition to the City, Hays County, Travis County, Northeast Hays County ESD #2, Hays County Fire ESD #8, Hays Consolidated Independent School District, Austin Community College District, Hays County Special Road District, Austin ISD, Travis County Healthcare District, and Travis County ESD #5 may each levy ad valorem taxes upon land in Improvement Area #1 of the District for payment of debt incurred by such governmental entities and/or for payment of maintenance and operations expenses. The City has no control over the level of ad valorem taxes or special assessments levied by such other taxing authorities. The District is located within the corporate limits of the City and within Hays County, Texas.

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The following tables reflect the estimated overlapping ad valorem tax rates and overlapping indebtedness payable from ad valorem taxes with respect to property within Major Improvement Area of the District, as well as City debt secured by the Major Improvement Area Assessments, after delivery of the Bonds.

#### OVERLAPPING TAX RATES

<u>Taxing Entity</u> <sup>(2),(3)</sup>	Hays County Tax Year 2024 <u>Ad Valorem Tax Rate</u> <sup>(1)</sup>	Travis County Tax Year 2024 <u>Ad Valorem Tax Rate</u> <sup>(1)</sup>
City of Buda, Texas	\$0.3395	\$0.3395
Hays County, Texas	0.3085	
Travis County, Texas		0.3444
Northeast Hays County ESD #2	0.0678	
Hays County Fire ESD #8	0.1000	
Hays Consolidated Independent School District	1.1546	
Austin Community College District	0.1013	0.1013
Hays County Special Road District	0.0415	
Austin ISD		0.9505
Travis County Healthcare District		0.1080
Travis County ESD #5		0.1000
<b>Total Existing Tax Rate</b>	<b><u>\$2.1132</u></b>	<b><u>\$1.9437</u></b>
Estimated Average Annual Installment in the Major Improvement Area as an Equivalent Tax Rate <sup>(2)</sup>	<u>\$0.2969</u>	<u>\$0.2969</u>
TIRZ Maximum Annual Credit Amount applicable to Annual Installment of Major Improvement Area Assessments as an Equivalent Tax Rate <sup>(3)</sup>	<u>(\$0.3240)</u>	<u>(\$0.2546)</u>
<b>Estimated Total Tax Rate and Average Annual Installment in the Major Improvement Area of the District as an Equivalent Tax Rate (Hays County, Texas)</b>	<b><u>\$2.0861</u></b> <sup>(2)</sup>	
<b>Estimated Total Tax Rate and Average Annual Installment in the Major Improvement Area of the District as an Equivalent Tax Rate (Travis County, Texas)</b>		<b><u>\$1.9859</u></b> <sup>(2)</sup>

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

<sup>(2)</sup> Based on estimated buildout value.

<sup>(3)</sup> In the Development Agreement, the City has agreed to use TIRZ No. 3 Revenues generated from each lot within Major Improvement Area, in an amount not to exceed the TIRZ Maximum Annual Credit Amount, to reduce a portion of such lot's Annual Installment of Major Improvement Area Assessments due each year. Derived from information in the Service and Assessment Plan. See "ASSESSMENT PROCEDURES – Assessment Amounts – TIRZ Credit" herein. The TIRZ will terminate, unless the City elects to extend the term, on December 31, 2069, with the last payment being due January 31, 2070.

Source: Hays Central Appraisal District, Travis County Central Appraisal District and the City.

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## OVERLAPPING DEBT

<u>Taxing or Assessing Entity</u>	Gross Outstanding Debt as of 12/15/2024	Estimated Percentage Applicable <sup>(1)</sup>	Direct and Estimated Overlapping Debt <sup>(1)</sup>
The City (Assessments - The Bonds)	\$47,644,000	100.000%	\$47,644,000
City of Buda, Texas	153,385,000	0.682%	1,046,548
Hays County, Texas	475,118,993	0.044%	208,133
Travis County, Texas	1,099,010,000	0.007%	73,766
Northeast Hays County ESD #2	-	0.247%	-
Hays County Fire ESD #8	-	0.247%	-
Hays Consolidated Independent School District	872,065,000	0.115%	1,001,793
Austin Community College District	540,180,000	0.103%	555,094
Hays County Special Road District	-	0.044%	-
Austin ISD	2,610,343,000	0.012%	319,231
Travis County Healthcare District	165,705	0.007%	11,167
Travis County ESD #5	=	0.697%	=
<b>TOTAL</b>	<b><u>\$5,797,911,698</u></b>		<b><u>\$50,859,732</u></b>

<sup>(1)</sup> Based on Tax Year 2024 Net Taxable Assessed Valuations and the Appraisal Assessed Value of \$21,961,920.

Source: Municipal Advisory Council of Texas

### Agricultural Valuation

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

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

Land in the District is designated for agricultural use. The Landowners will waive their rights to redemption and waiver of agricultural valuation pursuant to an agricultural redemption agreement. The land will be removed by phases at the time development commences in each phase. None of the land in the District is subject to grazing or agricultural leases.

### Homeowners' Association

In addition to the Major Improvement Area Assessments described above, the Developers anticipate that each lot owner in the Major Improvement Area of the District will pay a maintenance and operation fee and/or a property owner's association fee annually to a homeowner's association (the "HOA").

## ASSESSMENT PROCEDURES

### General

Capitalized terms used under this caption and not otherwise defined in this Limited Offering Memorandum shall have the meanings given to such terms in the Service and Assessment Plan. As required by the PID Act, when

the City determined to defray a portion of the costs of the Major Improvement Area Projects through Major Improvement Area Assessments, it adopted a resolution generally describing the Major Improvement Area Projects and the land within Major Improvement Area of the District to be subject to Major Improvement Area Assessments to pay the cost therefor. The City has caused an assessment roll to be prepared (the “Major Improvement Area Assessment Roll”), which Major Improvement Area Assessment Roll shows the Major Improvement Area Assessed Property, the amount of the benefit to and the Major Improvement Area Assessment against each lot or parcel of land. The Major Improvement Area Assessment Roll was filed with the City Clerk and made available for public inspection. Statutory notice was given to the owners of the property to be assessed and a public hearing was conducted to hear testimony from affected property owners as to the propriety and advisability of undertaking the Major Improvement Area Projects and funding a portion of the same with Major Improvement Area Assessments. The City levied the Major Improvement Area Assessments and adopted the Assessment Ordinance immediately prior to adopting the Bond Ordinance. After such adoption, the Major Improvement Area Assessments became legal, valid and binding liens upon the Major Improvement Area Assessed Property.

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

### **Assessment Methodology**

The Service and Assessment Plan describes the special benefit to be received by each parcel of assessable property as a result of the Major Improvement Area Projects, provides the basis and justification for the determination that such special benefit exceeds the Major Improvement Area Assessments being levied, and establishes the methodology by which the City allocates the special benefit of the Major Improvement Area Projects to parcels in a manner that results in equal shares of costs being apportioned to parcels similarly benefited. As described in the Service and Assessment Plan, a portion of the costs of the Major Improvement Area Projects are being funded with proceeds of the Bonds, which are payable from and secured by Pledged Revenues, including the Assessment Revenues. As set forth in the Service and Assessment Plan, the City Council has determined that the Actual Costs (as defined in the Service and Assessment Plan) associated with the Major Improvement Area Projects will be allocated to the parcels against which the Major Improvement Area Assessments are levied (the “Assessed Parcels”) by spreading the entire Assessment across all Assessed Parcels within Major Improvement Area of the District on the ratio of estimated build-out value of each Assessed Parcel to the estimated build-out value for all Assessed Parcels within Major Improvement Area of the District.

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The following tables provide the allocation of the Major Improvement Area Assessments and the estimated value to lien ratio for the Major Improvement Area.

**Estimated Major Improvement Area Value to Lien Ratio Based on Buildout Value**

<u>Estimated Buildout Value<sup>(1)(2)</sup></u>	<u>Maximum Assessment<sup>(3)</sup></u>	<u>Estimated Ratio of Buildout Value per Lot to Assessment</u>
\$1,153,086,513	\$177,383,079	6.50:1

(1) Based on estimates provided by the Developers.  
 (2) The Estimated Average Base Home Price is provided by the Developers. No assurances can be given that projected home prices and buildout values will be realized. Home prices in the Appraisal may differ.  
 (3) Preliminary Estimate - Based on the assumption of a maximum Tax Rate Equivalent of \$1.25 per lot. The Maximum Assessment and Estimated Buildout Value for future improvement areas within the Major Improvement Area will be finalized as they are developed.

**Estimated Major Improvement Area Value to Lien Ratio Based on Appraised Value**

<u>Appraised Value<sup>(1)</sup></u>	<u>Maximum Assessment</u>	<u>Estimated Ratio of Appraised Value to Assessment</u>
\$95,690,000	\$47,644,000	2.01:1

(1) See "APPRAISAL" herein.

The City has created the TIRZ and adopted the TIRZ Project and Finance Plan providing for the TIRZ Credit to reduce a portion of the Annual Installment, to the extent the City institutes an ad valorem tax, as described under "SECURITY FOR THE BONDS SIMILARLY SECURED – TIRZ No. 3 Revenues May Reduce Assessments." The Annual Installment for each Assessment levied on an Assessed Parcel shall be calculated by taking into consideration any TIRZ Credit applicable to such Assessed Parcel.

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

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

**Collection and Enforcement of Assessment Amounts**

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

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

Area Assessment Roll and a calculation of the Annual Installment for each Assessed Parcel. Major Improvement Area Assessments for Annual Collection Costs shall be allocated among all Assessed Parcels in proportion to the amount of the Annual Installments for the Assessed Parcels.

In the Indenture, the City covenants, agrees and warrants that, for so long as any Bonds Similarly Secured are Outstanding, and amounts are due to the Developers to pay for funds they have contributed to pay Actual Costs of the Major Improvement Area Projects, that it will take and pursue all actions permissible under Applicable Laws to cause the Major Improvement Area Assessments to be collected and the liens thereof enforced continuously, in the manner and to the maximum extent permitted by Applicable Laws, and, to the extent permitted by Applicable Laws, to cause no reduction, abatement or exemption in the Major Improvement Area Assessments. Notwithstanding the foregoing, the City shall be permitted to reduce the Major Improvement Area Assessments by the TIRZ Credit amount pursuant to the Development Agreement, the TIRZ Reimbursement Agreement, the TIRZ Project and Finance Plan and the Service and Assessment Plan; provided, however, that no such reduction shall operate to reduce the amounts levied for the payment of the Annual Collection Costs.

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

The City will determine or cause to be determined, no later than February 15 of each year, whether or not any Annual Installment is delinquent and, if such delinquencies exist, the City will order and cause to be commenced as soon as practicable any and all appropriate and legally permissible actions to obtain such Annual Installment, and any delinquent charges and interest thereon, including diligently prosecuting an action in district court to foreclose the currently delinquent Annual Installment. Notwithstanding the foregoing, the City shall not be required under any circumstances to purchase or make payment for the purchase of the delinquent Assessment or the corresponding Assessed Parcel.

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

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

If and to the extent that the Major Improvement Area Assessments have been prepaid in full, the lien on the real property associated with such Prepayment shall be released, and the rights of the Trustee and Holders under the Indenture with respect to such released real property shall terminate.

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

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

After July, the penalty remains at 12%, and interest accrues at the rate of 1% each month. In addition, if an account is delinquent in July, a 20% attorney's collection fee may be added to the total penalty and interest charge.

In general, property subject to lien may be sold, in whole or in parcels, pursuant to court order to collect the amounts due. An automatic stay by creditors or other entities, including governmental units, could prevent governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In most cases, post-petition Major Improvement Area Assessments are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

### **Assessment Amounts**

*Assessment Amounts.* The maximum amounts of the Major Improvement Area Assessments will be established by the methodology described in the Service and Assessment Plan. The Major Improvement Area Assessment Roll sets forth for each year the Annual Installment for each Major Improvement Area Assessed Property within Major Improvement Area consisting of the annual payment allocable to the Bonds, the Major Improvement Area Reimbursement Agreement, and the Major Improvement Area Projects for each Major Improvement Area Assessed Property, which amount includes: (1) principal; (2) interest; (3) Annual Collection Costs; and (4) Additional Interest, if applicable. The Annual Installments for the Major Improvement Area Assessments may not exceed the amounts shown on the Major Improvement Area Assessment Roll. The Major Improvement Area Assessments have been levied against the parcels within Major Improvement Area comprising the Major Improvement Area Assessed Property as indicated on the Major Improvement Area Assessment Roll. See “APPENDIX B — Form of Service and Assessment Plan.”

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

*TIRZ Credit.* The City Council, in accordance with the Development Agreement and the TIRZ No. 3 Agreement, has agreed to use TIRZ No. 3 Revenues generated from each Major Improvement Area Assessed Property to reduce a portion of the principal and interest of such property’s Major Improvement Area Assessment, as applicable.

- i. The principal and interest portion of the Major Improvement Area Annual Installment for Major Improvement Area Assessed Property shall receive a TIRZ No. 3 Annual Credit Amount equal to the TIRZ No. 3 Revenue generated by the Major Improvement Area Assessed Property for the previous Tax Year (e.g. TIRZ No. 3 Revenue collected from the Major Improvement Area Assessed Property for Tax Year 2024 shall be applied as the TIRZ No. 3 Annual Credit Amount applicable to the Major Improvement Area Assessed Property’s Major Improvement Area Annual Installment to be collected in Tax Year 2025).
- ii. After the TIRZ No. 3 Annual Credit Amount is applied to provide a credit towards the principal and interest portion of the Major Improvement Area Annual Installment for the Major Improvement Area Assessed Property, any excess TIRZ No. 3 Revenues shall be used in accordance with the TIRZ No. 3 Project Plan.
- iii. The TIRZ No. 3 Maximum Annual Credit Amount for lots within the Major Improvement Area will be determined at the time of the levy of the Future Improvement Area assessment for such portion of the Major Improvement Area.

*Method of Apportionment of Assessments.* For purposes of the Service and Assessment Plan, the City Council has determined that the Assessments (as defined in the Service and Assessment Plan), including the Major Improvement Area Assessments, shall be initially allocated to the Parcels consisting of the Assessed Property (as defined in the Service and Assessment Plan), including the Major Improvement Area Assessed Property, based on the ratio of estimated build-out value of each Parcel of Assessed Property in the Major Improvement Area to estimated build-out value of all Parcels of Assessed Property in the Major Improvement Area.

*Upon Division Prior to Recording of Subdivision Plat.* Upon the division of any Assessed Property (without the recording of subdivision plat), the Administrator shall reallocate the Assessment for the



Assessed Property prior to the division among the newly divided Assessed Properties according to the following formula:

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

Where the terms have the following meanings:

A = the Assessment for the newly divided Assessed Property

B = the Assessment for the Assessed Property prior to division

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

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

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

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

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

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

Where the terms have the following meanings:

A = the Assessment for the newly subdivided Lot

B = the Assessment for the Parcel prior to subdivision

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

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

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

Prior to the recording of a subdivision plat, the Developers shall provide the City an Estimated Buildout Value as of the date of the recorded subdivision plat for each Lot created by the recorded subdivision plat considering factors such as density, lot size, proximity to amenities, view premiums, location, market conditions, historical sales, discussions with homebuilders, and any other factors that may impact value. The calculation of the Estimated Buildout Value for a Lot shall be performed by the Administrator and confirmed by the City Council based on information provided by the Developers, additional homebuilders, third party consultants, and/or the official public records of the County regarding the Lot.

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

Upon Consolidation. If two or more Lots or Parcels are consolidated, the Administrator shall allocate the Assessments against the Lots or Parcels before the consolidation to the consolidated Lot or Parcel, which allocation shall be approved by the City Council in the next Annual Service Plan Update.

For further information about apportionment of the Assessments, See “APPENDIX B — Form of Service and Assessment Plan.”

### **Prepayment of Assessments**

The Indenture and the Service and Assessment Plan provide for certain optional and mandatory prepayments as described below (each, a “Prepayment”). To the extent that any Major Improvement Area Assessment is prepaid, the lien on real property associated with such Major Improvement Area Assessment prepayment shall be released and any rights of the Trustee and the bond owners to request the City to proceed with foreclosure procedures for the purpose of protecting and enforcing the rights of the bond owners with respect to such property shall terminate.

Optional Prepayment. Pursuant to the PID Act and the Indenture, the owner of any property assessed may voluntarily prepay all or part of any Major Improvement Area Assessment levied against any lot or parcel, together with accrued interest to the date of payment, at any time. Upon receipt of such prepayment, such amounts will be applied towards the redemption or payment of the Bonds and/or payment of amounts due pursuant to the Major Improvement Area Reimbursement Agreement. Amounts received at the time of a prepayment which represent a payment of principal, interest, or penalties on a delinquent installment of a Major Improvement Area Assessment are not to be considered a prepayment, but rather are to be treated as payment of regularly scheduled Major Improvement Area Assessments.

Mandatory Prepayment of Assessments—Transfer to Exempt Entity. If Assessed Property is transferred to a person or entity that is exempt from payment of the Major Improvement Area Assessments under applicable law or any portion of Assessed Property becomes Non-Benefited Property, the owner transferring the Assessed Property or causing the portion to become Non-Benefited Property shall pay to the City or the Administrator on behalf of the City the full amount of the outstanding Major Improvement Area Assessment, plus Prepayment Costs and Delinquent Collection Costs, if any, for such Assessed Property, prior to the transfer; provided that, however, such mandatory Prepayment of the Major Improvement Area Assessment shall not be required for portions of a Parcel that are dedicated or conveyed to the City, any other governmental entity or utility provider, or an Owners Association for use as internal roads, utilities, parks, drainage and detention facilities, and other similar improvements, in which case the Major Improvement Area Assessment that was allocated to the Parcel will be reallocated to the remainder of the Parcel. If a reallocation to the remainder of the Parcel as provided in the foregoing sentence causes the Major Improvement Area Assessment for such remainder to exceed the Maximum Assessment, the owner of the remainder of the Parcel must partially prepay the Major Improvement Area Assessment to the extent it exceeds the Maximum Assessment for such Parcel in an amount sufficient to reduce the Major Improvement Area Assessment to the Maximum Assessment.

Mandatory Prepayment of Assessments—True-Up of Assessments if Maximum Assessment Exceeded at Plat. Prior to the approval of a final subdivision plat, the Administrator shall certify that the final plat will not cause the Major Improvement Area Assessment for any Lot Type to exceed the Maximum Assessment for such Lot Type. If the subdivision of any Assessed Property by a final subdivision plat causes the Major Improvement Area Assessment per Lot for any Lot Type to exceed the applicable Maximum Assessment for such Lot Type, the landowner shall partially prepay the Major Improvement Area Assessment for each Assessed Property that exceeds the applicable Maximum Assessment for such Lot Type in an amount sufficient to reduce the Major Improvement Area Assessment to the applicable Maximum Assessment for such Lot Type. The City’s approval of a final subdivision plat without payment

of such amounts does not eliminate the obligation of the person or entity filing the plat to pay such Major Improvement Area Assessments.

*Mandatory Prepayment of Assessments—Prepayment as a Result of an Eminent Domain Proceeding or Taking.* If any portion of any Parcel of Assessed Property is taken from an owner as a result of eminent domain proceedings or if a transfer of any portion of any Parcel of Assessed Property is made to an entity with the authority to condemn all or a portion of the Assessed Property in lieu of or as a part of an eminent domain proceeding (a “Taking”), the portion of the Assessed Property that was taken or transferred (the “Taken Property”) shall be reclassified as Non-Benefited Property.

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

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

Notwithstanding the previous paragraphs in this section “Mandatory Prepayment of Assessments—Prepayment as a Result of an Eminent Domain Proceeding or Taking,” if the owner notifies the City and the Administrator that the Taking prevents the Remaining Property from being developed for any use which could support the Estimated Buildout Value requirement, the owner shall, upon receipt of the compensation for the Taken Property, be required to prepay the amount of the Major Improvement Area Assessment required to buy down the outstanding Major Improvement Area Assessment to the Maximum Assessment on the Remaining Property to support the Estimated Buildout Value requirement. The owner will remain liable to pay the Annual Installments on both the Taken Property and the Remaining Property until such time that such Major Improvement Area Assessment has been prepaid in full.

Notwithstanding the previous paragraphs in this section “Mandatory Prepayment of Assessments—Prepayment as a Result of an Eminent Domain Proceeding or Taking,” the Major Improvement Area Assessments shall not, however, be reduced to an amount less than the outstanding Bonds.

*Reduction of Assessments.* If as a result of cost savings or a Major Improvement Area Improvement not being constructed, the Actual Costs of completed Major Improvement Area Improvements are less than the Major Improvement Area Assessments levied for the payment thereof, the Trustee shall apply amounts on deposit in the applicable account of the Project Fund (as defined in the Indenture) relating to the Bonds that are not expected to be used for purposes of the Project Fund, to redeem outstanding Bonds, in accordance with the Indenture, and the TIRZ No. 3 Annual Credit Amount will be reduced in the same proportion as the Major Improvement Area Assessments. The Major Improvement Area Assessments shall not, however, be reduced to an amount less than the outstanding Bonds.

### **Allocation of Annual Installments**

Any amounts collected from the Annual Installments shall be allocated, first, to the amount due for the Bonds, including any amounts collected and due for Additional Interest and Annual Collection Costs, and second, to amounts due to pay the City's obligation under the Major Improvement Area Reimbursement Agreement. If an owner makes a partial payment of an Annual Installment, such amount shall be allocated entirely to the amount due for the Bonds, until the portion of the Annual Installment related to the Bonds has been satisfied, and only after satisfying the amounts due for the Bonds, will the partial payment be used to pay amounts due under the Major Improvement Area Reimbursement Agreement. The amounts due under the Major Improvement Area Reimbursement Agreement will remain subordinated to the Bonds.

### **Priority of Lien**

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

### **Foreclosure Proceedings**

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

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

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

The City will not be obligated to fund foreclosure proceedings out of any funds other than in the Administrative Fund. If Pledged Revenues are insufficient to pay foreclosure costs, the owners of the Bonds may be

required to pay amounts necessary to continue foreclosure proceedings. See “SECURITY FOR THE BONDS SIMILARLY SECURED – Reserve Fund,” “APPENDIX A – Form of Indenture” and “APPENDIX B – Form of Service and Assessment Plan.”

## THE CITY

### Background

The District is located within the corporate limits of the City. The City of Buda is a residential and commercial center located on Interstate Highway 35, seventeen miles south of downtown Austin in northeastern Hays County. The City covers approximately 9.72 square miles. The City’s 2020 census population was 15,112. The City’s population estimate as of July 1, 2023 was 16,030.

### City Government

The City is a political subdivision and a home rule municipality of the State, duly organized and existing under the laws of the State, including the City’s Home Rule Charter. The City adopted a Home Rule Charter on November 6, 2007, which was amended on November 7, 2017. The City operates under a Council/Manager form of government with a City Council comprised of the Mayor and six Council members who are elected for staggered three-year terms. The City Council formulates operating policy for the City while the City Manager is the chief administrative officer.

The current members of the City Council and their respective expiration of terms of office are set forth on page ii hereof.

### Historical Employment in Hays County

	Average Annual				
	2024 <sup>(1)</sup>	2023	2022	2021	2020
Civilian Labor Force	148,949	144,229	138,727	130,746	123,296
Total Employed	143,854	139,520	134,484	125,340	115,559
Total Unemployed	5,095	4,709	4,243	5,406	7,737
Unemployment Rate	3.4%	3.3%	3.1%	4.1%	6.3%

Source: *Texas Workforce Commission*.

<sup>(1)</sup> Data through September 2024.

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## Principal Employers in the City

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

<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Capital Excavation	315	1	3.02%
H-E-B Grocery	249	2	2.38%
Wal-Mart	240	3	2.30%
ProBuild	222	4	2.13%
Fat Quarter Shop	215	5	2.06%
Cabela's	196	6	1.88%
Texas Lehigh	180	7	1.72%
US Food Service	159	8	1.52%
Hays County YMCA	157	9	1.50%
Capital Spectrum	<u>150</u>	10	<u>1.44%</u>
<b>Totals</b>	<b>2,083</b>		<b>19.95%</b>

*Source:* Total employment estimates were obtained from the Municipal Advisory Council of Texas records. Employment estimates are for the year 2021. The City does not have information for 2022 or 2023 at the time of issuance. The information above is the most recent available.

## THE DISTRICT

### General

The PID Act authorizes municipalities, such as the City, to create public improvement districts within their boundaries or extraterritorial jurisdiction, and to impose assessments within the public improvement district to pay for certain improvements. The District was created by the Creation Resolution for the purpose of undertaking and financing the cost of certain public improvements within the District, including the Major Improvement Area Projects, authorized by the PID Act and approved by the City Council that confer a special benefit on the District property being developed. The District is not a separate political subdivision of the State and is governed by the City Council. A map of the property within the District is included on page v hereof.

### Powers and Authority

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

Pursuant to the PID Act and the Creation Resolution, the City has the power to undertake, or pay a developer for the costs of, the financing, acquisition, construction or improvement of the Major Improvement Area Improvements. See "THE MAJOR IMPROVEMENT AREA IMPROVEMENTS." Pursuant to the authority granted by the PID Act and the Creation Resolution, the City has determined to undertake the construction, acquisition or purchase of certain road, water, sanitary sewer, drainage, landscaping, hardscaping, and park improvements within the Major Improvement Area of the District and outside of the District comprising the Major Improvement Area Improvements and to finance a portion of the costs thereof through the issuance of the Bonds. The City has further determined to provide for the payment of debt service on the Bonds through Pledged Revenues. See "ASSESSMENT PROCEDURES" herein and "APPENDIX B — Form of Service and Assessment Plan."

## THE MAJOR IMPROVEMENT AREA IMPROVEMENTS

### General

The Major Improvement Area Improvements consist of the pro rata portion of the Major Improvements. The Major Improvement Area Improvements will be dedicated to the City. The Developers are responsible for the completion of the construction, acquisition or purchase of the Major Improvement Area Improvements.

The City will pay a portion of the project costs for the Major Improvement Area Improvements from proceeds of the Bonds. The Developers will submit payment requests for costs actually incurred in developing and constructing the Major Improvement Area Improvements and be paid in accordance with the Indenture and the Major Improvement Area Reimbursement Agreement. See “THE DEVELOPMENT – Development Plan.”

**Major Improvements.** The Major Improvement Area Improvements, a portion of which are being financed with proceeds of the Bonds, include the portion of roadway, water, wastewater, drainage and parks and landscaping improvements benefitting the Major Improvement Area of the District.

**Roadway:** Improvements to include subgrade stabilization, roundabouts, the 1626 connector, Marathon Road, concrete pavement with curb and gutter, mountable curbs, truck concrete aprons, concrete sidewalk with ADA ramps, signage, lighting, earthwork, excavation, erosion control, clear and grub, public easements and right of way, and testing. Includes the FM 967 roundabout and all necessary offsite improvements to access the project.

**Water:** Improvements to include trench excavation and embedment, trench safety, piping, valves, fire hydrant assemblies, service connections, testing, related earthwork, erosion control, and all necessary appurtenances constructed to City standards required to provide water service to the District. Improvements also include the Aquifer Storage and Recovery (ASR) #1 and associated design and appurtenances.

**Wastewater:** Improvements to include trench excavation and embedment, trench safety, piping, manholes, lift station, service connections, testing, related earthwork, erosion control, and all necessary appurtenances constructed to City standards required to provide wastewater service to the District.

**Drainage:** Improvements to include trench excavation and embedment, trench safety, piping, manholes, inlets, headwalls, testing, related earthwork, and erosion control. Also included are water quality ponds, bypass culverts, clearing, excavation, piping for inbound and outbound drainage lines, outlet structures, and erosion control.

**Parks and Landscaping:** Improvements include irrigated planting beds and sod at the entry, trail lighting, electrical, perimeter fencing, upgraded median landscaping along the entry road and at roundabouts, and right of way. Also to be included are a playground, and a parkway with trails, irrigation and meters, site furnishings, trees, sod, parkland, open space, and planting beds.

**Soft Costs:** Costs related to designing, constructing, installing, and financing the Major Improvement Area Improvements, including land planning and design, City fees, engineering, soil testing, survey, construction management, legal fees, consultant fees, contingency, inspection fees, district formation costs, and other PID costs incurred and paid by the Developers.

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The following table reflects the total expected costs of the Major Improvement Area Projects.

**Expected Costs of Major Improvement Area Projects<sup>(1)</sup>**

Improvements	Total Estimated Costs
<u>Type of Major Improvement Area Improvement</u>	
<i>Major Improvements</i>	
ASR Segment 1	\$1,099,370
Roadway	18,747,407
Water	879,645
Wastewater	71,990
Drainage	4,737,541
Parks and Landscaping	3,048,900
Soft Costs	<u>6,791,268</u>
<i>Subtotal<sup>(2)</sup></i>	\$35,376,123
 <i>Major Improvement Area 2025 Bond Costs</i>	
Debt Service Reserve Fund	\$3,961,493
Capitalized Interest	4,826,687
Underwriter's Discount	1,429,320
Original Issue Discount	248,477
Costs of Issuance	<u>1,771,901</u>
<i>Subtotal<sup>(2)</sup></i>	\$12,237,877
 <i>Annual Collection Costs</i>	
First Year Annual Collection Costs	\$30,000
 <b>Total<sup>(2)</sup></b>	 <b>\$47,644,000</b>

<sup>(1)</sup> Per the Engineering Report prepared by Gray Engineering dated December 12, 2024.

<sup>(2)</sup> Totals may not add due to rounding.

The cost of the Major Improvement Area Projects is expected to be approximately \$47,644,000. The costs of construction of the Major Improvement Area Projects in the amount of \$47,644,000 is expected to be funded with proceeds of the Bonds. See "SOURCES AND USES OF FUNDS." As of December 1, 2024, the Developers have spent approximately \$278,000 on construction of the Major Improvement Area Improvements, which costs were funded with a bank loan from International Bank of Commerce.

### Ownership and Maintenance of Improvements

The Major Improvement Area Improvements will be dedicated to and accepted by the City, and will constitute a portion of the City's infrastructure improvements. The City will provide for the ongoing operation, maintenance and repair of the Major Improvement Area Improvements, except the Private Improvements (defined herein).

## THE DEVELOPMENT

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

### Overview

The land within the District will be developed as a development to be known as "Persimmon" (the "Development"). The Developers expect to develop the District as a master planned community which is expected to consist of 2,019 single-family residential lots at buildout and approximately 161,250 square feet of commercial space.



The District will also include approximately 18.5 acres for emergency services districts, and over 40 acres of public and private parks. The Developers will develop the District in distinct areas, which development will begin with construction of the infrastructure to serve Improvement Area #1 and the Major Improvement Area of the District. Such development will be followed by the infrastructure to serve the Future Improvement Areas.

A boundary map of the Development is included on page v, and a map showing the concept plan of the District is included on page vi.

The original purchase of the property in the District by the Developers is described under the caption “THE DEVELOPERS – History and Financing of the District.”

## Development Plan

Public Improvements. The Developers expect to complete the Development in five phases over a 10 year period, beginning with Improvement Area #1 which is comprised of two sections in addition to the Major Improvement Area. The Developers expect to begin construction of the first portion of phase 1 of Improvement Area #1 consisting of 118 single-family lots in January 2025 ,and complete construction in November 2025, and expect to begin construction of the second portion of phase 1 of Improvement Area #1 consisting of 130 single-family lots in May 2025, and complete construction in February 2026. The Developers began construction on the Major Improvements in December 2024 and expect to complete construction in December 2026.

The construction start and expected completion dates for the additional Future Improvement Areas has yet to be determined by the Developers.

Single-Family Lot Development. The Development is planned to include the following four residential product types: 50’ lots, 55’ lots, 65’ and 80 lots. The Developers currently expect to construct and sell homes on all of the 248 single-family lots expected to be included in Improvement Area #1; however, the Developers are actively negotiating a possible lot purchase agreement and have signed letters of intent for 75 lots in Improvement Area #1, but have not entered into any lot purchase agreements. The following table shows the expected number and type of lots within Improvement Area #1 and the Future Improvement Areas.

### Expected Lots within the Development

<u>Improvement Area</u>	<u>50’ Lot</u>	<u>55’ Lot</u>	<u>65’ Lot</u>	<u>80’ Lot</u>	<u>Total Number of Homes</u>
Improvement Area #1	112	106	30	0	248
Future Improvement Area #2	96	84	48	0	228
Future Improvement Area #3	147	47	74	0	268
Future Improvement Area #4	505	280	150	105	1,040
Future Improvement Area #5	<u>165</u>	<u>70</u>	<u>0</u>	<u>0</u>	<u>235</u>
<b>Total</b>	<b>1,025</b>	<b>587</b>	<b>302</b>	<b>105</b>	<b>2,019</b>

Source: Service and Assessment Plan.

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The Developers' current expectations regarding expected sales of homes within Improvement Area #1 and the Major Improvement Area of the District are shown in the following tables.

**Expected Sale of Homes to Residents by Lot Type – Improvement Area #1<sup>(1)</sup>**

Expected Final Sale Date	50' Lot	55' Lot	65' Lot	Total Lots
2025	38	34	8	80
2026	66	60	14	140
2027	8	12	8	28
<b>Total</b>	<b>112</b>	<b>106</b>	<b>30</b>	<b>248</b>

<sup>(1)</sup> These projections regarding expected absorption were provided by the Developers based on information currently available to the Developers and on current market conditions as of the date of this Limited Offering Memorandum. Lot absorption projections are subject to numerous market factors which mean that the above projections should not be considered as precise or guaranteed absorption rates. Absorption projections provided by the Developer may vary significantly depending on future market conditions.

**Expected Sale of Homes to Residents by Lot Type – Major Improvement Area <sup>(1)</sup>**

Expected Final Sale Date	50' Lot	55' Lot	65' Lot	80' Lot	Total Lots
2025	19	17	4	-	40
2026	75	69	16	-	160
2027	56	34	35	-	125
2028	47	48	15	-	110
2029	68	50	11	-	129
2030	75	63	15	-	153
2031	87	67	20	-	174
2032	99	57	20	-	176
2033	100	50	30	-	180
2034	109	18	38	15	180
2035	90	8	38	36	172
2036	88	-	30	36	154
2037	-	-	-	18	18
<b>Total</b>	<b>913</b>	<b>481</b>	<b>272</b>	<b>105</b>	<b>1,771</b>

<sup>(1)</sup> These projections regarding expected absorption were provided by the Developers based on information currently available to the Developers and on current market conditions as of the date of this Limited Offering Memorandum. Lot absorption projections are subject to numerous market factors which mean that the above projections should not be considered as precise or guaranteed absorption rates. Absorption projections provided by the Developer may vary significantly depending on future market conditions.

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The Developers' current expectations regarding estimated buildout value in the District are as follows:

**Expected Buildout Value in the District**

<u>Lot Size</u>	<u>Units/Square Feet</u>	<u>Estimated Buildout Value Per Unit</u>	<u>Total Estimated Buildout Value</u>
<b><i>Improvement Area #1</i></b>			
50	112	\$545,000	\$61,040,000
55	106	\$560,000	\$59,360,000
65	30	\$655,000	\$19,650,000
Commercial	97,500		<u>\$17,940,000</u>
<b>Total</b>			<b>\$157,990,000</b>
<b><i>Future Improvement Area #2</i></b>			
50	96	\$567,018	\$54,433,728
55	84	\$582,624	\$48,940,416
65	48	\$681,462	\$32,710,176
Commercial	63,750		<u>\$12,176,250</u>
<b>Total</b>			<b>\$148,260,570</b>
<b><i>Future Improvement Area #3</i></b>			
50	147	\$589,926	\$86,719,122
55	47	\$606,162	\$28,489,614
65	<u>74</u>	\$708,993	<u>\$52,465,482</u>
<b>Total</b>			<b>\$167,674,218</b>
<b><i>Future Improvement Area #4</i></b>			
50	505	\$613,759	\$309,948,295
55	280	\$630,651	\$176,582,280
65	150	\$737,636	\$110,645,400
80	105	\$844,622	<u>\$88,685,310</u>
<b>Total</b>			<b>\$685,861,285</b>
<b><i>Future Improvement Area #5</i></b>			
50	165	\$5638,554	\$105,361,410
55	70	\$656,129	\$45,929,030
<b>Total</b>			<b>\$151,290,440</b>

Source: Service and Assessment Plan.

**Lot Purchase Contracts**

The Developers have entered into a letter of intent for a lot purchase contract with DFH Coventry, LLC to sell 75 of the 248 subject lots in Improvement Area #1 on a takedown basis of 25 lots per quarter, upon substantial completion, but have not entered into any lot purchase agreements.

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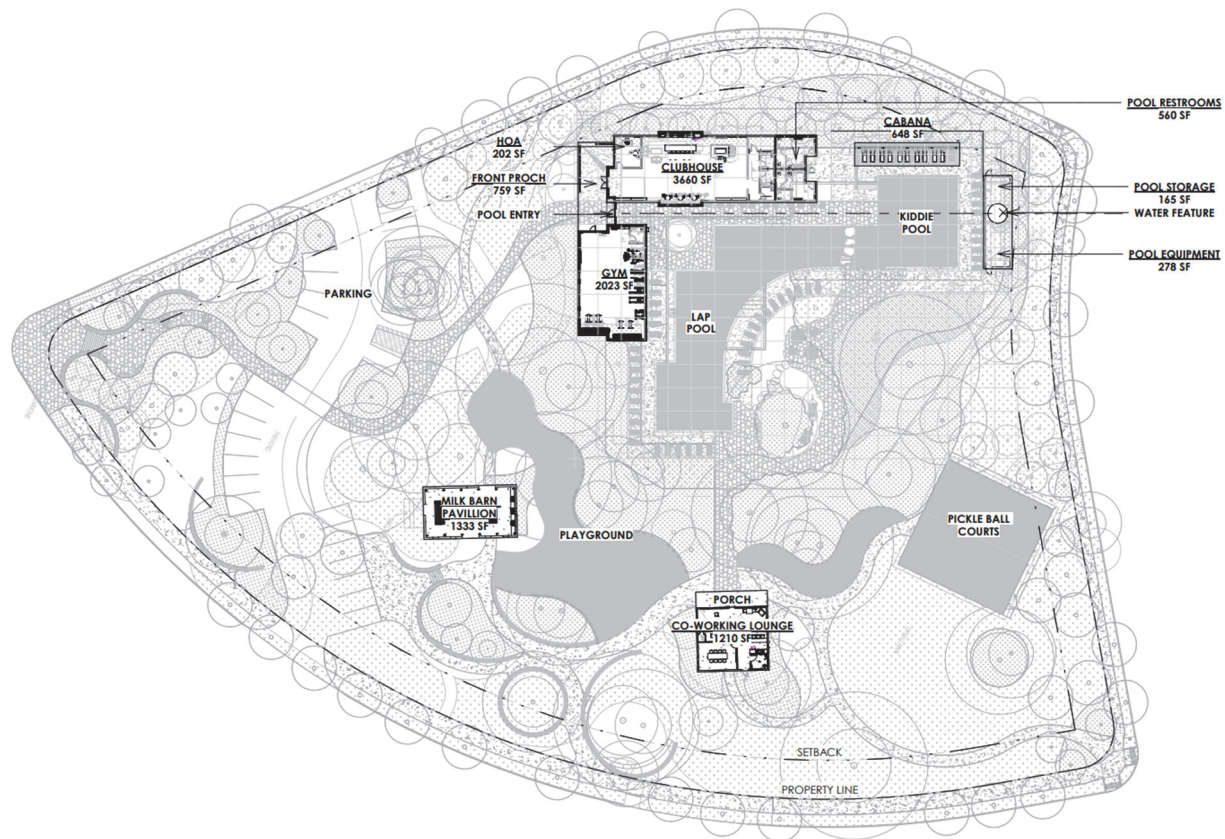
## Renderings of the Planned Development in the District











## Future Improvement Area Bonds

Future Improvement Area Bonds to finance the cost of local improvements benefitting the Future Improvement Areas are anticipated to be issued in the future. The estimated costs of the local improvements benefitting the Future Improvement Areas of the District will be determined at the same time Future Improvement Areas are developed, and the Service and Assessment Plan will be updated to identify the improvements to be constructed within the Future Improvement Areas of the District and financed by each new series of Future Improvement Area Bonds. Such Future Improvement Area Bonds will be secured by separate assessments levied pursuant to the PID Act on assessable property within the applicable Future Improvement Area of the District. The Developers anticipate that Future Improvement Area Bonds will be issued over a ten-year period.

The Bonds, the Improvement Area #1 Bonds, and any Future Improvement Area Bonds issued by the City are separate and distinct issues of securities. The City reserves the right to issue Future Improvement Area Bonds for any purpose permitted by the PID Act, including those described above.

## Development Agreement

The Development Agreement sets forth certain agreements between the City and the Landowners, relating to the development of all property within the District and the Development, including the Landowner's and the City's respective contributions to the Development, the issuance of public improvement district bonds for development in the District and agreements relating to the creation and operation of the TIRZ which consists of land within the District. See "APPENDIX G – Development Agreement."

The Development Agreement provides that the maximum equivalent tax rate for the capital assessment shall not exceed \$3.25 per \$100 estimated buildout value, and \$3.00 per \$100 of estimated buildout with the offset generated by the TIRZ.

The Development Agreement also sets forth the City's commitment with respect to the use of funds generated by the TIRZ. The City shall dedicate fifty percent (50%) of tax increment generated from the property in the District that is located in Hays County, based on the City's tax rate in effect in any calendar year, and shall dedicate seventy five percent (75%) of tax increment generated from the property in the District that is located in Travis County, based on the City's tax rate in effect in any calendar year (the "City's Participation"). The City's Participation shall reduce, on a parcel-by-parcel basis, the capital assessment (the "PID Assessment") dollar for dollar based on the City's increase to its ad valorem property tax rate in effect on the Effective Date of the Development Agreement. For each parcel, the amount of increment collected by the TIRZ will be used the next year to reduce the PID Assessment. If any calendar year there is no PID Assessment owed for a parcel due to the reduction of the PID Assessment from the City's Participation for a parcel in the District, then the remaining TIRZ increment collected for such parcel in the same calendar year will be available to the City for any use lawful under Chapter 311 of the TIRZ Act. **The TIRZ No. 3 Revenues are not security for the Bonds Similarly Secured.**

Pursuant to the Development Agreement, Hays County has agreed to pay current, annually appropriated funds to the City for deposit to the tax increment fund equal to 50% of its ad valorem property taxes, excluding any road and bridge taxes, collected and received by Hays County on the Captured Appraised Value in the TIRZ that is proposed to be located within the corporate City limits, and 25% of its ad valorem property taxes, excluding any road and bridge taxes, collected and received by Hays County on the Captured Appraised Value in the TIRZ that is proposed to remain within Hays County.

The Landowners have agreed to provide a minimum of 40 acres of public and private parks, including at least three acres to be used for a private amenity center. All of the parks and open space is required to open to the public, with the exception of a private amenity centers to be owned by the HOA. The Landowners' agree to spend at least \$1,300 per unit of residential dwelling unit developed in the District on planning, designing, permitting and constructing public parkland, open space and trail improvements within the District.

The Landowners also agree to designate and dedicate (i) a public use site consisting of at least 15 acres for uses such as a school site and (ii) a site for use by the Hays County Emergency Services District #8 as an emergency services site that must be at least 3.5 acres. The public use site must be purchased by a public entity on or before the fifth anniversary date of the commencement of construction of Improvement Area # 1, and if the public use site is not purchased in such time period, the public use site may be used and developed as allowed for residential tracts by the Developers.

### **Reimbursement Agreement**

The City, the Landowners and the Developers entered into the Major Improvement Area Reimbursement Agreement, which provides, in part, for the issuance and sale of PID Bonds, including the Bonds, for the deposit of the Major Improvement Area Assessments and the proceeds from the issuance and sale of the Bonds, and the reimbursement of the Developer from the proceeds thereof for funds advanced by the Developer to pay the Actual Costs of the Major Improvement Area Improvements within the District, and other matters related thereto. See "APPENDIX F – Form of Major Improvement Area Reimbursement Agreement."

### **Zoning**

Pursuant to the Development Agreement, the development of the property within the District will be governed by the Development Standards, as defined in the Development Agreement, and shall be zoned to reflect the same. The property in the District and the Development, following annexation into the full purpose jurisdiction of the City, will be zoned as a planned development district, a planned development ordinance, and shall be subject to the provisions of the City's Code of Ordinances, approved plats, other ordinances enacted by the City Council, building codes, other construction and design standards, and other policies duly adopted by the City, as amended from time to time.

## **Traffic Impact Analysis**

LJA Engineering, Inc. prepared a Traffic Impact Analysis for the District (the “TIA”) dated September 15, 2023. In accordance with the findings of the TIA, the Landowners agreed to construct the following improvements:

- Dedicate the portions of the 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 District to the City at no cost to the City.  
Construct a roundabout for intersection of RM 967 and Marathon Road at no cost to the City.
- Construct Marathon Road, with half of the street cross-sections of Marathon Road to be completed concurrently with Phase 1 of Improvement Area #1 of the District and completed prior to the issuance of certificates of occupancy in Phase 1 of Improvement Area #1.
- Construct the east-west connector from Marathon Road to FM 1626.
- Construct the onsite segment of Rankin Avenue at no cost to the City.

## **Private Improvements**

The Developers plan to construct or fund certain private improvements to serve Improvement Area #1 consisting of private amenity centers to be owned by the HOA (“Private Improvements”). The amenity centers, including a primary facility to be constructed in Improvement Area #1 and a smaller facility to be constructed in a later phase, are expected to contain a thematic playground, resort style pool with beach entry, family area and lap lanes, a picnic pavilion with outdoor grills, a co-working space, community clubhouse, fitness center, pickleball courts, yard games, and trailhead access. The expected approximate cost of the primary amenity center is \$7,477,000, and the primary facility is expected to be completed in May 2026. The costs of the Private Improvements will be paid entirely by the Developers without reimbursement from the proceeds of the Bonds.

The amenity centers will be dedicated to and accepted by the HOA. The HOA will provide for the ongoing operation, maintenance and repair of the amenity centers through the administration of a maintenance and operation fee and/or a property owner’s association fee to be paid by each lot owner within the District.

## **Education**

The Development is served by the Hays CISD and the Austin ISD.

Hays CISD operates three campuses that are expected to serve the District. Buda Elementary, which is approximately 3.5 miles from the District, Dahlstrom Middle School, which is approximately 2 miles from the District, and Moe and Gene Johnson High School, which is approximately 3 miles from the District.

GreatSchools.org rated Buda Elementary School 6/10 (average), Dahlstrom Middle School 8/10 (above average) and Moe and Gene Johnson High School 7/10 (above average). According to the Texas Education Agency annual school report cards for the 2021-2022\* school year, Buda Elementary School was rated as “A”, and Dahlstrom Middle School and Moe and Gene Johnson High School were rated as “B” (the categories for public school districts and public schools are A, B, C, D or F).

Austin ISD operates three campuses that expected to serve the District. Menchaca Elementary, which is approximately 6.5 miles from the District, Paredes Middle School, which is approximately 10 miles from the District, and Akins High School, which is approximately 8 miles from the District.

GreatSchools.org rated Menchaca Elementary School 4/10 (below average), Paredes Middle School 2/10 (below average) and Akins High School 4/10 (below average). According to the Texas Education Agency annual school report cards for the 2021-22\* school year, Menchaca Elementary School and Akins High School were rated as “B”, and Paredes Middle School was not rated.

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\* According to correspondence dated September 12, 2023, the release of the “District Accountability Ratings” for 2022-2023 has been delayed, and was not available at the time of this Limited Offering Memorandum.



Pursuant to the Development Agreement the Landowners have designated a 15 acre public use site that could be used as a school site within the District. The Development Agreement stipulates that the public use site must be purchased by a public entity on or before the fifth anniversary date of the commencement of construction of Improvement Area # 1, and if the public use site is not purchased in such time period, the public use site may be used and developed as allowed for residential tracts by the Landowners.

### **Existing Mineral Rights, Easements and Other Third Party Property Rights**

No mineral rights reservations were retained by prior owners of real property within the District. No oil and gas drilling activity is currently occurring or expected to occur.

Although the Developers do not expect the existence or exercise of such rights or any other mineral rights or related real property rights in or around the District, to have a material adverse effect on the Development, the property within the District, or the ability of landowners within the District to pay assessments, including Major Improvement Area Assessments, the Developers makes no guarantee as to such expectation. See “BONDHOLDERS’ RISKS — Exercise of Third Party Property Rights.”

### **Environmental**

*Phase One.* A Phase One Environmental Site Assessment (the “Armbruster Tract ESA”) was prepared on December 2, 2021 by Horizon Environmental Services. The Armbruster Tract ESA noted that there is a moderate probability for environmental risk related to hazardous substances or petroleum products. Horizon Environmental Services recommended that soil testing be done in areas where waste was removed from the property. Such testing was completed and no hazardous substances were found.

A Phase One Environmental Site Assessment (the “Bailey Tract ESA”) was prepared in October 2018 by Horizon Environmental Services. The Bailey Tract ESA noted that there is a low probability for environmental risk related to hazardous substances or petroleum products.

A portion of the District lies within the Edwards Aquifer Transition Zone. Where applicable, all engineering and construction plans will comply with all applicable TCEQ requirements that may apply in the Transition Zone

According to the website for the United States Fish and Wildlife Service, the Texas blind salamander, Barton Springs salamander, whooping crane, golden-cheeked warbler, fountain darter, San Marcos gambusia, Texas wildrice, Comal Springs riffle beetle, Comal Springs dryopid beetle are endangered species in Hays County, and the San Marcos salamander and the red knot are threatened species in Hays County.

The Developers have entered into Landowner Cooperative Agreements with Hays County and Travis County pursuant to which the Developers agree to cooperate with the goals of the Persimmon Wildlife Management Association to maintain habitats for native wildlife, including wild turkey, quail, doves and seed-eating song birds.

### **Flood Designation**

According to the Federal Emergency Management Agency (“FEMA”) Flood Insurance Rate Map (“FIRM”) No. 48209C028OF effective September 2, 2005, an approximately 28.93 acre portion of the property in the District lie within Zone A, which is within the 100 year flood plain. Land located within the post-developed 100-year flood plain will be dedicated as parkland. Single-family lots that are partially within the 100-year flood plain will be reclaimed with placement of fill to establish elevations above the 100-year flood plain.

### **Utilities**

The City will provide both water and wastewater service to the Major Improvement Area District. Both the City’s water distribution system and wastewater collection and treatment system currently have sufficient capacity to provide water and wastewater service to the Major Improvement Area of the District.

The Developers expect additional utilities to be provided by: (1) Telephone – AT&T; (2) Cable/Data – AT&T; (3) Gas - CenterPoint; and (4) Electricity - Pedernales Electric Cooperative.

## **THE DEVELOPERS**

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

### **General**

In general, the activities of a developer in a development such as the District include purchasing the land, designing the subdivision, including the utilities and streets to be installed and any community facilities to be built, defining a marketing program and building schedule, securing necessary governmental approvals and permits for development, arranging for the construction of roads and the installation of utilities (including, in some cases, water, sewer, and drainage facilities, as well as telephone and electric service) and selling improved lots and commercial reserves to builders, developers, or other third parties. The relative success or failure of a developer to perform such activities within a development may have a material effect on the security of revenue bonds, such as the Bonds, issued by a municipality for a public improvement district. A developer is generally under no obligation to a public improvement district, such as the District, to develop the property which it owns in a development. Furthermore, there is no restriction on the developer's right to sell any or all of the land which the developer owns within a development. In addition, a developer is ordinarily the major tax and assessment payer within a district during its development.

### **Description of the Developers**

The Bailey Developer and the Armbruster Developer are each Texas corporations owned by various individuals and trusts. Garrett Martin is the president of both the Developers as well as the President of both Landowners. Mr. Martin is also the co-founder, owner, president and chief executive officer of MileStone Community Builders, Inc. ("MileStone"), which will be the home builder for the District.

### **Executive Biography**

Mr. Martin is also the co-founder, owner, president and chief executive officer of Milestone. Prior to co-founding MileStone, Mr. Martin started his career in home building in the land development section of D.R. Horton, and was later selected to help startup the Austin division of another national home building company. Mr. Martin started MileStone in 2008, and since then MileStone has developed and sold approximately 8,500 homes. Mr. Martin attended Trinity University in San Antonio graduating with honors in finance and English literature. He studied at both Southern Methodist University Dedman School of Law and The University of Texas School of Law, and received his JD from The University of Texas School of Law. Mr. Martin was a member of the Phi Delta Phi honor society and was on law review at SMU.

### **History and Financing of the District**

The District consists of two separately purchased tracts. The Bailey Landowner purchased the Bailey Tract on June 4, 2021 from Labenski Branch, LP using the Bailey Tract Loan from the International Bank of Commerce in the original principal amount of \$24,200,000, and the Bailey Tract Seller Note in the original amount of \$10,054,258. The Bailey Tract Loan is currently outstanding in the amount of \$11,925,165 with a maturity date of March 3, 2025, and the Bailey Tract Seller Note is currently outstanding in the amount of \$10,054,258 with a maturity date of June 2, 2027. The Armbruster Landowner purchased the Armbruster Tract on December 17, 2021 and December 22, 2021 from Deborah Armbruster, Chance Armbruster, Lynn A. Simon (also known as Lynn Armbruster Hild), and the Texas 1031 Exchange Company as exchange intermediary for Armbruster Holt LTD (1031 Exchange) using Armbruster Tract Loan from the International Bank of Commerce in the original principal amount of \$10,600,000, and the Armbruster Tract Seller Note in the original amount of \$7,075,219. The Armbruster Tract Loan is currently outstanding in the amount of \$10,599,100 with a maturity date of March 3, 2025, and the Armbruster Tract Seller Note has been fully paid. The Armbruster Landowner entered into the 2022 Loan Agreement with International

Commerce Bank on September 26, 2022 in the amount of \$4,000,000, which remains outstanding in the amount of \$4,000,000 and matures on March 3, 2025, to pay all amounts due on the Armbruster Tract Seller Note.

The Landowners intend to sell property within the District to the Developers in phases as development in the District progresses. The Developers expect to finance such purchases with a seller note and a bank loan.

### **THE ADMINISTRATOR**

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

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

The Administrator's duties will include:

- Preparation of the annual update to the Service and Assessment Plan
- Preparation of assessment rolls for City billing and collection
- Establishing and maintaining a database of all City parcel IDs within the District
- Trust account analysis and reconciliation
- Property owner inquiries
- Determination of Prepayment amounts
- Preparation and review of disclosure notices with Dissemination Agent
- Review of Developers draw requests for reimbursement of authorized improvement costs.

The information regarding the Service and Assessment Plan in this Limited Offering Memorandum has been provided by P3Works and has been included in reliance upon the authority of such firm as an expert in the field formation and administration of public improvement districts.

### **APPRAISAL**

#### **The Appraisal**

General. Barletta & Associates, Inc. (the "Appraiser") prepared an appraisal report (the "Appraisal") for the City and the Underwriter dated as of December 5, 2024 (the "Appraisal Date"), based upon a physical inspection of the District conducted on October 1, 2024 (the "Physical Inspection Date"). The Appraisal was prepared at the request of the City and the Underwriter. The description herein of the Appraisal is intended to be a brief summary only of the Appraisal as it relates to the Major Improvement Area of the District. The Appraisal is attached hereto as APPENDIX E and should be read in its entirety. The conclusions reached in the Appraisal are subject to certain assumptions, hypothetical conditions and qualifications, which are set forth therein. See "APPENDIX E — Appraisal."

Value Estimates. The Appraiser estimated the prospective market value of the fee simple interest in various tracts of land comprising the land in the Major Improvement Area of the District under the extraordinary assumption and hypothetical conditions including that all the Major Improvement Area Improvements are completed. See "THE MAJOR IMPROVEMENT AREA IMPROVEMENTS." The Appraisal Report does not reflect the value of the Major Improvement Area of the District as if sold to a single purchaser in a single transaction. The hypothetical conditions include the assumption that all of the Public Improvements have been completed in accordance with plans and

specifications as of the dates specified below. See “THE MAJOR IMPROVEMENT AREA IMPROVEMENTS,” “THE DEVELOPMENT — Development Plan” and “APPENDIX E — Appraisal.”

The value estimate for the assessable property within the Major Improvement Area of the District using the methodologies described in the Appraisal and subject to the limiting conditions and assumptions set forth in the Appraisal, as of October 1, 2026 with respect to 1,771 paper lots, and December 1, 2025 with respect to a 9.15 acre commercial reserve in the Major Improvement Area of the District, is \$95,690,000.

None of the City, the Developers, or the Underwriter makes any representation as to the accuracy, completeness assumptions or information contained in the Appraisal. The assumptions OR qualifications with respect to the Appraisal are contained therein. There can be no assurance that any such assumptions will be realized and the City, the Developers and the Underwriter make no representation as to the reasonableness of such assumptions.

### **BONDHOLDERS’ RISKS**

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

#### **General**

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

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

The rate of development of the property in the Major Improvement Area of the District is directly related to the vitality of the residential housing industry. In the event that the sale of the lands within the Major Improvement Area of the District should proceed more slowly than expected and the Landowners are unable to pay the Major Improvement Area Assessments, only the value of the lands, with improvements, will be available for payment of the debt service on the Bonds, and such value can only be realized through the foreclosure or expeditious liquidation of the lands within the Major Improvement Area of the District. There is no assurance that the value of such lands will

be sufficient for that purpose and the expeditious liquidation of real property through foreclosure or similar means is generally considered to yield sales proceeds in a lesser sum than might otherwise be received through the orderly marketing of such real property.

The Underwriter is not obligated to make a market in or repurchase any of the Bonds, and no representation is made by the Underwriter, the City or the City's Financial Advisor that a market for the Bonds will develop and be maintained in the future. If a market does develop, no assurance can be given regarding future price maintenance of the Bonds.

The City has not applied for or received a rating on the Bonds. The absence of a rating could affect the future marketability of the Bonds. There is no assurance that a secondary market for the Bonds will develop or that holders who desire to sell their Bonds prior to the stated maturity will be able to do so.

### **Deemed Representations and Acknowledgment by Investors**

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

### **Assessment Limitations**

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

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

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

Based upon the language of Texas Local Government Code, §372.017(b), case law relating to other types of assessment liens and opinions of the Texas Attorney General, the Assessment Lien as it relates to installment payments that are not yet due should remain in effect following an ad valorem tax lien foreclosure, with future installment

payments not being accelerated. Texas Local Government Code §372.018(d) supports this position, stating that an Assessment Lien runs with the land and the portion of an assessment payment that has not yet come due is not eliminated by foreclosure of an ad valorem tax lien.

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

Under Texas law, in order to establish homestead rights, the claimant must show a combination of both overt acts of homestead usage and intention on the part of the owner to claim the land as a homestead. Mere ownership of the property alone is insufficient and the intent to use the property as a homestead must be a present one, not an intention to make the property a homestead at some indefinite time in the future. As of the date of adoption of the Assessment Ordinance, no such homestead rights will have been claimed. Furthermore, the Landowners are not eligible to claim homestead rights and the Landowners have represented that they owned all property within the Major Improvement Area of the District as of the date of the Assessment Ordinance. Consequently, there are and can be no homestead rights on the Assessed Parcels superior to the Assessment Lien and, therefore, the Assessment Liens may be foreclosed upon by the City.

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

THE MAJOR IMPROVEMENT AREA ASSESSMENTS WILL CONSTITUTE A FIRST AND PRIOR LIEN AGAINST THE PROPERTY ASSESSED, SUPERIOR TO ALL OTHER LIENS AND CLAIMS EXCEPT LIENS AND CLAIMS FOR STATE, COUNTY, SCHOOL DISTRICT OR MUNICIPALITY AD VALOREM TAXES AND WILL BE PERSONAL OBLIGATIONS OF AND CHARGES AGAINST THE OWNERS OF PROPERTY LOCATED WITHIN THE MAJOR IMPROVEMENT AREA OF THE DISTRICT.

#### **Exceedance of Maximum Assessment Could Trigger Assessment Prepayment and Optional Redemption**

The “Maximum Assessment” for lots within the Major Improvement Area will be determined at the time of the levy of the Future Improvement Area assessment for such portion of the Major Improvement Area.

Prior to the City approving a final subdivision plat, the Administrator will certify that such plat will not result in the Major Improvement Area Assessment per lot for any lot type exceeding the Maximum Assessment. If the Administrator determines that the resulting Major Improvement Area Assessment per lot for any lot type will exceed the Maximum Assessment, the Service and Assessment Plan provides that the person or entity filing the plat shall make a mandatory prepayment of the Major Improvement Area Assessments. See “ASSESSMENT PROCEDURES – Assessment Amounts.”

No plat has been recorded for lots in the Major Improvement Area of the District. In the event that the combined tax rate for entities taxing the Major Improvement Area rises or the estimated build out value of lots in the Major Improvement Area falls prior to the filing of a plat for the Major Improvement Area, a mandatory prepayment of the Major Improvement Area Assessments could be triggered at the time of filing of the plat. Any mandatory prepayment of the Major Improvement Area Assessments related to the exceedance of the Maximum Assessment may trigger an optional redemption of the Bonds by the City. See “DESCRIPTION OF THE BONDS – Redemption Provisions.”

## Competition

The housing industry in the Austin area is very competitive, and none of the Developers, the City, the City's Financial Advisor or the Underwriter can give any assurance that the building programs which are planned will be completed in accordance with the Developers' expectations. The competitive position of the Developers in the sale of developed lots or of any other homebuilder in the construction and sale of single-family residential units is affected by most of the factors discussed in this section, and such competitive position is directly related to maintenance of market values in the District. There can be no assurances that other similar projects will not be developed in the future or that existing projects will not be upgraded or otherwise be able to compete with the development in the District. A sample of competitive projects near the Development is below.

<b>Project Name</b>	<b># of Units</b>	<b>Proximity to District (Miles)</b>	<b>Developer</b>	<b>Date Started</b>	<b>Prices</b>
6 Creeks	2,409	8.5 miles	Blake Magee	2019	\$372K-\$972K
Anthem	1,437	9.5 miles	Clark Wilson	2021	\$329K-\$620K
Sunfield	5,429	5.5 miles	Scarborough Land Development	2008	\$307K-\$705K

### **Recent Changes in State Law Regarding Public Improvement Districts; Failure of Developers to Deliver Required Notice Pursuant to Texas Property Code May Affect Absorption Schedule and Provide for Prepayments Causing Partial Redemptions of Bonds**

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

### **Failure or Inability to Complete Proposed Development**

Proposed development within the District may be affected by changes in general economic conditions, fluctuations in the real estate market and interest rates, changes in the income tax treatment of real property ownership, unexpected increases in development costs and other similar factors as well as availability of utilities and the development or existence of environmental concerns with such land. See "– Hazardous Substances" below. There can be no assurances that other similar projects will not be developed in the future or that existing projects will not be upgraded or otherwise able to compete with the Development. A slowdown of the development process and the related absorption rate within the Development because of any or all of the foregoing could affect adversely land values. THE TIMELY PAYMENT OF THE BONDS DEPENDS UPON THE WILLINGNESS AND ABILITY OF THE LANDOWNERS AND ANY SUBSEQUENT OWNERS TO PAY THE MAJOR IMPROVEMENT AREA

ASSESSMENTS WHEN DUE. ANY OR ALL OF THE FOREGOING COULD REDUCE THE WILLINGNESS AND THE ABILITY OF SUCH OWNERS TO PAY THE MAJOR IMPROVEMENT AREA ASSESSMENTS AND COULD GREATLY REDUCE THE VALUE OF PROPERTY WITHIN THE DISTRICT IN THE EVENT SUCH PROPERTY HAS TO BE FORECLOSED. In that event, there could be a default in the payment of the Bonds.

### **Completion of Homes**

The cost and time for completion of homes by the homebuilders in the District is uncertain and may be affected by changes in national, regional and local and economic conditions; changes in long and short term interest rates; changes in the climate for real estate purchases; changes in demand for or supply of competing properties; changes in local, regional and national market and economic conditions; unanticipated development costs, market preferences and architectural trends; unforeseen environmental risks and controls; the adverse use of adjacent and neighboring real estate; changes in interest rates and the availability of mortgage funds to buyers of the homes yet to be built in the District, which may render the sale of such homes difficult or unattractive; acts of war, terrorism or other political instability; delays or inability to obtain governmental approvals; changes in laws; moratorium; force majeure (which may result in uninsured losses); strikes; labor shortages; energy shortages; material shortages; inflation; adverse weather conditions; subcontractor defaults; and other unknown contingencies and factors beyond the control of the Developers.

### **Absorption Rate**

There can be no assurance that the Developers will be able to achieve its anticipated absorption rates. Failure to achieve the absorption rate estimates will adversely affect the estimated value of the District, could impair the economic viability of the District and could reduce the ability or desire of property owners in the Major Improvement Area of the District to pay the Major Improvement Area Assessments.

### **Risks Related to Current Increase in Costs of Building Materials**

As a result of low supply, high demand, and the ongoing trade war, there have been substantial increases in the cost of materials, causing many homebuilders and general contractors to experience budget overruns. If the construction costs associated with completing homes in the Major Improvement Area of the District are substantially higher than the estimated costs or if the homebuilders within the Major Improvement Area of the District are unable to access building materials in a timely manner, it may affect the ability of such homebuilders in the Major Improvement Area of the District to complete the construction of homes or pay the Major Improvement Area Assessments when due. There is no way to predict whether such cost increases or low supply of building materials will continue or if such continuance will affect the development of the Major Improvement Area of the District.

### **TIRZ Credit and Marketing of the District**

To the extent the City levies an ad valorem tax, the TIRZ No. 3 Revenues are generated only from ad valorem taxes levied and collected by the City on the Captured Appraisal Value in the TIRZ in any year. Any delay or failure by the Developers to develop the District may result in a reduced amount of the TIRZ No. 3 Revenues being available to credit the Major Improvement Area Assessments if and when the City levies an ad valorem tax. See “OVERLAPPING TAXES AND DEBT.”

It is uncertain what impact, if any, the TIRZ Credit application to the Annual Installments of the Major Improvement Area Assessments will have on the underwriting of residential mortgages. If the underwriter of a residential mortgage does not recognize the TIRZ Credit it may make it more difficult for a borrower to qualify for a home mortgage which could have a negative impact on home sales and projected absorption.

### **Loss of Tax Exemption**

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



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

### **Bankruptcy**

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

### **Direct and Overlapping Indebtedness, Assessments and Taxes**

The ability of an owner of property within the Major Improvement Area of the District to pay the Major Improvement Area Assessments could be affected by the existence of other taxes and assessments imposed upon the property. Public entities whose boundaries overlap those of the District currently impose ad valorem taxes on the property within the Major Improvement Area of the District and will likely do so in the future. Such entities could also impose assessment liens on the property within the Major Improvement Area of the District. The imposition of additional liens, or for private financing, may reduce the ability or willingness of the landowners to pay the Major Improvement Area Assessments. See "OVERLAPPING TAXES AND DEBT."

### **Depletion of Reserve Account of the Reserve Fund**

Failure of the owners of property within the Major Improvement Area of the District to pay the Major Improvement Area Assessments when due could result in the rapid, total depletion of the Reserve Account of the Reserve Fund prior to replenishment from the resale of property upon a foreclosure or otherwise or delinquency redemptions after a foreclosure sale, if any. There could be a default in payments of the principal of and interest on the Bonds if sufficient amounts are not available in the Reserve Account of the Reserve Fund. The Indenture provides that if, after a withdrawal from the Reserve Account of the Reserve Fund, the amount in the Reserve Account of the Reserve Fund is less than the Reserve Account Requirement, the Trustee shall transfer an amount from the Pledged Revenue Fund to the Reserve Account of the Reserve Fund sufficient to cure such deficiency, as described under "SECURITY FOR THE BONDS SIMILARLY SECURED — Reserve Fund" herein.

### **Hazardous Substances**

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

The value of the land within the Major Improvement Area of the District does not take into account the possible liability of the Developers for the remediation of a hazardous substance condition on the property in the Major Improvement Area of the District. The City has not independently verified, and is not aware, that the Developers have

such a current liability with respect to its property; however, it is possible that such liabilities do currently exist and that the City is not aware of them.

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

See “THE DEVELOPMENT – Environmental” for discussion of the Bailey Tract ESA and the Armbruster Tract ESA performed on property within the District.

### **Railroad in Proximity to the District**

An existing railroad line runs through the City and includes a segment that is located approximately 1,800 feet from the District at its closet point. The railroad is located east of the Property along the east side of the Garrison Road right-of-way and does not impact any development of the Property.

### **Exercise of Third Party Property Rights**

There may also be additional mineral rights and related real property rights reflected in the chain of title for the real property within the District recorded in the real property records of Hays County and Travis County.

The Developers do not expect the existence or exercise of any third party property rights, mineral rights or related real property rights in or around the Major Improvement Area of the District to have a material adverse effect on the District, the property within the District, or the ability of landowners within the Major Improvement Area of the District to pay Major Improvement Area Assessments. However, none of the City, the Financial Advisor, or the Underwriter, provide any assurances as to such Developers expectations.

### **Regulation**

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

### **Bondholders’ Remedies and Bankruptcy**

In the event of default in the payment of principal of or interest on the Bonds or the occurrence of any other Event of Default under the Indenture, the Trustee may, and upon the written request the owners of at least a Quarter in Interest of the Bonds then Outstanding, the Trustee shall proceed to protect and enforce its rights and the rights of the owners of the Bonds under the Indenture by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, either for mandamus or the specific performance of any covenant or agreement contained therein or in aid or execution of any power granted or for the enforcement of any proper legal or equitable remedy, as the Trustee shall deem most effectual to protect and enforce such rights. The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the City’s obligations under the Bonds or the Indenture and such obligations are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles, so rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The owners of the Bonds cannot themselves foreclose on property within the Major Improvement Area of the District or sell property within the Major Improvement Area of the District in order to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the owners of the Bonds further may be limited by laws relating to bankruptcy, reorganization or other similar laws

of general application affecting the rights of creditors of political subdivisions such as the City. In this regard, should the City file a petition for protection from creditors under federal bankruptcy laws, the remedy of mandamus or the right of the City to seek judicial foreclosure of its Major Improvement Area Assessment Lien would be automatically stayed and could not be pursued unless authorized by a federal bankruptcy judge. See “BONDHOLDERS’ RISKS — Bankruptcy Limitation to Bondholders’ Rights” herein.

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

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

In *Wasson Interests, Ltd. v. City of Jacksonville*, 489 S.W.3d 427 (Tex. 2016) (“Wasson”), the Texas Supreme Court (the “Court”) addressed whether the distinction between governmental and proprietary acts (as found in tort-based causes of action) applies to breach of contract claims against municipalities. The Court analyzed the rationale behind the Proprietary-Governmental Dichotomy to determine that “a city’s proprietary functions are not done pursuant to the ‘will of the people’” and protecting such municipalities “via the [S]tate’s immunity is not an efficient way to ensure efficient allocation of [S]tate resources.” While the Court recognized that the distinction between governmental and proprietary functions is not clear, the Wasson opinion held that the Proprietary-Governmental Dichotomy applies in a contract-claims context. The Court reviewed Wasson for a second time and issued an opinion on October 5, 2018 clarifying that to determine whether governmental immunity applies to a breach of contract claim, the proper inquiry is whether the municipality was engaged in a governmental or proprietary function when it entered into the contract, not at the time of the alleged breach. Therefore, in regard to municipal contract cases (as in tort claims), it is incumbent on the courts to determine whether a function was proprietary or governmental based upon the statutory and common law guidance at the time of inception of the contractual relationship. Texas jurisprudence has generally held that proprietary functions are those conducted by a city in its private capacity, for the benefit only of those within its corporate limits, and not as an arm of the government or under authority or for the benefit of the State; these are usually activities that can be, and often are, provided by private persons, and therefore are not done as a branch of the State, and do not implicate the state’s immunity since they are not performed under the authority, or for the benefit, of the State as sovereign. Notwithstanding the foregoing new case law issued by the Court, such sovereign immunity issues have not been adjudicated in relation to bond matters (specifically, in regard to the issuance of municipal debt). Each situation will be prospectively evaluated based on the facts and circumstances surrounding the contract in question to determine if a suit, and subsequently, a judgement, is justiciable against a municipality.

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

duties necessary for the performance of a valid contract to which the State or a political subdivision of the State is a party (including the payment of moneys due under a contract).

### **No Acceleration**

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

### **Bankruptcy Limitation to Bondholders' Rights**

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

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

### **Tax-Exempt Status of the Bonds**

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

## **Management and Ownership**

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

## **General Risks of Real Estate Investment and Development**

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

Furthermore, the operating revenues of the Developers may be materially adversely affected if specific conditions in the lot purchase contracts are not met. Contracts that the Developers may have with individual homebuilders are subject to a myriad of contractual conditions and contingencies, all or some of which if not complied with, could precipitate a termination or winding up of such contractual arrangement for the sale of lots, causing the Developers to possibly need to execute a different strategy for the development and sale of lots and residential units within the District. As described herein, the Major Improvement Area Assessments are an imposition against the land only. Neither the Landowners nor the Developers nor any other subsequent landowner is a guarantor of the Major Improvement Area Assessments and the recourse for the failure of the Landowners or the Developers or any other landowner to pay the Major Improvement Area Assessments is limited to the collection proceedings against the land as described herein. Failure to meet any lot purchase contract's conditions may allow the applicable lot purchaser to terminate its obligation to purchase lots from the Developers and obtain its earnest money deposit back. See "THE DEVELOPMENT – Expected Build Out and Home Prices in the District" herein.

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

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

## **Dependence Upon Landowners and Developers**

The Landowners, as the owners of the Assessed Parcels in the Major Improvement Area of the District, currently have the obligation for payment of the Major Improvement Area Assessments. The ability of the Landowners to make full and timely payment of the Major Improvement Area Assessments will directly affect the ability of the City to meet its debt service obligations with respect to the Bonds. The only assets of the Landowners are land within the District, related permits and development rights, and minor operating accounts. The source of funding for future land development activities and infrastructure construction to develop the lots proposed for the District also consists of proceeds of the Bonds and proceeds of lot sales, as well as possible bank financing and equity contributions by the Landowners. There can be no assurances given as to the financial ability of the Landowners and the Developers to advance any funds to the City to supplement revenues from the Major Improvement Area Assessments if necessary, or as to whether the Landowners and the Developers will advance such funds.

Moreover, the City will pay the Developers, or the Developers designee, from proceeds of the Bonds for a portion of project costs actually incurred in developing and constructing the Major Improvement Area Improvements within the Major Improvement Area of the District. See “THE MAJOR IMPROVEMENT AREA IMPROVEMENTS – General” and “THE DEVELOPMENT – Development Plan.” There can be no assurances given as to the financial ability of the Developers to complete such improvements.

The Landowners and the Developers will not guarantee or otherwise be obligated to pay debt service on the Bonds.

## **Potential Future Changes in State Law Regarding Public Improvement Districts**

During Texas legislative sessions and interim business of the Texas legislature, various proposals and reports have been presented by committees of Texas Senate and Texas House of Representative which suggest or recommend changes to the PID Act relating to oversight of bonds secured by special assessments including adopting requirements relating to levels of build out or adding State level oversight in connection with the issuance of bonds secured by special assessments under the PID Act. The 89th Legislative Session of the State (the “89th Regular Session”) convened on January 14, 2025 and is scheduled to conclude on June 2, 2025. When the regular Legislature is not in session, the Governor of Texas may call one or more special sessions, at the Governor’s direction, each lasting no more than 30 days, and for which the Governor sets the agenda. It is impossible to predict what new proposals may be presented regarding the PID Act and the issuance of special assessment bonds during any upcoming legislative sessions, whether such new proposals or any previous proposals regarding the same will be adopted by the Texas Senate and House of Representatives and signed by the Governor, and, if adopted, the form thereof. It is impossible to predict with certainty the impact that any such future legislation will or may have on the security for the Bonds.

## **Use of Appraisal**

Caution should be exercised in the evaluation and use of valuations included in the Appraisal. The Appraisal is an estimate of market value as of a specified date based upon assumptions and limiting conditions and any extraordinary assumptions specific to the relevant valuation and specified therein. The estimated market value specified in the Appraisal is not a precise measure of value, but is based on a subjective comparison of related activity taking place in the real estate market. The valuation set forth in the Appraisal is based on various assumptions of future expectations and while the Appraiser’s forecasts for properties in the Major Improvement Area of the District is considered to be reasonable at the current time, some of the assumptions may not materialize or may differ materially from actual experience in the future. The Bonds will not necessarily trade at values determined solely by reference to the underlying value of the properties in the District.

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

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

### **Risk from Weather Events**

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

### **100-Year Flood Plain**

According to the FEMA FIRM No. 48209C028OF effective September 2, 2005, an approximately 28.93 acre portion of the property in the District lies within Zone A, which is within the 100 year flood plain. Such land within the floodplain is expected to be utilized as open space, or single-family lots that are partially within the 100-year flood plain will be reclaimed with placement of fill to establish elevations above the 100-year flood plain.

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

### **Judicial Foreclosures**

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

### **No Credit Rating**

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

## **Limited Secondary Market for the Bonds**

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

## **TAX MATTERS**

### **Opinion**

On the date of initial delivery of the Bonds, McCall, Parkhurst & Horton L.L.P., Austin, Texas, Bond Counsel to the City, will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof (“Existing Law”), (1) interest on the Bonds for federal income tax purposes will be excludable from the “gross income” of the holders thereof and (2) the Bonds will not be treated as “specified private activity bonds” the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the “Code”). Except as stated above, Bond Counsel to the City will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Bonds. See “APPENDIX C — Form of Opinion of Bond Counsel.”

In rendering its opinion, Bond Counsel to the City will rely upon (a) the City’s federal tax certificate, and (b) covenants of the City contained in the Bond documents relating to arbitrage, the application of the proceeds to be received from the issuance and sale of the Bonds, and certain other matters. Failure by the City to observe the aforementioned representations or covenants could cause the interest on the Bonds to become taxable retroactively to the date of issuance.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be, and to remain, excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The opinion of Bond Counsel to the City is conditioned on compliance by the City with such requirements, and Bond Counsel to the City has not been retained to monitor compliance with these requirements subsequent to the issuance of the Bonds.

Bond Counsel’s opinion represents its legal judgment based upon its review of Existing Law and the reliance on the aforementioned information, representations and covenants. Bond Counsel’s opinion is not a guarantee of a result. Existing Law is subject to change by Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership or disposition of the Bonds.

A ruling was not sought from the Internal Revenue Service by the City with respect to the Bonds or the property financed or refinanced with proceeds of the Bonds. No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Bonds, or as to whether the Internal Revenue Service would agree with the opinion of Bond Counsel. If an Internal Revenue Service audit is commenced, under current procedures the Internal Revenue Service is likely to treat the City as the taxpayer and the Bondholders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

### **Federal Income Tax Accounting Treatment of Original Issue Discount**

The initial public offering price to be paid for one or more maturities of the Bonds may be less than the principal amount thereof or one or more periods for the payment of interest on the bonds may not be equal to the accrual period or be in excess of one year (the “Original Issue Discount Bonds”). In such event, the difference between (i) the “stated redemption price at maturity” of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond would constitute original issue discount. The “stated redemption price



at maturity” means the sum of all payments to be made on the bonds less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

Under existing law, any owner who has purchased such Original Issue Discount Bond in the initial public offering is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the accrual period. For a discussion of certain collateral federal tax consequences, see discussion set forth below.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Bond was held by such initial owner) is includable in gross income.

Under existing law, the original issue discount on each Original Issue Discount Bond is accrued daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the date of the Bonds and ratably within each such six-month period) and the accrued amount is added to an initial owner’s basis for such Original Issue Discount Bond for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (a) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Original Issue Discount Bond.

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition of Original Issue Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. All owners of Original Issue Discount Bonds should consult their own tax advisors with respect to the determination for federal, state and local income tax purposes of the treatment of interest accrued upon redemption, sale or other disposition of such Original Issue Discount Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such Original Issue Discount Bonds.

### **Collateral Federal Income Tax Consequences**

The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Bonds. This discussion is based on existing statutes, regulations, published rulings and court decisions, all of which are subject to change or modification, retroactively.

The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, such as financial institutions, property and casualty insurance companies, life insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals allowed an earned income credit, certain S corporations with Subchapter C earnings and profits, foreign corporations subject to the branch profits tax, taxpayers qualifying for the health insurance premium assistance credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase tax-exempt obligations.

THE DISCUSSION CONTAINED HEREIN MAY NOT BE EXHAUSTIVE. INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIAL PROVISIONS OF THE CODE, SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF TAX-EXEMPT OBLIGATIONS BEFORE DETERMINING WHETHER TO PURCHASE THE BONDS SIMILARLY SECURED.

Interest on the Bonds may be includable in certain corporations’ “adjusted financial statement income” determined under section 56A of the Code to calculate the alternative minimum tax imposed by section 55 of the Code.

Under section 6012 of the Code, holders of tax-exempt obligations, such as the Bonds, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation.

Section 1276 of the Code provides for ordinary income tax treatment of gain recognized upon the disposition of a tax-exempt obligation, such as the Bonds, if such obligation was acquired at a “market discount” and if the fixed maturity of such obligation is equal to, or exceeds, one year from the date of issue. Such treatment applies to “market discount bonds” to the extent such gain does not exceed the accrued market discount of such bonds; although for this purpose, a de minimis amount of market discount is ignored. A “market discount bond” is one which is acquired by the holder at a purchase price which is less than the stated redemption price at maturity or, in the case of a bond issued at an original issue discount, the “revised issue price” (i.e., the issue price plus accrued original issue discount). The “accrued market discount” is the amount which bears the same ratio to the market discount as the number of days during which the holder holds the obligation bears to the number of days between the acquisition date and the final maturity date.

### **State, Local and Foreign Taxes**

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

### **Information Reporting and Backup Withholding**

Subject to certain exceptions, information reports describing interest income, including original issue discount, with respect to the Bonds will be sent to each registered holder and to the IRS. Payments of interest and principal may be subject to backup withholding under section 3406 of the Code if a recipient of the payments fails to furnish to the payor such owner’s social security number or other taxpayer identification number (“TIN”), furnishes an incorrect TIN, or otherwise fails to establish an exemption from the backup withholding tax. Any amounts so withheld would be allowed as a credit against the recipient’s federal income tax. Special rules apply to partnerships, estates and trusts, and in certain circumstances, and in respect of Non-U.S. holders, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

### **Future and Proposed Legislation**

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

## **LEGAL MATTERS**

### **Legal Proceedings**

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

McCall, Parkhurst & Horton L.L.P. serves as Bond Counsel to the City. Norton Rose Fulbright US LLP serves as Underwriter’s Counsel. The legal fees paid to Bond Counsel and Underwriter’s Counsel are contingent upon the sale and delivery of the Bonds.

## **Legal Opinions**

The City will furnish the Underwriter a transcript of certain certified proceedings incident to the authorization and issuance of the Bonds. Such transcript will include a certified copy of the approving opinion of the Attorney General of Texas, as recorded in the Bond Register of the Comptroller of Public Accounts of the State, to the effect that the Bonds are valid and binding special obligations of the City. The City will also furnish the legal opinion of Bond Counsel, to the effect that, based upon an examination of such transcript, the Bonds are valid and binding special obligations of the City under the Constitution and laws of the State. The legal opinion of Bond Counsel will further state that the Bonds, including principal thereof and interest thereon, are payable from and secured by a pledge of and lien on the Pledged Revenues. Bond Counsel will also provide a legal opinion to the effect that interest on the Bonds will be excludable from gross income for federal income tax purposes under Section 103(a) of the Code, subject to the matters described above under the caption "TAX MATTERS." A copy of the opinion of Bond Counsel is attached hereto as "APPENDIX C —Form of Opinion of Bond Counsel."

Except as noted below, Bond Counsel did not take part in the preparation of the Limited Offering Memorandum, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information describing the Bonds in the Limited Offering Memorandum under the captions or subcaptions "PLAN OF FINANCE — The Bonds," "DESCRIPTION OF THE BONDS," "SECURITY FOR THE BONDS SIMILARLY SECURED" (except for the subcaption "TIRZ No. 3 Revenues May Reduce Assessments"), "ASSESSMENT PROCEDURES" (except for the subcaptions "Assessment Methodology" and "Assessment Amounts"), "THE DISTRICT," "TAX MATTERS," "LEGAL MATTERS — Legal Proceedings," "LEGAL MATTERS — Legal Opinions," "CONTINUING DISCLOSURE – The City," "REGISTRATION AND QUALIFICATION OF BONDS FOR SALE," "INVESTMENTS," "LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS" and APPENDIX A and such firm is of the opinion that the information relating to the Bonds, the Bond Ordinance, the Assessment Ordinance and the Indenture contained therein fairly and accurately describes the laws and legal issues addressed therein and, with respect to the Bonds, such information conforms to the Bond Ordinance, the Assessment Ordinance and the Indenture.

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

## **Litigation — The City**

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

## **Litigation — The Developers**

At the time of delivery and payment for the Bonds, the Developers will certify that, except as disclosed herein, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory body, public board or body pending, or, to the best knowledge of the Developers, threatened against or affecting the Developers wherein an unfavorable decision, ruling or finding would have a material adverse effect on the financial condition or operations of the Developers or its members or would adversely affect (i) the transactions contemplated by, or the validity or enforceability of, the Bonds, the Indenture, the Bond Ordinance, the Service and

Assessment Plan, the Development Agreement, or the Bond Purchase Agreement, or otherwise described in this Limited Offering Memorandum, or (ii) the tax-exempt status of interest on the Bonds (individually or in the aggregate, a “Material Adverse Effect”).

### **SUITABILITY FOR INVESTMENT**

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

### **ENFORCEABILITY OF REMEDIES**

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

### **NO RATING**

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

### **CONTINUING DISCLOSURE**

#### **The City**

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

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

## **The City's Compliance with Prior Undertakings**

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

## **The Developers**

*The Bailey Developer.* The Bailey Developer, the Administrator, and the Dissemination Agent entered into a Continuing Disclosure Agreement (the “Bailey Developer Disclosure Agreement”) for the benefit of the Holders of the Bonds (including owners of beneficial interests in the Bonds), to provide, by certain dates prescribed in the Bailey Developer Disclosure Agreement, certain information regarding the District and the Major Improvement Area Improvements (collectively, the “Bailey Developer Reports”). The specific nature of the information to be contained in the Developer Reports is set forth in “APPENDIX D-2 — Form of Bailey Disclosure Agreement.” Under certain circumstances, the failure of the Bailey Developer or the Administrator to comply with its obligations under the Bailey Developer Disclosure Agreement constitutes an event of default thereunder. Such a default will not constitute an event of default under the Indenture, but such event of default under the Bailey Developer Disclosure Agreement would allow the Holders of the Bonds (including owners of beneficial interests in the Bonds) to bring an action for specific performance. The Bailey Developer Disclosure Agreement is a voluntary agreement made for the benefit of the holders of the Bonds and is not entered into pursuant to the Rule.

*The Armbruster Developer.* The Armbruster Developer, the Administrator, and the Dissemination Agent entered into a Continuing Disclosure Agreement (the “Armbruster Developer Disclosure Agreement”) for the benefit of the Holders of the Bonds (including owners of beneficial interests in the Bonds), to provide, by certain dates prescribed in the Armbruster Developer Disclosure Agreement, certain information regarding the District and the Major Improvement Area Improvements (collectively, the “Armbruster Developer Reports”). The specific nature of the information to be contained in the Armbruster Developer Reports is set forth in “APPENDIX D-3 — Form of Armbruster Developer Disclosure Agreement.” Under certain circumstances, the failure of the Armbruster Developer or the Administrator to comply with its obligations under the Armbruster Developer Disclosure Agreement constitutes an event of default thereunder. Such a default will not constitute an event of default under the Indenture, but such event of default under the Armbruster Developer Disclosure Agreement would allow the Holders of the Bonds (including owners of beneficial interests in the Bonds) to bring an action for specific performance. The Armbruster Developer Disclosure Agreement is a voluntary agreement made for the benefit of the holders of the Bonds and is not entered into pursuant to the Rule.

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

## **The Developers' Compliance with Prior Undertakings**

*Bailey Developer.* The Bailey Developer has not previously entered into an agreement to provide continuing disclosure.

*Armbruster Developer.* The Armbruster Developer has not previously entered into an agreement to provide continuing disclosure.

## **UNDERWRITING**

FMSbonds, Inc. (the “Underwriter”) has agreed to purchase the Bonds from the City at a purchase price of \$45,966,203.40 (the par amount of the Bonds, less an original issue discount of \$248,476.60, and less an underwriting discount of \$1,429,320.00, which includes Underwriter’s Counsel’s fee of \$476,440.00). The Underwriter’s obligations are subject to certain conditions precedent and if obligated to purchase any of the Bonds the Underwriter will be obligated to purchase all of the Bonds. The Bonds may be offered and sold by the Underwriter at prices lower than the initial offering prices stated on the inside cover page hereof, and such initial offering prices may be changed from time to time by the Underwriter.

## **REGISTRATION AND QUALIFICATION OF BONDS FOR SALE**

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

## **LEGAL INVESTMENT AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS**

The PID Act and Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code, as amended) provide that the Bonds are negotiable instruments and investment securities governed by Chapter 8, Texas Business and Commerce Code, as amended, and are legal and authorized investments for insurance companies, fiduciaries, trustees, or for the sinking funds of municipalities or other political subdivisions or public agencies of the State. With respect to investment in the Bonds by municipalities or other political subdivisions or public agencies of the State, the PFIA requires that the Bonds be assigned a rating of at least “A” or its equivalent as to investment quality by a national rating agency. See “NO RATING” above. In addition, the PID Act and various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The Bonds are eligible to secure deposits to the extent of their market value. No review by the City has been made of the laws in other states to determine whether the Bonds are legal investments for various institutions in those states. No representation is made that the Bonds will be acceptable to public entities to secure their deposits or acceptable to such institutions for investment purposes.

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

## **INVESTMENTS**

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

Under Texas law, the City is authorized to invest in (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment

rating firm not less than A or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor, (8) interest-bearing banking deposits other than those described by clause (7) if (A) the funds invested in the banking deposits are invested through: (i) a broker with a main office or branch office in this State that the City selects from a list the governing body or designated investment committee of the entity adopts as required by Section 2256.025, Texas Government Code; or (ii) a depository institution with a main office or branch office in the State that the City selects; (B) the broker or depository institution selected as described by (A) above arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the investing entity's account; (C) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and (D) the City appoints as its custodian of the banking deposits issued for its account: (i) the depository institution selected as described by (A) above; (ii) an entity described by Section 2257.041(d), Texas Government Code; or (iii) a clearing broker dealer registered with the SEC and operating under Securities and Exchange Commission Rule 15c3-3; (9) certificates of deposit and share certificates (i) issued by or through an institution that either has its main office or a branch office in the State, and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Insurance Fund, or are secured as to principal by obligations described in the clauses (1) through (6) or in any other manner and amount provided by law for City deposits, or (ii) where (a) the funds are invested by the City through (I) a broker that has its main office or a branch office in the State and is selected from a list adopted by the City as required by law or (II) a depository institution that has its main office or a branch office in the State that is selected by the City; (b) the broker or the depository institution selected by the City arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the City; (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States, and (d) the City appoints the depository institution selected under (a) above, a custodian as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the City with respect to the certificates of deposit; (10) fully collateralized repurchase agreements that have a defined termination date, are fully secured by a combination of cash and obligations described in clause (1) which are pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (11) securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (6) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than A or its equivalent or (c) cash invested in obligations described in clauses (1) through (6) above, clauses (13) through (15) below, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the City, held in the City's name and deposited at the time the investment is made with the City or a third party designated by the City; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State; and (iv) the agreement to lend securities has a term of one year or less, (12) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least A-1 or P-1 or the equivalent by at least one nationally recognized credit rating agency, (13) commercial paper with a stated maturity of 365 days or less that is rated at least A-1 or P-1 or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank, (14) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission that provide the City with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940 and comply with federal Securities and Exchange Commission Rule 2a-7, and (15) no-load mutual funds registered with the Securities and Exchange Commission that have an average weighted maturity of less than two years, and have a duration of one year or more and are invested exclusively in obligations described in this paragraph or have a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described in the next succeeding paragraph.

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

Political subdivisions such as the City are authorized to implement securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (6) of the first paragraph under this subcaption, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm not less than “A” or its equivalent, or (c) cash invested in obligations that are described in clauses (1) through (6) and (10) through (12) of the first paragraph under this subcaption, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the governmental body, held in the name of the governmental body and deposited at the time the investment is made with the City or a third party designated by the City; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State; and (iv) the agreement to lend securities has a term of one year or less.

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

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

Under Texas law the City is additionally required to: (1) annually review its adopted policies and strategies; (2) adopt a rule, order, ordinance or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the respective rule, order, ordinance or resolution; (3) require any investment officers’ with personal business relationships or relatives with firms seeking to sell securities to the City to disclose the relationship and file a statement with the Texas Ethics Commission and the City Council; (4) require the registered principal of firms seeking to sell securities to the City to: (a) receive and review the City’s investment policy, (b) acknowledge that reasonable controls and procedures have



been implemented to preclude investment transactions conducted between the City and the business organization that are not authorized by the City's investment policy (except to the extent that this authorization is dependent on an analysis of the makeup of the City's entire portfolio or requires an interpretation of subjective investment standards), and (c) deliver a written statement attesting to these requirements; (5) perform an annual audit of the management controls on investments and adherence to the City's investment policy; (6) provide specific investment training for the officers of the City; (7) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse repurchase agreement; (8) restrict the investment in no-load mutual funds in the aggregate to no more than 15% of the entity's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service; (9) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements; and (10) at least annually review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the City.

## **INFORMATION RELATING TO THE TRUSTEE**

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

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

## **SOURCES OF INFORMATION**

### **General**

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

### **Source of Certain Information**

The information contained in this Limited Offering Memorandum relating to the description of the Major Improvement Area Improvements, the Development, the District and the Developers generally and, in particular, the information included in the sections captioned "THE MAJOR IMPROVEMENT AREA IMPROVEMENTS," "THE DEVELOPMENT," "THE DEVELOPERS," "BONDHOLDERS' RISKS" (only as it pertains to the Developers, the Landowners, the Major Improvement Area Improvements and the Development) and "LEGAL MATTERS —

Litigation — The Developers” has been provided by the Developers, and the Developers warrant and represent that the information contained herein is true and correct and does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading. At the time of delivery of the Bonds to the Underwriter, the Developers will deliver a certificate to this effect to the City and the Underwriter.

### **Experts**

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

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

### **Updating of Limited Offering Memorandum**

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

### **FORWARD-LOOKING STATEMENTS**

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

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

### **AUTHORIZATION AND APPROVAL**

In the Bond Ordinance, the City Council approved the form and content of this Limited Offering Memorandum and authorized and ratified the use of this Limited Offering Memorandum by the Underwriter in connection with the marketing and sale of the Bonds.

**APPENDIX A**  
**FORM OF INDENTURE**

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**INDENTURE OF TRUST**

By and Between

**CITY OF BUDA, TEXAS**

and

**U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,  
AS TRUSTEE**

**DATED AS OF FEBRUARY 1, 2025**

SECURING

**\$47,644,000**

**CITY OF BUDA, TEXAS  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025  
(PERSIMMON PUBLIC IMPROVEMENT  
DISTRICT MAJOR IMPROVEMENT AREA PROJECT)**

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## INDENTURE OF TRUST

THIS INDENTURE, dated as of February 1, 2025, is by and between the CITY OF BUDA, TEXAS (the "*City*"), and U.S. Bank Trust Company, National Association, a national banking association, as trustee (together with its successors, the "*Trustee*"). Capitalized terms used in the preambles, recitals and granting clauses and not otherwise defined shall have the meanings assigned thereto in Article I.

WHEREAS, a petition was submitted and filed with the City Clerk (the "*City Clerk*") of the City on June 20, 2024 (the "*Petition*") pursuant to the Public Improvement District Assessment Act, Chapter 372, Texas Local Government Code, as amended (the "*PID Act*"), requesting the creation of a public improvement district to be located within the corporate limits and extraterritorial jurisdiction of the City to be known as Persimmon Public Improvement District (the "*District*" or "*PID*") to provide public improvements within the District to include the design, acquisition, and construction of public improvement projects authorized by Section 372.003(b) of the PID Act that are necessary for development of the District, which public improvements will include, but not be limited to, landscaping, irrigation, streets, roadway and bridge construction, offsite right-of-way acquisition, intersection improvements, water facilities and improvements, wastewater facilities and improvements, drainage facilities and improvements, detention and water quality ponds, stormwater mitigation features, park improvements, trails, and improvements related to the foregoing; and

WHEREAS, the Petition contained the signatures of the record owners of taxable real property representing more than 50% of the appraised value of the real property liable for assessments within the District, as determined by the then current ad valorem tax rolls of the Hays Central Appraisal District and the Travis Central Appraisal District, as applicable, and the signatures of record property owners who own taxable real property that constitutes more than 50% of the area of all taxable property that is liable for assessment within the District; and

WHEREAS, on June 18, 2024, the City Council (the "*City Council*") of the City approved a City of Buda Development Agreement Bailey/Armbruster Tract Subdivision (the "*Development Agreement*") between the City, Bailey Land Investments, LP, a Texas limited partnership ("*Bailey Land Investments*") and Armbruster Land Investments, LP, a Texas limited partnership ("*Armbruster Land Investment*" and, collectively with Bailey Land Investments, the "*Landowners*"), pursuant to which the Landowners agreed to construct the Authorized Improvements (as identified in the Service and Assessment Plan), and the City agreed to reimburse the Landowners for the costs of constructing the Authorized Improvements from the Assessments or, after bonds are issued as allowed by the PID Act, from the proceeds of said bonds; and

WHEREAS, on May 29, 2024, the Landowners submitted a Conditional Petition for Voluntary Expansion of the Extraterritorial Jurisdiction of the City of Buda (the "*ETJ Expansion Petition*") pursuant to the provisions of Section 42.022(b) of the Texas Local Government Code, petitioning the City to expanding the extraterritorial jurisdiction of the City to include the approximately 762.244 acres, as depicted in the ETJ Expansion Petition; and

WHEREAS, on June 4, 2024, the City Council approved the ETJ Expansion Petition; and

WHEREAS, on September 17, 2024, after due notice, the City Council held the public hearing in the manner required by law on the advisability of the improvement projects described in the Petition as required by Section 372.009 of the PID Act and on September 17, 2024 the City Council made the findings required by Section 372.009(b) of the PID Act and, by Resolution No. 2024-R-43 (the "*Creation Resolution*"), adopted by a majority of the members of the City Council, authorized the creation of the District in accordance with its finding as to the advisability of the improvement projects; and

WHEREAS, following the adoption of the Creation Resolution, on September 23, 2024, the City recorded the Creation Resolution with the County Clerks of Hays County, Texas and Travis County, Texas (collectively, the "*Counties*"), each a county in which part of the District is located; and

WHEREAS, no written protests regarding the creation of the District from any owners of record of property within the District were filed with the City Clerk within 20 days after the recording of the Creation Resolution; and

WHEREAS, on January 21, 2025, the City Council approved the Persimmon Public Improvement District Construction, Funding, Reimbursement and Acquisition Agreement (Major Improvement Area) between the City, the Landowners and the Developers (defined herein), pursuant to which the Developers agreed to construct the Major Improvements (as defined herein) identified in the Service and Assessment Plan, and the City agreed to reimburse the Developers for the costs of constructing the Major Improvements from the Major Improvement Area Assessments or, after bonds are issued as allowed by the PID Act, from the proceeds of said bonds; and

WHEREAS, in accordance with the Development Agreement, the Landowners have requested that the City issue revenue bonds for the Major Improvement Area (defined herein) in order to finance a portion of the Major Improvements Area Projects (defined herein); and

WHEREAS, pursuant to Section 372.016(b) of the PID Act, the statutory notice of a public hearing to be held by the City Council on January 21, 2025, advising that the City Council would consider the levy of the proposed assessments (the "*Major Improvement Area Assessments*") on real property within the Major Improvement Area of the District and the service and assessment plan (the "*Service and Assessment Plan*") was published on January 8, 2025, in the *Hays Free Press*, a newspaper of general circulation in the City; and

WHEREAS, the City Clerk, pursuant to Section 372.016(c) of the PID Act, mailed notice of the public hearing to consider the proposed Major Improvement Area Assessment Roll and the Service and Assessment Plan and the levy of the Major Improvement Area Assessments on property within the Major Improvement Area of the District to the addresses of record at Hays Central Appraisal District and Travis Central Appraisal District, as applicable, such addresses being the last known addresses of the owners of the property liable for the Major Improvement Area Assessments; and

WHEREAS, after notice was provided as required by the PID Act, the City Council on January 21, 2025, held a public hearing to consider the levy of the proposed Major Improvement Area Assessments on property within the Major Improvement Area of the District, at which any and all persons who appeared, or requested to appear, in person as provided in the notice of public hearing published on January 8, 2025 or by their attorney, were given the opportunity to contend for or contest the Major Improvement Area Assessment Roll, and the proposed Major Improvement Area Assessments, and to offer testimony pertinent to any issue presented on the amount of the Major Improvement Area Assessments, the allocation of the Actual Costs (as defined herein) of the Authorized Improvements to be undertaken for the benefit of all property to be assessed within the Major Improvement Area (the "*Major Improvements*"), the purposes of the Major Improvement Area Assessments, the special benefits of the Major Improvements, and the penalties and interest on annual installments and on delinquent annual installments of the Major Improvement Area Assessments; and

WHEREAS, the City Council convened the hearing on January 21, 2025, at which there were no written objections or evidence submitted to the City Clerk in opposition to the Service and Assessment Plan, the allocation of Actual Costs, the Major Improvement Area Assessment Roll, or the levy of the Major Improvement Area Assessments; and

WHEREAS, the City Council closed the hearing and, after considering all written and documentary evidence presented at the hearing, including all written comments and statements filed with the City, approved and accepted the Service and Assessment Plan in conformity with the requirements of the PID Act and passed, approved and adopted the Assessment Ordinance, which Assessment Ordinance approved the Major Improvement Area Assessment Roll and levied the Major Improvement Area Assessments; and

WHEREAS, the City filed a copy of the Service and Assessment Plan with the County Clerks of Hays County, Texas and Travis County, Texas; and

WHEREAS, on January 21, 2025, in connection with the levy of the Major Improvement Area Assessments, concurrently therewith, each Landowner executed a Landowner Certificate (defined herein), wherein each Landowner, among other things, approved and accepted the Assessment Ordinance and the Service and Assessment Plan, including the Major Improvement Area Assessment Roll, consented to and accepted the levy of the Major Improvement Area Assessments against its properties located within the Major Improvement Area of the District, and agreed to pay the Major Improvement Area Assessments; and

WHEREAS, the City Council is authorized by the PID Act to issue its City of Buda, Texas Special Assessment Revenue Bonds, Series 2025 (Persimmon Public Improvement District Major Improvement Area Project) (the "*Bonds*") payable from the Pledged Revenues (defined herein) for the purpose of (i) paying a portion of the Actual Costs of the Major Improvement Area Projects, (ii) paying the Administrative Reserves related to the Bonds, (iii) paying Bond Issuance Costs for the Bonds, including funding a reserve fund for the payment of principal and interest on the Bonds, and (iv) the interest on the Bonds during and after the period of construction of the Major Improvements; and

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

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

#### FIRST GRANTING CLAUSE

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

#### SECOND GRANTING CLAUSE

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

#### THIRD GRANTING CLAUSE

Any and all proceeds of the foregoing property and proceeds from the investment of the foregoing property;

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

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

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

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

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

## ARTICLE I

### DEFINITIONS, FINDINGS AND INTERPRETATION

#### Section 1.1. **Definitions.**

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

"*Account*", in the singular, means any of the accounts established pursuant to Section 6.1 of this Indenture, and "*Accounts*", in the plural, means, collectively, all accounts established pursuant to Section 6.1 of this Indenture.

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

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

"*Additional Interest Rate*" means the additional 0.50% interest charged on the Major Improvement Area Assessments as authorized by Section 372.018 of the PID Act.

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

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

"*Administrative Reserves*" means the estimated first year Annual Collection Costs.

"*Administrator*" means the City, or the person or independent firm designated by the City who shall have the responsibility provided in the Service and Assessment Plan, this Indenture, or any other agreement or document approved by the City related to the duties and responsibility of the administration of the District.

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

"*Annual Debt Service*" means, for each Bond Year, the sum of (i) the interest due on the Outstanding Bonds Similarly Secured in such Bond Year (excluding interest paid from funds on deposit in the Capitalized Interest Account of the Bonds Fund), assuming that the Outstanding Bonds Similarly Secured are retired as scheduled (including by reason of Sinking Fund Installments), and (ii) the principal amount of the Outstanding Bonds Similarly Secured due in such Bond Year (including any Sinking Fund Installments due in such Bond Year).

*"Annual Installment"* means the annual installment payment of the Major Improvement Area Assessments as calculated by the Administrator and approved by the City Council that includes: (1) principal; (2) interest; (3) Annual Collection Costs; and (4) Additional Interest.

*"Annual Service Plan Update"* means an update to the Service and Assessment Plan prepared no less frequently than annually by the Administrator and approved by the City Council, in accordance with the PID Act.

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

*"Armbruster Developer Disclosure Agreement"* means an agreement executed between Armbruster Development, Inc., the Administrator and dissemination agent in connection with the issuance of the Bonds pursuant to which Armbruster Development, Inc. agrees to provide certain information regarding the development of the District and the Improvement Area #1 Projects for the benefit of the Holders of the Bonds (including owners of beneficial interests of the Bonds).

*"Assessed Property"* or *"Assessed Properties"* means any Parcel within the District that benefits from an Authorized Improvement and on which Assessments have been levied as shown on an Assessment Roll (as the same may be updated each year by an update to a Service and Assessment Plan).

*"Assessment"* means an assessment levied against a Parcel imposed pursuant to an assessment ordinance and the provisions of the Service and Assessment Plan, as shown on an Assessment Roll, subject to reallocation upon the subdivision of such Parcel or reduction according to the provisions herein and in the PID Act.

*"Assessment Ordinance"* means Ordinance No. 2025-11 adopted by the City Council on January 21, 2025, that levied the Major Improvement Area Assessments, as shown on the Major Improvement Area Assessment Roll.

*"Assessment Revenues"* means the revenues received by the City from the collection of Major Improvement Area Assessments, including Prepayments, Annual Installments and Foreclosure Proceeds.

*"Assessment Roll(s)"* means any assessment roll for the Assessed Property within the District, including the Major Improvement Area Assessment Roll included in the Service and Assessment Plan as Exhibit F-1, as updated, modified, or amended from time to time in accordance with the procedures set forth in the Service and Assessment Plan and in the PID Act, including updates prepared in connection with the levy of an Assessment, the issuance of Bonds Similarly Secured, or in connection with any Annual Service Plan Update.

*"Attorney General"* means the Attorney General of the State.

*"Authorized Denomination"* means \$25,000 and any integral multiple of \$1,000 in excess thereof. The City prohibits any Bond to be issued in a denomination of less than \$25,000 and further prohibits the assignment of a CUSIP number to any Bond with a denomination of less than \$25,000, and, unless made pursuant to Section 4.5 herein, any attempt to accomplish either of the foregoing shall be void and of no effect, provided, however, that if the total principal amount of any Outstanding Bond is less than \$25,000, then the Authorized Denomination of such Outstanding Bond shall be the amount of such Outstanding Bond. With respect to Refunding Bonds, such term shall have the meaning ascribed thereto in the Supplemental Indenture authorizing the issuance of such Refunding Bonds.

*"Authorized Improvements"* means improvements authorized by Section 372.003 of the PID Act as described in Section III and depicted on Exhibit B to the Service and Assessment Plan.

*"Bailey Developer Disclosure Agreement"* means an agreement executed between Bailey Community Development, Inc., the Administrator and dissemination agent in connection with the issuance of the Bonds pursuant to which Bailey Community Development, Inc. agrees to provide certain information regarding the development of the District and the Improvement Area #1 Projects for the benefit of the Holders of the Bonds (including owners of beneficial interests of the Bonds).

*"Bond"* means any of the Bonds.

*"Bond Counsel"* means McCall, Parkhurst & Horton L.L.P. or any other attorney or firm of attorneys designated by the City that are nationally recognized for expertise in rendering opinions as to the legality and tax-exempt status of securities issued by public entities.

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

*"Bond Fund"* means the Fund established pursuant to Section 6.1 and administered pursuant to Section 6.4.

*"Bond Issuance Costs"* means the costs associated with issuing Bonds Similarly Secured, including but not limited to attorney fees, financial advisory fees, consultant fees, appraisal fees, printing costs, publication costs, City costs, reserve fund requirements, underwriter's discount, fees charged by the Texas Attorney General, and any other cost or expense directly associated with the issuance of Bonds Similarly Secured.

*"Bond Ordinance"* means Ordinance No. 2025-13 adopted by the City Council on January 21, 2025, authorizing the issuance of the Bonds pursuant to this Indenture.

*"Bond Pledged Revenue Account"* means the Account in the Pledged Revenue Fund established pursuant to Section 6.1 of this Indenture.

*"Bond Year"* means the one-year period beginning on October 1 in each year and ending on September 30 in the following year.



"*Bonds*" means the City's bonds authorized to be issued by Section 3.1 of this Indenture entitled "City of Buda, Texas, Special Assessment Revenue Bonds, Series 2025 (Persimmon Public Improvement District Major Improvement Area Project)."

"*Bonds Similarly Secured*" means, collectively, any Outstanding Bonds and Refunding Bonds.

"*Business Day*" means any day other than a Saturday, Sunday or legal holiday in the State observed as such by the City or the Trustee or any national holiday observed by the Trustee.

"*Capitalized Interest Account*" means the Account in the Bond Fund established pursuant to Section 6.1 of this Indenture.

"*Certification for Payment*" means a certificate given pursuant to Major Improvement Area Reimbursement Agreement executed by an engineer, construction manager or other person or entity acceptable to the City, as evidenced by the written approval of a City Representative, specifying the amount of work performed and the cost thereof, presented to the Trustee to request payment for Actual Costs from money on deposit in the Project Fund. The Form of Certification for Payment is attached to the Major Improvement Area Reimbursement Agreement as Exhibit C thereto.

"*City*" means the City of Buda, Texas.

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

"*City Council*" means the governing body of the City.

"*City Representative*" means that official or agent of the City authorized by the City Council to undertake the action referenced herein as evidenced by a written incumbency certificate provided to the Trustee. Such certificate may designate alternates, each of whom shall be entitled to perform all duties of the City Representative.

"*Closing Date*" means the date of the initial delivery of and payment for the applicable series of Bonds Similarly Secured.

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

"*Comptroller*" means the Comptroller of Public Accounts of the State.

"*Continuing Disclosure Agreement of Issuer*" means the agreement executed between the City, Administrator and the dissemination agent for the benefit of the Holders of the Bonds (including owners of beneficial interests of the Bonds), to provide, by certain dates prescribed

therein periodic information and notices of material events regarding the City in accordance with Securities and Exchange Commission Rule 15c2-12.

*"Cost of Issuance Account"* means the Account in the Project Fund established pursuant to Section 6.1 of this Indenture.

*"Counties"* means, collectively, Hays County, Texas and Travis County, Texas.

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

*"Delinquency & Prepayment Reserve Account"* means the Account in the Reserve Fund established pursuant to Section 6.1 of this Indenture.

*"Delinquency & Prepayment Reserve Requirement"* means an amount equal to 5.5% of the principal amount of the then Outstanding Bonds Similarly Secured, which amount will be funded from the Major Improvement Area Assessments and Annual Installments deposited to the Pledged Revenue Fund for subsequent transfer to the Delinquency & Prepayment Reserve Account of the Reserve Fund in accordance with the terms of this Indenture.

*"Delinquent Collection Costs"* means, for a Parcel, interest, penalties, and other costs and expenses authorized by the PID Act that directly or indirectly relate to the collection of delinquent Major Improvement Area Assessments, delinquent Annual Installments, or any other delinquent amounts due under the Service and Assessment Plan, including costs and expenses to foreclose liens.

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

*"Developers"* means, collectively, Bailey Community Development, Inc. and Armbruster Development, Inc., and their successors and assigns.

*"Development Agreement"* means the City of Buda Development Agreement Bailey/Armbruster Tract Subdivision between the City and the Landowners, as may be amended and supplemented from time to time.

*"District"* means the approximately 774.235 acres within the corporate limits and extraterritorial jurisdiction of the City known as the Persimmon Public Improvement District, as described legally by metes and bounds on Exhibit L-1 and as depicted by the map on Exhibit A-1 to the Service and Assessment Plan.

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

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

"*Foreclosure Proceeds*" means the proceeds, including interest and penalty interest, received by the City from the enforcement of the Major Improvement Area Assessments, whether by foreclosure of lien or otherwise, but excluding and net of all Delinquent Collection Costs.

"*Fund*", in the singular, means any of the funds established pursuant to Section 6.1 of this Indenture, and "*Funds*", in the plural, means, collectively, all of the funds established pursuant to Section 6.1 of this Indenture.

"*Future Improvement Area*" means a distinct portion of the Major Improvement Area described by metes and bounds and developed as an individual improvement area after Improvement Area #1, with such area(s) to be described and designated in future Annual Service Plan Updates.

"*Future Improvement Area Assessed Property*" means any and all Parcels within the Future Improvement Area other than Non-Benefitted Property (as defined in the Service and Assessment Plan).

"*Future Improvement Area Assessment*" means an assessment levied on Future Improvement Area Assessed Property for the purpose of financing Future Improvement Area Improvements. The Future Improvement Area Assessments are not a part of the Trust Estate, are not security for the Bonds.

"*Future Improvement Area Bonds*" means the bonds that are authorized to be issued in accordance with the terms and conditions prescribed in Section 13.2 of this Indenture.

"*Future Improvement Area Improvements*" mean Authorized Improvements which only benefit the assessed property within the applicable Future Improvement Area.

"*Holder*" means the Person who is the registered owner of a Bond or Bonds, as shown in the Register, which shall be Cede & Co., as nominee for DTC, so long as the Bonds are in book-entry only form and held by DTC as securities depository in accordance with Section 3.11. The term "*Holder*", when used in connection with the Bonds Similarly Secured, shall also include the Person who is the registered owner of a Bond Similarly Secured under the terms of any indenture relating thereto.

"*Improvement Area*" means specifically defined and designated areas within the District that are developed in phases including Improvement Area #1 and the Major Improvement Area.

"*Improvement Area #1*" means approximately 117.502 acres located within the District, as shown on Exhibit A-3 and as described on Exhibit L-2 to the Service and Assessment Plan.

*"Improvement Area #1 Bonds"* means those certain "City of Buda, Texas Special Assessment Revenue Bonds, Series 2025 (Persimmon Public Improvement District Improvement Area #1 Project)."

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

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

*"Initial Bonds"* means the Initial Bonds authorized by Section 5.2 of this Indenture.

*"Interest Payment Date"* means the date or dates upon which interest on the Bonds is scheduled to be paid until their respective dates of maturity or prior redemption, such dates being on March 1 and September 1 of each year, commencing September 1, 2025.

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

*"Landowner Certificate(s)"* means the Landowner Certificates executed by the Landowners, being owners of all the Property subject to the Major Improvement Area Assessments dated January 21, 2025, as may be further amended.

*"Landowners"* mean Bailey Land Investments, LP, a Texas limited partnership, and Armbruster Land Investments, LP, a Texas limited partnership, and any of their respective successors and assigns, which currently own portions of the District.

*"Major Improvement Area"* means approximately 656.733 acres located within the District, as shown on Exhibit A-4, and as described on Exhibit L-3 of the Service and Assessment Plan.

*"Major Improvement Area Assessed Property"* or *"Major Improvement Area Assessed Properties"* means any Parcel within the Major Improvement Area against which a Major Improvement Area Assessment is levied as shown on the Major Improvement Area Assessment Roll (as the same may be updated each year by an Annual Service Plan Update) and which includes any and all Parcels within the Major Improvement Area other than Non-Benefited Property as defined in the Service and Assessment Plan.

*"Major Improvement Area Assessment"* means an Assessment levied against the Major Improvement Area Assessed Properties and imposed pursuant to the Assessment Ordinance and the provisions of the Service and Assessment Plan, as shown on the Major Improvement Area Assessment Roll, as shown on the Major Improvement Area Assessment Roll, subject to reallocation upon the subdivision of such Parcel or reduction according to the provisions of the Service and Assessment Plan and in the PID Act.

*"Major Improvement Area Assessment Roll"* means the Assessment Roll for the Major Improvement Area Assessed Property and included in the Service and Assessment Plan as Exhibit F-1, as updated, modified or amended from time to time in accordance with the procedures set forth therein and in the PID Act, including updates prepared in connection with any Annual Service Plan Update.

*"Major Improvement Area Improvement Account"* means the Account in the Project Fund established pursuant to Section 6.1 of this Indenture.

*"Major Improvement Area Projects"* means, collectively, the Major Improvement Area's allocable share of the Major Improvements, Bond Issuance Costs, and Administrative Reserves.

*"Major Improvement Area Reimbursement Agreement"* means the Persimmon Public Improvement District Construction, Funding, Reimbursement and Acquisition Agreement (Major Improvement Area) effective January 21, 2025, entered into by and between the City, the Landowners and the Developers.

*"Major Improvements"* mean the Authorized Improvements that benefit the entire District, and are more specifically described in Section III and depicted on Exhibit I-2 of the Service and Assessment Plan.

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

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

*"Parcel"* or *"Parcels"* means a parcel or parcels within the boundaries of the District, identified by either a tax map identification number assigned by the Hays Central Appraisal District or the Travis Central Appraisal District, as applicable, for real property tax purposes, by metes and bounds description, or by lot and block number in a final subdivision plat recorded in

the real property records of Hays County or Travis County or by any other means determined by the City Council.

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

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

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

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

*"Pledged Revenue Fund"* means that fund established pursuant to Section 6.1 and administered pursuant to Section 6.3.

*"Pledged Revenues"* means, collectively, the (i) Assessment Revenues (excluding the portion of the Major Improvement Area Assessments and Annual Installments collected for the payment of Annual Collection Costs and Delinquent Collection Costs, as set forth in the Service and Assessment Plan), (ii) the moneys held in any of the Pledged Funds and (iii) any additional revenues that the City may pledge to the payment of the Bonds or other Bonds Similarly Secured.

*"Prepayment"* means the payment of all or a portion of an Major Improvement Area Assessment before the due date thereof. Amounts received at the time of a Prepayment which represent a payment of principal, interest or penalties on a delinquent installment of an Major Improvement Area Assessment are not to be considered a Prepayment, but rather are to be treated as the payment of the regularly scheduled Annual Installment of the Major Improvement Area Assessment.

*"Prepayment Costs"* means interest and expenses to the date of Prepayment, plus any additional expenses related to the Prepayment, reasonably expected to be incurred by or imposed upon the City as a result of any Prepayment.

*"Principal and Interest Account"* means the Account in the Bond Fund established pursuant to Section 6.1 of this Indenture.

*"Project Fund"* means that fund established pursuant to Section 6.1 and administered pursuant to Section 6.5.

*"Project Collection Fund"* means that fund established pursuant to Section 6.1.

*"Purchaser"* means, with respect to a series of Bonds Similarly Secured, the initial purchaser of such Bonds Similarly Secured.

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

"*Rebatable Arbitrage*" means rebatable arbitrage as defined in Section 1.148-3 of the Treasury Regulations.

"*Rebate Fund*" means that fund established pursuant to Section 6.1 and administered pursuant to Section 6.8.

"*Record Date*" means the close of business on the 15<sup>th</sup> calendar day of the month next preceding an Interest Payment Date.

"*Redemption Fund*" means that fund established pursuant to Section 6.1 and administered pursuant to Section 6.6.

"*Redemption Price*" means, when used with respect to any Bond or portion thereof, the principal amount of such Bond or such portion thereof plus the applicable premium, if any, plus accrued and unpaid interest on such Bond to the date fixed for redemption payable upon redemption thereof pursuant to this Indenture.

"*Refunding Bonds*" means bonds issued to refund all or any portion of the Bonds Similarly Secured and secured by a parity lien with the Bonds Similarly Secured on the Trust Estate, as more specifically described in the indenture authorizing such Refunding Bonds.

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

"*Reserve Account*" means the Account in the Reserve Fund established pursuant to Section 6.1 of this Indenture.

"*Reserve Account Requirement*" means the least of: (i) Maximum Annual Debt Service on the Bonds Similarly Secured as of the date of issuance, (ii) 125% of average Annual Debt Service on the Bonds Similarly Secured as of the date of issuance of the applicable series of Bonds Similarly Secured, and (iii) 10% of the proceeds of the Bonds Similarly Secured; provided, however, that such amount shall be reduced as a result of (1) an optional redemption pursuant to Section 4.3 or (2) an extraordinary optional redemption pursuant to Section 4.4, and any such reduction in the Reserve Account Requirement shall be by a percentage equal to the pro rata principal amount of Bonds Similarly Secured redeemed by such redemption divided by the total principal amount of the Outstanding Bonds Similarly Secured prior to such redemption. As of the date of issuance of the Bonds, the Reserve Account Requirement is \$3,961,492.50 which is an amount equal to Maximum Annual Debt Service on the Bonds as of their date of issuance. The

City Representative shall provide the Trustee with written confirmation of the Reserve Account Requirement and any modifications related thereto.

*"Reserve Fund"* means that fund established pursuant to Section 6.1 and administered pursuant to Section 6.7.

*"Service and Assessment Plan"* means the document, including the Major Improvement Area Assessment Roll, which is attached as Exhibit A to the Assessment Ordinance, as amended and restated, as may be updated, amended and supplemented from time to time.

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

*"Special Record Date"* means in the event of nonpayment of interest on a scheduled Interest Payment Date, and for 30 days thereafter, a new record date for such interest payment that will be established by the Trustee, if and when funds for the payment of such interest have been received from the City.

*"State"* means the State of Texas.

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

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

*"Tax Assessor-Collectors"* means the Hays County, Texas Tax Assessor-Collector and the Travis County, Texas Tax Assessor-Collector.

*"Tax Certificate"* means a certificate of the City setting forth the facts, estimates and circumstances in existence on the date of closing, which establish that it is not expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be "arbitrage bonds" within the meaning of the Code and any applicable regulations (whether final, temporary or proposed) issued pursuant to the Code.

*"Treasury Regulations"* shall have the meaning assigned to such term in Section 7.5(c).

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

*"Trustee"* means U.S Bank Trust Company, National Association, and its successors, and any other corporation or association that may at any time be substituted in its place, as provided in Article IX, such entity to serve as Trustee and Paying Agent/Registrar for the Bonds Similarly Secured.



*"Value of Investment Securities"* means the amortized value of any Investment Securities, provided, however, that all United States of America, United States Treasury Obligations – State and Local Government Series shall be valued at par and those obligations which are redeemable at the option of the holder shall be valued at the price at which such obligations are then redeemable. The computations shall include accrued interest on the investment securities paid as a part of the purchase price thereof and not collected. For the purposes of this definition "amortized value," when used with respect to a security purchased at par means the purchase price of such security and when used with respect to a security purchased at a premium above or discount below par, means as of any subsequent date of valuation, the value obtained by dividing the total premium or discount by the number of interest payment dates remaining to maturity on any such security after such purchase and by multiplying the amount as calculated by the number of interest payment dates having passed since the date of purchase and (i) in the case of a security purchased at a premium, by deducting the product thus obtained from the purchase price, and (ii) in the case of a security purchased at a discount, by adding the product thus obtained to the purchase price. The Trustee retains the ability and may rely upon the City's financial advisor to provide a determination as to the foregoing.

*"Value to Lien Ratio"* means the ratio of the appraised value of a specific assessed parcel or assessed parcels, as applicable, in a Future Improvement Area, based on an appraisal delivered by an independent appraiser licensed in the State of Texas, to the sum of (i) the Future Improvement Area Assessments levied or to be levied on a specific parcel or parcels, as applicable, within such Future Improvement Area and (ii) the outstanding Major Improvement Area Assessments levied on such parcel or parcels, as applicable, within such Future Improvement Area.

#### **Section 1.2. Findings.**

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

#### **Section 1.3. Table of Contents, Titles and Headings.**

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

#### **Section 1.4. Interpretation.**

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

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

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

(d) When used in Article XI of this Indenture in connection with the Bonds Similarly Secured, any reference to this Indenture, Article XI of this Indenture or any Section thereunder, and/or any events of default or remedies set forth therein, such terms and references shall be read and interpreted to include any indenture relating to any Bonds Similarly Secured, the related Article or Section in such indenture, and/or the events of default and remedies set forth therein.

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

## **ARTICLE II**

### **THE BONDS**

#### **Section 2.1. Security for the Bonds Similarly Secured.**

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

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

#### **Section 2.2. Limited Obligations.**

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

### **Section 2.3. Authorization for Indenture.**

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

### **Section 2.4. Contract with Holders and Trustee.**

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

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

## **ARTICLE III**

### **AUTHORIZATION; GENERAL TERMS AND PROVISIONS REGARDING THE BONDS**

#### **Section 3.1. Authorization.**

The Bonds are hereby authorized to be issued and delivered in accordance with the Constitution and laws of the State, including particularly the PID Act, as amended. The Bonds shall be issued in the aggregate principal amount of \$47,644,000 for the purpose of (i) paying a portion of the Actual Costs of the Major Improvement Area Projects, (ii) paying the Administrative Reserves related to the Bonds, (iii) paying Bond Issuance Costs for the Bonds, including funding a reserve fund for the payment of principal and interest on the Bonds, and (iv) the interest on the Bonds during and after the period of construction of the Major Improvements.

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

(a) The Bonds shall be dated the date of the initial delivery thereof (the "*Bond Date*") and shall be issued in Authorized Denominations. The Bonds shall be in fully registered form,

without coupons, and shall be numbered separately from R-1 upward, except the Initial Bond, which shall be numbered T-1.

(b) Interest shall accrue and be paid on each Bond from the later of the Bond Date or the most recent Interest Payment Date to which interest has been paid or provided for, at the rate per annum set forth below until the principal thereof has been paid on the maturity date specified below or otherwise provided for. Such interest shall be payable semiannually on March 1 and September 1 of each year, commencing September 1, 2025, computed on the basis of a 360-day year of twelve 30-day months.

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

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
****	****	****
2033	\$ 4,280,000	5.750%
****	****	
2045	15,694,000	6.625
****	****	
2055	27,670,000	6.750

(d) The Bonds shall be subject to mandatory sinking fund redemption, optional redemption, and extraordinary optional redemption prior to maturity as provided in Article IV, and shall otherwise have the terms, tenor, denominations, details, and specifications as set forth in the form of Bond set forth in Section 4.2.

### Section 3.3. **Conditions Precedent to Delivery of Bonds.**

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

- (a) a certified copy of the Assessment Ordinance;
- (b) a certified copy of the Bond Ordinance;
- (c) a copy of the executed Major Improvement Area Reimbursement Agreement and any amendments;
- (d) a copy of the executed Development Agreement and any amendments;
- (e) an executed copy of the Continuing Disclosure Agreement of Issuer, an executed copy of the Armbruster Developer Disclosure Agreement, and an executed copy of the Bailey Developer Disclosure Agreement;

- (f) a copy of this Indenture executed by the Trustee and the City;
- (g) an executed City Certificate directing the authentication and delivery of the Bonds, describing the Bonds to be authenticated and delivered, designating the purchasers to whom the Bonds are to be delivered, stating the purchase price of the Bonds and stating that all items required by this Section are therewith delivered to the Trustee in form and substance satisfactory to the City;
- (h) an executed signature and no-litigation certificate of the City;
- (i) executed opinions of Bond Counsel and the City Attorney; and
- (j) the approving opinion of the Attorney General of the State and the State Comptroller's registration certificate.

**Section 3.4. Medium, Method and Place of Payment.**

- (a) Principal of and interest on the Bonds Similarly Secured shall be paid in lawful money of the United States of America, as provided in this Section.
- (b) Interest on the Bonds Similarly Secured shall be payable to the Holders thereof as shown in the Register at the close of business on the relevant Record Date or Special Record Date, as applicable.
- (c) Interest on the Bonds Similarly Secured shall be paid by check, dated as of the Interest Payment Date, and sent, first class United States mail, postage prepaid, by the Paying Agent/Registrar to each Holders at the address of each as such appears in the Register or by such other customary banking arrangement acceptable to the Paying Agent/Registrar and the Holder; provided, however, the Holder shall bear all risk and expense of such other banking arrangement.
- (d) The principal of each Bond Similarly Secured shall be paid to the Holder of such Bond Similarly Secured on the due date thereof, whether at the maturity date or the date of prior redemption thereof, upon presentation and surrender of such Bond Similarly Secured at the Designated Payment/Transfer Office of the Paying Agent/Registrar.
- (e) If the date for the payment of the principal of or interest on the Bonds Similarly Secured shall be a Saturday, Sunday, legal holiday, or day on which banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are required or authorized by law or executive order to close, the date for such payment shall be the next succeeding day that is not a Saturday, Sunday, legal holiday, or day on which banking institutions are required or authorized to close, and payment on such date shall for all purposes be deemed to have been made on the due date thereof as specified in Section 3.2 of this Indenture.
- (f) Unclaimed payments of amounts due hereunder shall be segregated in a special account and held in trust, uninvested by the Paying Agent/Registrar, for the account of the Holder of the Bonds Similarly Secured to which such unclaimed payments pertain. Subject to any escheat,

abandoned property, or similar law of the State, any such payments remaining unclaimed by the Holders entitled thereto for three (3) years after the applicable payment or redemption date shall be applied to the next payment or payments on the Bonds Similarly Secured thereafter coming due and, to the extent any such money remains after the retirement of all Outstanding Bonds Similarly Secured, shall be paid to the City to be used for any lawful purpose. Thereafter, none of the City, the Paying Agent/Registrar, or any other Person shall be liable or responsible to any Holders of such Bonds Similarly Secured for any further payment of such unclaimed moneys or on account of any such Bonds Similarly Secured, subject to any applicable escheat law or similar law of the State.

### **Section 3.5. Execution and Registration of Bonds.**

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

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

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

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

of such series of the Bonds Similarly Secured, in the aggregate principal amount of all Bonds Similarly Secured of such series for such maturity, registered in the name of Cede & Co., as nominee of DTC.

### **Section 3.6. Ownership.**

(a) The City, the Trustee, the Paying Agent/Registrar and any other Person may treat the Person in whose name any Bond Similarly Secured is registered as the absolute owner of such Bond Similarly Secured for the purpose of making and receiving payment as provided herein (except interest shall be paid to the Person in whose name such Bond Similarly Secured is registered on the Record Date or Special Record Date, as applicable) and for all other purposes, whether or not such Bond Similarly Secured is overdue, and none of the City, the Trustee or the Paying Agent/Registrar shall be bound by any notice or knowledge to the contrary.

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

### **Section 3.7. Registration, Transfer and Exchange.**

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

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

(c) The Bonds Similarly Secured shall be exchangeable upon the presentation and surrender thereof at the Designated Payment/Transfer Office of the Paying Agent/Registrar for a Bond Similarly Secured or Bonds Similarly Secured of the same maturity and interest rate and in any Authorized Denomination and in an aggregate principal amount equal to the unpaid principal amount of the Bond Similarly Secured presented for exchange. The Trustee is hereby authorized to authenticate and deliver Bonds exchanged for other Bonds Similarly Secured in accordance with this Section.

(d) The Trustee is hereby authorized to authenticate and deliver Bonds Similarly Secured transferred or exchanged in accordance with this Section. A new Bond Similarly Secured or Bonds Similarly Secured will be delivered by the Paying Agent/Registrar, in lieu of the Bond Similarly Secured being transferred or exchanged, at the Designated Payment/Transfer Office, or sent by United States mail, first class, postage prepaid, to the Holder or his designee. Each

transferred Bond Similarly Secured delivered by the Paying Agent/Registrar in accordance with this Section shall constitute an original contractual obligation of the City and shall be entitled to the benefits and security of this Indenture to the same extent as the Bond Similarly Secured or Bonds Similarly Secured in lieu of which such transferred Bond Similarly Secured is delivered.

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

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

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

#### **Section 3.8. Cancellation.**

All Bonds Similarly Secured paid or redeemed before scheduled maturity in accordance with this Indenture, and all Bonds Similarly Secured in lieu of which exchange Bonds Similarly Secured or replacement Bonds Similarly Secured are authenticated and delivered in accordance with this Indenture, shall be cancelled, and proper records shall be made regarding such payment, redemption, exchange, or replacement. Whenever in this Indenture provision is made for the cancellation by the Trustee of any Bonds Similarly Secured, the Trustee shall destroy such Bonds Similarly Secured and deliver a certificate of such destruction to the City.

#### **Section 3.9. Temporary Bonds.**

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

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



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

#### **Section 3.10. Replacement Bonds.**

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

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

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

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

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

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

(c) After the delivery of such replacement Bond Similarly Secured, if a bona fide purchaser of the original Bond Similarly Secured in lieu of which such replacement Bond was issued presents for payment such original Bond Similarly Secured, the City and the Paying Agent/Registrar shall be entitled to recover such replacement Bond Similarly Secured from the

Person to whom it was delivered or any Person taking therefrom, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost, or expense incurred by the City, the Paying Agent/Registrar or the Trustee in connection therewith.

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

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

### **Section 3.11. Book-Entry Only System.**

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

(b) With respect to Bonds Similarly Secured registered in the name of Cede & Co., as nominee of DTC, the City and the Paying Agent/Registrar shall have no responsibility or obligation to any DTC Participant or to any Person on behalf of whom such a DTC Participant holds an interest in the Bonds Similarly Secured. Without limiting the immediately preceding sentence, the City and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant will respect to any ownership interest in the Bonds Similarly Secured, (ii) the delivery to any DTC Participant or any other Person, other than an Holder, as shown on the Register, of any notice with respect to the Bonds Similarly Secured, including any notice of redemption, or (iii) the payment to any DTC Participant or any other Person, other than an Holder, as shown in the Register of any amount with respect to principal of, premium, if any, or interest on the Bonds Similarly Secured. Notwithstanding any other provision of this Indenture to the contrary, the City and the Paying Agent/Registrar shall be entitled to treat and consider the Person in whose name each Bond Similarly Secured is registered in the Register as the absolute owner of such Bond Similarly Secured for the purpose of payment of principal of, premium, if any, and interest on Bonds Similarly Secured, for the purpose of giving notices of redemption and other matters with respect to such Bond Similarly Secured, for the purpose of registering transfer with respect to such Bond Similarly Secured, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of, premium, if any, and interest on the Bonds Similarly Secured only to or upon the order of the respective Holders as shown in the Register, as provided in this Indenture, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with

respect to payment of principal of, premium, if any, and interest on the Bonds Similarly Secured to the extent of the sum or sums so paid. No Person other than a Holder, as shown in the Register, shall receive a Bond Similarly Secured certificate evidencing the obligation of the City to make payments of amounts due pursuant to this Indenture. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Indenture with respect to interest checks or drafts being mailed to the registered owner at the close of business on the Record Date or Special Record Date, as applicable, the word "Cede & Co." in this Indenture shall refer to such new nominee of DTC.

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

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

**Section 3.13. Payments to Cede & Co.**

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

**ARTICLE IV**

**REDEMPTION OF BONDS SIMILARLY SECURED BEFORE MATURITY**

**Section 4.1. Limitation on Redemption.**

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

#### Section 4.2. **Mandatory Sinking Fund Redemption.**

(a) The Bonds maturing on September 1 in the years 2033, 2045, and 2055 (collectively, "*Term Bonds*"), are subject to mandatory sinking fund redemption prior to their respective maturities and will be redeemed by the City in part at the Redemption Price from moneys available for such purpose in the Principal and Interest Account of the Bond Fund pursuant to Article VI, on the dates and in the respective Sinking Fund Installments as set forth in the following schedule:

##### Term Bonds Maturing September 1, 2033

<u>Redemption Date</u>	<u>Principal Amount</u>
September 1, 2028	\$611,000
September 1, 2029	649,000
September 1, 2030	689,000
September 1, 2031	731,000
September 1, 2032	776,000
September 1, 2033†	824,000

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†Final Maturity

##### Term Bonds Maturing September 1, 2045

<u>Redemption Date</u>	<u>Principal Amount</u>
September 1, 2034	\$ 875,000
September 1, 2035	936,000
September 1, 2036	1,002,000
September 1, 2037	1,073,000
September 1, 2038	1,148,000
September 1, 2039	1,229,000
September 1, 2040	1,316,000
September 1, 2041	1,409,000
September 1, 2042	1,509,000
September 1, 2043	1,615,000
September 1, 2044	1,730,000
September 1, 2045†	1,852,000

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†Final Maturity

##### Term Bonds Maturing September 1, 2055

<u>Redemption Date</u>	<u>Principal Amount</u>
September 1, 2046	\$1,983,000
September 1, 2047	2,126,000
September 1, 2048	2,279,000
September 1, 2049	2,443,000
September 1, 2050	2,620,000
September 1, 2051	2,808,000
September 1, 2052	3,011,000

September 1, 2053	3,228,000
September 1, 2054	3,461,000
September 1, 2055†	3,711,000

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†Final Maturity

(b) At least thirty (30) days prior to each sinking fund redemption date, and subject to any prior reduction authorized by subparagraphs (c) and (d) of this Section 4.2, the Trustee shall select for redemption by lot a principal amount of Term Bonds of such maturity equal to the Sinking Fund Installment amount of such Term Bonds to be redeemed, shall call such Term Bonds for redemption on such scheduled mandatory redemption date, and shall give notice of such redemption, as provided in Section 4.6.

(c) The principal amount of Term Bonds required to be redeemed on any redemption date pursuant to subparagraph (a) of this Section 4.2 shall be reduced, at the option of the City, by the principal amount of any Term Bonds of such maturity which, at least 30 days prior to the sinking fund redemption date shall have been acquired by the City at a price not exceeding the principal amount of such Term Bonds plus accrued unpaid interest to the date of purchase thereof, and delivered to the Trustee for cancellation.

(d) The principal amount of Term Bonds required to be redeemed on any redemption date pursuant to subparagraph (a) of this Section 4.2 shall be reduced on a pro rata basis among Sinking Fund Installments by the principal amount of any Term Bonds which, at least 30 days prior to the sinking fund redemption date, shall have been redeemed pursuant to the optional redemption provisions in Section 4.3 hereof or the extraordinary optional redemption provisions in Section 4.4 hereof and not previously credited to a mandatory sinking fund redemption.

#### **Section 4.3. Optional Redemption.**

The Bonds may be redeemed prior to their scheduled maturities on any date on or after September 1, 2035, at the option of the City, with funds derived from any available and lawful source, as a whole, or in part, and, if in part, the particular Bonds, or portions thereof, to be redeemed shall be selected and designated by the City, at the Redemption Price.

#### **Section 4.4. Extraordinary Optional Redemption.**

The City reserves the right and option to redeem Bonds Similarly Secured before their respective scheduled maturity dates, in whole or in part, on any date, at the Redemption Price, from amounts on deposit in the Redemption Fund as a result of Prepayments (including related transfers to the Redemption Fund as provided in Section 6.7(d)) or any other transfers to the Redemption Fund under the terms of this Indenture. If less than all Bonds Similarly Secured are called for extraordinary optional redemption, the Bonds Similarly Secured or portion of a Bond Similarly Secured to be redeemed shall be allocated on a pro rata basis (as nearly as practicable) among all Outstanding Bonds Similarly Secured.

#### **Section 4.5. Partial Redemption.**

(a) If less than all of the Bonds are to be redeemed pursuant to either Sections 4.2, 4.3 or 4.4, Bonds shall be redeemed in increments of \$1,000; provided that no redemption shall cause the principal amount of any Bond to be less than the minimum Authorized Denomination for such Bond except as provided in the following sentence. Notwithstanding the foregoing, if any Bonds are to be partially redeemed and such redemption results in the redemption of a portion of a single Bond in an amount less than the Authorized Denomination in effect at the time, a Bond in the principal amount equal to the unredeemed portion, but not less than \$1,000, may be issued. Each Bond shall be treated as representing the number of Bonds that is obtained by dividing the principal amount of such Bond by the minimum Authorized Denomination for such Bond.

(b) If less than all of a series of Bonds Similarly Secured are called for optional redemption pursuant to Section 4.3 hereof, the City shall, pursuant to a City Certificate, determine the Bond Similarly Secured or Bonds Similarly Secured or the amount thereof within a Stated Maturity to be redeemed and direct the Trustee to call by lot the Bonds, or portions thereof, within such Stated Maturity and in such principal amounts, for redemption.

(c) If less than all of the Bonds are called for extraordinary optional redemption pursuant to Section 4.4 hereof, the Bonds or portion of a Bond to be redeemed shall be allocated on a pro rata basis (as nearly as practicable) among all Outstanding Bonds. If less than all Bonds within a Stated Maturity are called for extraordinary optional redemption pursuant to Section 4.4 hereof, the Trustee shall call by lot the Bonds, or portions thereof, within such Stated Maturity and in such principal amounts, for redemption.

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

#### **Section 4.6. Notice of Redemption to Holders.**

(a) Upon written notification by the City to the Trustee of the exercise of any redemption, the Trustee shall give notice of any redemption of Bonds Similarly Secured by sending notice by first class United States mail, postage prepaid, not less than 30 days before the date fixed for redemption, to the Holder of each Bond Similarly Secured or portion thereof to be redeemed, at the address shown in the Register.

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

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

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

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

#### **Section 4.7. Payment Upon Redemption.**

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

(b) Upon presentation and surrender of any Bond Similarly Secured called for redemption at the designated corporate trust office of the Trustee on or after the date fixed for redemption, the Trustee shall pay the Redemption Price on such Bond Similarly Secured to the date of redemption from the moneys set aside for such purpose.

#### **Section 4.8. Effect of Redemption.**

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

## **ARTICLE V**

### **FORM OF THE BONDS SIMILARLY SECURED**

#### **Section 5.1. Form Generally.**

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

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

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

(d) The Initial Bond of each series of Bonds Similarly Secured submitted to the Attorney General may be typewritten and photocopied or otherwise reproduced.

#### **Section 5.2. Form of the Bonds.**

##### **(a) Form of Bond.**

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



REGISTERED  
NO. \_\_\_\_\_

United States of America  
State of Texas

REGISTERED  
\$ \_\_\_\_\_

CITY OF BUDA, TEXAS  
SPECIAL ASSESSMENT REVENUE BOND, SERIES 2025  
(PERSIMMON PUBLIC IMPROVEMENT DISTRICT  
MAJOR IMPROVEMENT AREA PROJECT)

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATE OF DELIVERY</u>	<u>CUSIP NUMBER</u>
_____ %	September 1, 20__	February 20, 2025	_____

The City of Buda, Texas (the "City"), for value received, hereby promises to pay, solely from the Trust Estate, to

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

\_\_\_\_\_ DOLLARS

unless this Bond shall have been sooner called for redemption and the payment of the principal hereof shall have been paid or provision for such payment shall have been made, and to pay interest on the unpaid principal amount hereof from the later of the Date of Delivery, as specified above, or the most recent Interest Payment Date to which interest has been paid or provided for until such principal amount shall have been paid or provided for, at the per annum rate of interest specified above, computed on the basis of a 360-day year of twelve 30-day months, such interest to be paid semiannually on March 1, and September 1, of each year, commencing September 1, 2025.

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

The principal of this Bond shall be payable without exchange or collection charges in lawful money of the United States of America upon presentation and surrender of this Bond at the corporate trust office in Dallas, Texas (the "*Designated Payment/Transfer Office*"), of U.S. Bank Trust Company, National Association, as trustee and paying agent/registrar (the "*Trustee*"), or, with respect to a successor trustee and paying agent/registrar, at the Designated Payment/Transfer Office of such successor. Interest on this Bond is payable by check dated as of the Interest Payment Date, mailed by the Trustee to the registered owner at the address shown on the registration books kept by the Trustee or by such other customary banking arrangements acceptable to the Trustee, requested by, and at the risk and expense of, the Person to whom interest is to be paid. For the purpose of the payment of interest on this Bond, the registered owner shall be the Person in whose name this Bond is registered at the close of business on the "Record Date," which shall be the 15th calendar day of the month next preceding such Interest Payment Date; provided, however, that in the event of nonpayment of interest on a scheduled Interest Payment Date, and for 30 days

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

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

This Bond is one of a duly authorized issue of assessment revenue bonds of the City having the designation specified in its title (herein referred to as the "Bonds"), dated as of the Date of Delivery and issued in the aggregate principal amount of \$47,644,000 and issued, with the limitations described herein, pursuant to an Indenture of Trust, dated as of February 1, 2025 (the "*Indenture*"), by and between the City and the Trustee, to which Indenture reference is hereby made for a description of the amounts thereby pledged and assigned, the nature and extent of the lien and security, the respective rights thereunder to the Holders of the Bonds, the Trustee, and the City, and the terms upon which the Bonds are, and are to be, authenticated and delivered and by this reference to the terms of which each Holder of this Bond hereby consents. All Bonds issued under the Indenture are equally and ratably secured by the amounts thereby pledged and assigned. The Bonds are being issued for the purpose of (i) paying a portion of the Actual Costs of the Major Improvement Area Projects, (ii) paying the Administrative Reserves related to the Bonds, (iii) paying Bond Issuance Costs for the Bonds, including funding a reserve fund for the payment of principal and interest on the Bonds, and (iv) the interest on the Bonds during and after the period of construction of the Major Improvements.

The Bonds are special, limited obligations of the City payable solely from the Trust Estate. Reference is hereby made to the Indenture, copies of which are on file with and available upon request from the Trustee, for the provisions, among others, with respect to the nature and extent of the duties and obligations of the City, the Trustee and the Holders. The Holder of this Bond, by the acceptance hereof, is deemed to have agreed and consented to the terms, conditions and provisions of the Indenture.

The City has reserved the right to issue Refunding Bonds, Future Improvement Area Bonds and other obligations on the terms and conditions specified in the Indenture.

Notwithstanding any provision hereof, the Indenture may be released and the obligation of the City to make money available to pay this Bond may be defeased by the deposit of money and/or certain direct or indirect Defeasance Securities sufficient for such purpose as described in the Indenture.

The Bonds are issuable as fully registered bonds only in denominations of \$25,000 and any multiple of \$1,000 in excess thereof ("*Authorized Denominations*"). The City prohibits the breaking up or allocation of CUSIP numbers to any Bond or Bonds in denominations of less than \$25,000, and any attempt to do so will be void and of no effect, except as may be the result of a partial redemption of a single Bond as provided in the Indenture, provided, however, that if the total principal amount of any Outstanding Bond is less than \$25,000, then the Authorized Denomination of such Outstanding Bond shall be the amount of such Outstanding Bond. With respect to Refunding Bonds, such term shall have the meaning ascribed thereto in the Supplemental Indenture authorizing the issuance of such Refunding Bonds.

The Bonds maturing on September 1 in the years 2033, 2045 and 2055 (collectively, the "*Term Bonds*"), are subject to mandatory sinking fund redemption prior to their respective maturities and will be redeemed by the City in part a redemption price equal to the principal amount thereof plus accrued and unpaid interest thereon to the date set for redemption from moneys available for such purpose in the Principal and Interest Account of the Bond Fund pursuant to Article VI of the Indenture, on the dates and in the respective Sinking Fund Installments as set forth in the following schedule:

Term Bonds Maturing September 1, 2033

<u>Redemption Date</u>	<u>Principal Amount</u>
September 1, 2028	\$611,000
September 1, 2029	649,000
September 1, 2030	689,000
September 1, 2031	731,000
September 1, 2032	776,000
September 1, 2033†	824,000

---

†Final Maturity

Term Bonds Maturing September 1, 2045

<u>Redemption Date</u>	<u>Principal Amount</u>
September 1, 2034	\$ 875,000
September 1, 2035	936,000
September 1, 2036	1,002,000
September 1, 2037	1,073,000
September 1, 2038	1,148,000
September 1, 2039	1,229,000
September 1, 2040	1,316,000
September 1, 2041	1,409,000
September 1, 2042	1,509,000
September 1, 2043	1,615,000
September 1, 2044	1,730,000
September 1, 2045†	1,852,000

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†Final Maturity

Term Bonds Maturing September 1, 2055

<u>Redemption Date</u>	<u>Principal Amount</u>
September 1, 2046	\$1,983,000
September 1, 2047	2,126,000
September 1, 2048	2,279,000
September 1, 2049	2,443,000
September 1, 2050	2,620,000
September 1, 2051	2,808,000
September 1, 2052	3,011,000
September 1, 2053	3,228,000
September 1, 2054	3,461,000
September 1, 2055†	3,711,000

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†Final Maturity

At least 30 days prior to each sinking fund redemption date, and subject to any prior reduction authorized by the Indenture, the Trustee shall select for redemption by lot, or by any other customary method that results in a random selection, a principal amount of Term Bonds of such maturity equal to the Sinking Fund Installments of such Term Bonds to be redeemed, shall call such Term Bonds for redemption on such scheduled mandatory sinking fund redemption date, and shall give notice of such redemption, as provided in Section 4.6 of the Indenture.

The principal amount of Term Bonds required to be redeemed on any sinking fund redemption date shall be reduced, at the option of the City, by the principal amount of any Term Bonds of such maturity which, at least 30 days prior to the sinking fund redemption date shall have been acquired by the City at a price not exceeding the principal amount of such Term Bonds plus accrued and unpaid interest to the date of purchase thereof, and delivered to the Trustee for cancellation.

The principal amount of Term Bonds required to be redeemed on any sinking fund redemption date shall be reduced on a pro rata basis among Sinking Fund Installments by the principal amount of any Term Bonds which, at least 30 days prior to the sinking fund redemption date, shall have been redeemed pursuant to the optional redemption or extraordinary optional redemption provisions hereof and not previously credited to a mandatory sinking fund redemption.

The Bonds may be redeemed prior to their scheduled maturities on any date on or after September 1, 2035, at the option of the City, with funds derived from any available and lawful source, as a whole, or in part, and, if in part, the particular Bonds, or portions thereof, to be redeemed shall be selected and designated by the City, at a redemption price equal to the principal amount to be redeemed plus accrued interest to the date fixed for redemption.

The Bonds are subject to extraordinary optional redemption prior to maturity in whole or in part, on any date, at the option of the City, at a redemption price equal to the principal amount of the Bonds called for redemption, plus accrued and unpaid interest to the date fixed for redemption from amounts on deposit in the Redemption Fund as a result of Prepayments or any other transfers to the Redemption Fund under the terms of the Indenture. If less than all Bonds are

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

The Trustee shall give notice of any redemption of Bonds by sending notice by first class United States mail, postage prepaid, not less than 30 days before the date fixed for redemption, to the Holder of each Bond (or part thereof) to be redeemed, at the address shown on the Register. The notice shall state the redemption date, the Redemption Price, the place at which the Bonds are to be surrendered for payment, and, if less than all the Bonds Outstanding are to be redeemed, an identification of the Bonds or portions thereof to be redeemed. Any notice so given shall be conclusively presumed to have been duly given, whether or not the Holder receives such notice.

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

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

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the City and the rights of the Holders of the Bonds under the Indenture at any time Outstanding affected by such modification. The Indenture also contains provisions permitting the Holders of specified percentages in aggregate principal amount of the Bonds at the time Outstanding, on behalf of the Holders of all the Bonds, to waive compliance by the City with certain past defaults under the Bond Ordinance or the Indenture and their consequences. Any such consent or waiver by the Holder of this Bond or any predecessor Bond evidencing the same debt shall be conclusive and binding upon such Holder and upon all future Holders thereof and of any Bond issued upon the transfer thereof or in exchange therefor or in lieu thereof, whether or not notation of such consent or waiver is made upon this Bond.

As provided in the Indenture, this Bond is transferable upon surrender of this Bond for transfer at the Designated Payment/Transfer Office, with such endorsement or other evidence of transfer as is acceptable to the Trustee, and upon delivery to the Trustee of such certifications and/or opinion of counsel as may be required under the Indenture for the transfer of this Bond. Upon satisfaction of such requirements, one or more new fully registered Bonds of the same Stated Maturity, of Authorized Denominations, bearing the same rate of interest, and for the same aggregate principal amount will be issued to the designated transferee or transferees.

Neither the City nor the Trustee shall be required to issue, transfer or exchange any Bond called for redemption where such redemption is scheduled to occur within 45 calendar days of the transfer or exchange date; provided, however, such limitation shall not be applicable to an exchange by the registered owner of the uncalled principal balance of a Bond.

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

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

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

IN WITNESS WHEREOF, the City Council of the City has caused this Bond to be executed under the official seal of the City.

\_\_\_\_\_  
City Clerk, City of Buda, Texas

\_\_\_\_\_  
Mayor, City of Buda, Texas

[CITY SEAL]

(b) Form of Comptroller's Registration Certificate.

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

REGISTRATION CERTIFICATE OF  
COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER  
OF PUBLIC ACCOUNTS  
THE STATE OF TEXAS

§  
§  
§

REGISTER NO. \_\_\_\_\_

I hereby certify that this Bond has been examined, certified as to validity, and approved by the Attorney General of the State of Texas, and that this Bond has been registered by the Comptroller of Public Accounts of the State of Texas.

WITNESS MY SIGNATURE AND SEAL OF OFFICE this \_\_\_\_\_

\_\_\_\_\_  
Comptroller of Public Accounts  
of the State of Texas

[SEAL]

(c) Form of Certificate of Trustee.

#### CERTIFICATE OF TRUSTEE

It is hereby certified that this is one of the Bonds of the series of Bonds referred to in the within mentioned Indenture.

U.S. Bank Trust Company, National Association, as  
Trustee

DATED: \_\_\_\_\_

By: \_\_\_\_\_  
Authorized Signatory

(d) Form of Assignment.

#### ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto (print or typewrite name and address, including zip code, of Transferee.)

\_\_\_\_\_  
\_\_\_\_\_

(Social Security or other identifying number: \_\_\_\_\_) the within Bond and all rights hereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_, attorney, to register the transfer of the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature Guaranteed by:

---

Authorized Signatory

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NOTICE: The signature on this Assignment must correspond with the name of the registered owner as it appears on the face of the within Bond in every particular and must be guaranteed in a manner acceptable to the Trustee.

(e) The Initial Bond shall be in the form set forth in paragraphs (a), (b) and (d) of this section, except for the following alterations:

(i) immediately under the name of the Bond the heading "INTEREST RATE" and "MATURITY DATE" shall both be completed with the expression "As Shown Below," and the reference to the "CUSIP NUMBER" shall be deleted;

(ii) the Initial Bond shall be numbered T-1; and

(ii) in the first paragraph of the Bond, the words "on the Maturity Date, as specified above, the sum of 47,644,000" shall be deleted and the following will be inserted: "on September 1 in each of the years, in the principal installments and bearing interest at the per annum rates set forth in the following schedule:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
****	****	****
2033	\$ 4,280,000	5.750%
****	****	
2045	15,694,000	6.625
****	****	
2055	27,670,000	6.750

### Section 5.3. CUSIP Registration.

The City may secure identification numbers through CUSIP Global Services, managed by FactSet Research Systems, Inc. on behalf of the American Bankers Association, New York, New York, and may authorize the printing of such numbers on the face of the Bonds Similarly Secured. It is expressly provided, however, that the presence or absence of CUSIP numbers on the Bonds Similarly Secured shall be of no significance or effect as regards the legality thereof and none of the City, the attorneys approving said Bonds Similarly Secured as to legality or the Trustee are to be held responsible for CUSIP numbers incorrectly printed on the Bonds Similarly Secured. The City prohibits any Bond Similarly Secured to be issued in a denomination of less than \$25,000 and further prohibits the assignment of a CUSIP number to any Bond Similarly Secured with a denomination of less than \$25,000, and any attempt to accomplish either of the foregoing shall be void and of no effect, except as provided in Section 4.5 hereof. The Trustee may include in any



redemption notice a statement to the effect that the CUSIP numbers on the Bonds Similarly Secured have been assigned by an independent service and are included in such notice solely for the convenience of the Holders and that neither the City nor the Trustee shall be liable for any inaccuracies in such numbers.

**Section 5.4. Legal Opinion.**

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

**ARTICLE VI**

**FUNDS AND ACCOUNTS**

**Section 6.1. Establishment of Funds and Accounts.**

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

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

(b) Creation of Accounts.

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

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

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

(A) Reserve Account; and

(B) Delinquency & Prepayment Reserve Account.

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

(A) Major Improvement Area Improvement Account; and

(B) Costs of Issuance Account.

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

(A) Bond Pledged Revenue Account.

(c) Each Fund and each Account created within such Fund shall be maintained by the Trustee separate and apart from all other funds and accounts of the City. The Pledged Funds shall constitute trust funds which shall be held in trust by the Trustee as part of the Trust Estate solely for the benefit of the Holders of the Bonds Similarly Secured. Amounts on deposit in the Funds and Accounts shall be used solely for the purposes set forth herein.

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

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

#### **Section 6.2. Initial Deposits to Funds and Accounts.**

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

(i) to the Capitalized Interest Account of the Bond Fund: \$4,826,687.30;

(ii) to the Reserve Account of the Reserve Fund: \$3,961,492.50 which is equal to the initial Reserve Account Requirement;

(iii) to the Costs of Issuance Account of the Project Fund: \$1,771,378.37;

(iv) to the Major Improvement Area Improvement Account of the Project Fund: \$35,376,123.00; and

(v) to the Administrative Fund: \$30,000.00.

**Section 6.3. Pledged Revenue Fund and Project Collection Fund.**

(a) On or before February 20, 2026, and on or before each August 20 and February 20 of each year thereafter while the Bonds Similarly Secured are Outstanding, the City shall transfer to the Trustee for deposit to the Pledged Revenue Fund the Pledged Revenues, other than the Pledged Revenues deposited into the Project Collection Fund by the Trustee upon the receipt from the Tax Assessor-Collectors of the Counties. Upon the Trustee's receipt of the Pledged Revenues, including the Pledged Revenues deposited into the Project Collection Fund pursuant to Section 6.3(b) and subsequently transferred to the Pledged Revenue Fund by the Trustee pursuant to a City Certificate as described in Section 6.3(b), the Trustee shall deposit or cause to be deposited the foregoing amounts as follows: (i) first, to the Bond Pledged Revenue Account of the Pledged Revenue Fund in an amount sufficient to pay debt service on the Bonds Similarly Secured next coming due, (ii) second, to the Reserve Account of the Reserve Fund in an amount to cause the amount in the Reserve Account to equal the Reserve Account Requirement, (iii) third, to pay other Actual Costs of the Major Improvement Area Projects as provided in Section 6.5 hereof, and (iv) fourth, to pay other costs permitted by the PID Act. Notwithstanding the foregoing, the Additional Interest of the Annual Installments shall only be utilized for the purposes set forth in Section 6.7(b) hereof and, on each March 1, beginning March 1, 2026, and on any other day set forth in a City Certificate, the amount of Additional Interest of the Annual Installments confirmed by the City pursuant to a City Certificate, will be transferred from the Pledged Revenue Fund and deposited into the Delinquency & Prepayment Reserve Account and/or the Redemption Fund, as applicable. If there are insufficient funds to make the deposit in full set forth in (i) above for the debt service payment date immediately following the required transfer date or the deposit in full set forth in (ii) above after the City transfers the Pledged Revenues to the Trustee by the dates specified in this Section 6.3(a) and after the Trustee deposits all such Pledged Revenues as provided in this Section 6.3(a), the City shall make additional transfers of Pledged Revenues as soon as available and practicable to the Trustee from time to time for deposit to the Pledged Revenue Fund as necessary to ensure such deposits in (i) and (ii) are made in full.

(b) While any of the Bonds Similarly Secured are Outstanding, the Counties acting by and through their Tax Assessor-Collectors or another taxing unit or an appraisal district, by agreement with the City, may collect Assessment Revenues on the City's behalf. If such taxing unit or appraisal district presents or otherwise tenders to the Trustee such collected Assessment Revenues for deposit on the City's behalf, the Trustee shall accept such Assessment Revenues and deposit the same into the Project Collection Fund. The Trustee shall, as directed by the City pursuant to a City Certificate deposit or cause to be deposited (i) all of that portion of the Assessment Revenues deposited into the Project Collection Fund that consists of the Annual Collection Costs and Delinquent Collection Costs to the Administrative Fund, and (ii) all of that portion of the Assessment Revenues deposited into the Project Collection Fund that consists of the Pledged Revenues into the Pledged Revenue Fund and shall further deposit or cause to be

deposited such Pledged Revenues pursuant to Section 6.3(a). The City shall provide such City Certificates on or before February 20, 2026 and on or before every August 20 and February 20 thereafter while the Bonds Similarly Secured are Outstanding. The Project Collection Fund is not a Pledged Fund. If there are insufficient funds to make the deposit in full set forth in (i) of Section 6.3(a) for the debt service payment date immediately following the required City Certificate delivery date or the deposit in full set forth in (ii) of Section 6.3(a) after the City provides a City Certificate by the dates specified in this Section 6.3(b) and after the Trustee deposits all Pledged Revenues received as provided in this Section 6.3(b) and Section 6.3(a), the City will provide additional City Certificates as soon as practicable to the Trustee from time to time upon notice from the Trustee that additional Assessment Revenues have been deposited to the Project Collection Fund and the Trustee will make the transfers contemplated by this Section 6.3(b) and Section 6.3(a) as necessary to ensure the deposits set forth in (i) and (ii) of Section 6.3(a) are made in full.

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

(d) The Trustee shall transfer the amounts determined in writing by the City as Prepayments to the Redemption Fund promptly after deposit of such amounts into the Pledged Revenue Fund.

(e) Upon receipt of Foreclosure Proceeds, the Trustee shall transfer such amount of Foreclosure Proceeds determined in writing by the City, first to the Reserve Fund to restore any transfers from the Reserve Fund made to which the Foreclosure Proceeds relate, second, to the Delinquency & Prepayment Reserve Account replenish the Delinquency & Prepayment Reserve Requirement, and third, to the Redemption Fund.

(f) After satisfaction of the requirement to provide for the payment of the principal of and interest on the Bonds Similarly Secured and to fund any deficiency that may exist in the Reserve Fund, the Trustee shall, at the written request of the City, transfer any Pledged Revenues remaining in the Pledged Revenue Fund to the City, which monies may be used for any lawful purpose for which the Major Improvement Area Assessments may be used under the PID Act. The Trustee may rely upon any such request of the City and shall have no obligation to determine the lawful purposes permitted under the PID Act.

#### **Section 6.4. Bond Fund.**

(a) On each Interest Payment Date, the Trustee shall withdraw from the Principal and Interest Account and transfer to the Paying Agent/Registrar the principal (including any Sinking Fund Installments) and/or interest then due and payable on the Bonds Similarly Secured, less any

amount to be used to pay interest on the Bonds Similarly Secured on such Interest Payment Date from the Capitalized Interest Account as provided below.

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

(c) Moneys in the Capitalized Interest Account shall be used for the payment of all interest due on the Bonds on September 1, 2025, March 1, 2026 and September 1, 2026. Any amounts on deposit in the Capitalized Interest Account after the payment of interest on the dates and in the amounts listed above shall be transferred to the Project Fund, or if the Project Fund has been closed as provided in Section 6.5(e), such amounts shall be transferred to the Redemption Fund to be used to redeem Bonds and the Capitalized Interest Account shall be closed.

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

#### **Section 6.5. Project Fund.**

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

(b) Disbursements from the Costs of Issuance Account of the Project Fund shall be made by the Trustee to pay costs of issuance of the Bonds Similarly Secured pursuant to the instructions on the memorandum to be prepared by the underwriter for the Bonds Similarly Secured (the "*Closing Memorandum*") as of the Closing Date for the respective series of Bonds Similarly Secured. If, after the foregoing disbursements made pursuant to the Closing Memorandum, there are funds remaining in the Cost of Issuance Account, disbursements from the Costs of Issuance Account of the Project Fund shall be made by the Trustee to pay costs of issuance of the Bonds Similarly Secured pursuant to one or more City Certificates as provided in Section 6.5(h).

(c) Disbursements from the Major Improvement Area Improvement Account of the Project Fund to pay Actual Costs shall be made by the Trustee upon receipt by the Trustee of a properly executed and completed Certification for Payment. Each such Certification for Payment shall include a list of the payees and the payments to be made to such payees as well as a statement that all payments shall be made by check or wire transfer in accordance with the payment instructions set forth in such written request and the Trustee may rely on such payment instructions though given by the City with no duty to investigate or inquire as to the authenticity of or authorization for the invoice or the payment instructions contained therein. The disbursement of funds from the Major Improvement Area Improvement Account shall be pursuant to and in accordance with the disbursement procedures described in the Major Improvement Area

Reimbursement Agreement or as provided in such written direction. Such provisions and procedures related to such disbursement contained in the Major Improvement Area Reimbursement Agreement and no other provisions of the Major Improvement Area Reimbursement Agreement, are herein incorporated by reference and deemed set forth herein in full.

(d) Except as provided in Section 6.5(e) and (g), money on deposit in the Major Improvement Area Improvement Account shall be used solely to pay Actual Costs provided the Trustee shall have no responsibility for the application of any funds disbursed from the Major Improvement Area Improvement Account in reliance upon a Certification for Payment approved by the City.

(e) If the City Representative determines in the City Representative's reasonable discretion that amounts then on deposit in the Major Improvement Area Improvement Account of the Project Fund are not expected to be expended for purposes of the Major Improvement Area Improvement Account due to the abandonment, or constructive abandonment, of one or more of the Major Improvement Area Projects such that, in the reasonable opinion of the City Representative, it is unlikely that the amounts in the Major Improvement Area Improvement Account of the Project Fund will ever be expended for the purposes of the Major Improvement Area Improvement Account, the City Representative shall file a City Certificate with the Trustee, and provide a copy of such City Certificate to the Developers prior to filing with the Trustee, which identifies the amounts then on deposit in the Major Improvement Area Improvement Account of the Project Fund that are not expected to be used for purposes of the Major Improvement Area Improvement Account. If such City Certificate is so filed, the amounts on deposit in the Major Improvement Area Improvement Account of the Project Fund shall be transferred to the Redemption Fund to redeem Bonds Similarly Secured on the earliest practicable date after notice of redemption has been provided in accordance with this Indenture. Upon such transfers, the Major Improvement Area Improvement Account of the Project Fund shall be closed.

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

(g) Upon the filing of a City Certificate stating that all of the Major Improvement Area Projects have been completed and that all Actual Costs have been paid, or that any Actual Costs of the Major Improvement Area Projects are not required to be paid from the Major Improvement Area Improvement Account of the Project Fund pursuant to a Certification for Payment, the Trustee shall transfer the amount, if any, remaining within the Major Improvement Area Improvement Account of the Project Fund to the Bond Fund or to the Redemption Fund as directed by the City Representative in a City Certificate filed with the Trustee. Upon such transfers, the Major Improvement Area Improvement Account of the Project Fund shall be closed.

(h) Upon the Trustee's receipt of a written determination by the City Representative that all costs of issuance of the applicable series of Bonds Similarly Secured have been paid, any amounts remaining in the Costs of Issuance Account shall be transferred to (i) the Major Improvement Area Improvement Account in the Project Fund and used to pay Actual Costs of the Major Improvement Area Projects or (ii) if no Major Improvement Area Projects remain to be

funded, to the Principal and Interest Account of the Bond Fund and used to pay principal on the Bonds, as directed in a City Certificate filed with the Trustee and the Costs of Issuance Account shall be closed.

#### **Section 6.6. Redemption Fund.**

Subject to adequate amounts on deposit in the Pledged Revenue Fund, the Trustee shall cause to be deposited to the Redemption Fund from the Pledged Revenue Fund an amount sufficient to redeem Bonds Similarly Secured as provided in Sections 4.3 and 4.4 on the dates specified for redemption as provided in Sections 4.3 and 4.4. Amounts on deposit in the Redemption Fund shall be used and withdrawn by the Trustee to redeem Bonds Similarly Secured as provided in Article IV.

#### **Section 6.7. Reserve Fund.**

(a) The City agrees with the Holders of the Bonds Similarly Secured to accumulate and, when accumulated, maintain in the Reserve Account, an amount equal to not less than the Reserve Account Requirement. All amounts deposited in the Reserve Account shall be used and withdrawn by the Trustee for the purpose of making transfers to the Principal and Interest Account of the Bond Fund or the Redemption Fund, as provided in this Indenture.

(b) Subject to 6.3(a) herein, the Trustee will transfer from the Bond Pledged Revenue Account of the Pledged Revenue Fund to the Delinquency & Prepayment Reserve Account on March 1 of each year, commencing March 1, 2026, and on any other day set forth in a City Certificate, an amount equal to the Additional Interest until the Delinquency & Prepayment Reserve Requirement has been accumulated in the Delinquency & Prepayment Reserve Account. Once the Delinquency & Prepayment Reserve Requirement has accumulated in the Delinquency & Prepayment Reserve Account, any amounts in excess of the Delinquency & Prepayment Reserve Requirement shall be transferred by the Trustee to the Redemption Fund to redeem Bonds Similarly Secured as provided in Article IV provided, however, that at any time the amount on deposit in the Delinquency & Prepayment Reserve Account is less than Delinquency & Prepayment Reserve Requirement, the Trustee shall resume depositing such Additional Interest into the Delinquency & Prepayment Reserve Account until the Delinquency & Prepayment Reserve Requirement has accumulated in the Delinquency & Prepayment Reserve Account. In determining the amounts to be transferred pursuant to this Section, the Trustee may conclusively rely on a City Certificate specifying the amounts to transfer. The Additional Interest shall continue to be collected and deposited pursuant to this Indenture until the Bonds Similarly Secured are no longer Outstanding.

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

(d) In the event of an extraordinary optional redemption of Bonds Similarly Secured pursuant to Section 4.4, the Trustee, pursuant to written directions from the City, shall transfer from the Reserve Account of the Reserve Fund to the Redemption Fund the amount specified in such directions, which shall be an amount equal to the principal amount of Bonds Similarly

Secured to be redeemed multiplied by the lesser of: (i) the amount required to be in the Reserve Account of the Reserve Fund divided by the principal amount of Outstanding Bonds Similarly Secured prior to the redemption, and (ii) the amount actually in the Reserve Account of the Reserve Fund divided by the principal amount of Outstanding Bonds Similarly Secured prior to the redemption. If after such transfer, and after applying investment earnings on the Prepayment toward payment of accrued interest, there are insufficient funds to pay the principal amount plus accrued and unpaid interest on such Bonds Similarly Secured to the date fixed for redemption of the Bonds Similarly Secured to be redeemed as a result of such Prepayment, the Trustee shall transfer an amount equal to the shortfall and/or any additional amounts necessary to permit the Bonds Similarly Secured to be redeemed in minimum principal amounts of \$1,000, from the Delinquency & Prepayment Reserve Account to the Redemption Fund to be applied to the redemption of the Bonds Similarly Secured.

(e) Whenever, on any Interest Payment Date, or on any other date at the request of a City Representative, the value of cash and Value of Investment Securities on deposit in the Reserve Account exceeds the Reserve Account Requirement, the Trustee shall provide written notice to the City Representative of the amount of the excess. Such excess shall be transferred to the Principal and Interest Account to be used for the payment of interest on the Bonds Similarly Secured on the next Interest Payment Date in accordance with Section 6.4, unless prior to the next Interest Payment Date, the Trustee receives a City Certificate instructing the Trustee to apply such excess: (i) to pay amounts due under Section 6.8 hereof, (ii) to the Administrative Fund in an amount not more than the Annual Collection Costs for the Bonds Similarly Secured or (iii) to the Major Improvement Area Improvement Account of the Project Fund to pay Actual Costs of the Major Improvement Area Projects if such application and the expenditure of funds is expected to occur within three years of the date hereof.

(e-1) Whenever, on any Interest Payment Date, or on any other date at the written request of the City Representative, the amount in the Delinquency & Prepayment Reserve Account exceeds the Delinquency & Prepayment Reserve Requirement, the Trustee shall provide written notice to the City of the amount of the excess, and the Trustee shall transfer such excess pursuant to Section 6.7(b) hereof.

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

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

(h) If, after a Reserve Account withdrawal, the amount on deposit in the Reserve Account is less than the Reserve Account Requirement, the Trustee shall transfer from the Pledged Revenue Fund to the Reserve Account the amount of such deficiency, but only to the extent that



such amount is not required for the timely payment of principal, interest, or Sinking Fund Installments.

(i) If the amount held in the Reserve Fund together with the amount held in the Pledged Revenue Fund, the Bond Fund and Redemption Fund is sufficient to pay the principal amount of all Outstanding Bonds Similarly Secured on the next date the Bonds Similarly Secured may be optionally redeemed by the City at a redemption price of par, together with the unpaid interest accrued on such Bonds Similarly Secured as of such date, the moneys shall be transferred to the Redemption Fund and thereafter used to redeem all Bonds Similarly Secured on such date.

#### **Section 6.8. Rebate Fund: Rebatable Arbitrage.**

(a) The Rebate Fund is to be held by the Trustee in accordance with the terms and provisions of this Indenture. Amounts on deposit in the Rebate Fund shall be used solely for the purpose of paying amounts due the United States Government in accordance with the Code. The Rebate Fund shall not be part of the Trust Estate and shall not be security for the Bonds Similarly Secured.

(b) In order to assure that Rebatable Arbitrage is paid to the United States rather than to a third party, investments of funds on deposit in the Rebate Fund shall be made in accordance with the Code and the Tax Certificate.

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

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

#### **Section 6.9. Administrative Fund.**

(a) On or before February 20, 2026, and on or before each August 20 and February 20 of each year thereafter while the Bonds Similarly Secured are Outstanding, the City shall deposit or cause to be deposited to the Administrative Fund the portion of the Major Improvement Area Assessments and Annual Installments allocated to the payment of Annual Collection Costs and Delinquent Collection Costs, as set forth in the Service and Assessment Plan, other than the Annual Collection Costs and Delinquent Collection Costs deposited into the Project Collection Fund, which amounts shall be deposited in accordance with Section 6.3(b) hereof, as applicable.

(b) Moneys in the Administrative Fund shall be held by the Trustee separate and apart from the other Funds created and administered hereunder and used as directed by a City Certificate solely for the purposes set forth in the Service and Assessment Plan, including payment of Annual Collection Costs and Delinquent Collection Costs or may be withdrawn by the Trustee without further authorization for the payment of the fees, expenses, advances and indemnities owed to the

Trustee in accordance with Section 9.6. The Administrative Fund shall not be part of the Trust Estate and shall not be security for the Bonds Similarly Secured.

**Section 6.10. Investment of Funds.**

(a) Money in any Fund or Account, other than the Reserve Account, shall be invested by the Trustee as directed by the City pursuant to a City Certificate filed with the Trustee in Investment Securities; provided that all such deposits and investments shall be made in such manner that the money required to be expended from any Fund or Account will be available at the proper time or times. Money in the Reserve Account shall be invested in such Investment Securities as directed by the City pursuant to a City Certificate filed with the Trustee, provided that the final maturity of any individual Investment Security shall not exceed 270 days and the average weighted maturity of any investment pool or no-load money market mutual fund shall not exceed 90 days. Each such City Certificate shall be a certification that the investment directed therein constitutes an Investment Security and that such investments meet the maturity and average weighted maturity requirements set forth in the preceding sentence and the Trustee shall not be responsible for determining such requirements. Such investments shall be valued each year in terms of the Value of Investment Securities as of September 30. For purposes of maximizing investment returns, to the extent permitted by law, money in the Funds and Accounts may be invested in common investments of the kind described above, or in a common pool of such investment which shall be kept and held at an official depository bank, which shall not be deemed to be or constitute a commingling of such money or funds provided that safekeeping receipts or certificates of participation clearly evidencing the investment or investment pool in which such money is invested and the share thereof purchased with such money or owned by such Fund or Account are held by or on behalf of each such Fund or Account. If necessary, such investments shall be promptly sold, in order to make the disbursements required or permitted by this Indenture, to prevent any default under this Indenture. To ensure that cash on hand is invested, if the City does not give the Trustee written or timely instructions with respect to investments of funds, the Trustee shall invest and re-invest cash balances in the First American Money Market Funds Government Obligations Fund – X Class, CUSIP No. 31846V336, or other money market mutual funds that are rated in either of the two highest categories by a rating agency, including funds for which the Trustee and/or its affiliates provide investment advisory or other management services, until directed otherwise by the City Certificate.

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

(c) The Trustee and its affiliates may act as sponsor, advisor, depository, principal or agent in the acquisition or disposition of any investment. The Trustee may make any and all such investments through its own investment department or that of its affiliates or subsidiaries, and may charge its ordinary and customary fees for such trades. The Trustee shall not incur any liability for losses (including depreciation) arising from any investments made pursuant to this Section. The

Trustee shall not be required to determine the legality of any investments and shall have no discretion for investing funds or advising any parties on investing funds. The Trustee is not providing investment supervision, recommendation, or advice in acting pursuant to the provisions hereof.

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

(e) The Trustee will furnish to the City, upon the City's written request, periodic cash transaction statements which include detail for all investment transactions effected by the Trustee or brokers selected by the City. Upon the City's election, such statements will be delivered via the Trustee's online service and upon electing such service, paper statements will be provided only upon request. The City waives the right to receive brokerage confirmations of security transactions effected by the Trustee as they occur, to the extent permitted by law. The City further understands that trade confirmations for securities transactions effected by the Trustee will be available upon request and at no additional cost and other trade confirmations may be obtained from the applicable broker.

(f) In the event it is found, after an annual calculation has been done pursuant to Section 6.8 hereof, that the City owes Rebatale Arbitrage to the United States Government, the City shall direct the Trustee, pursuant to a City Certificate, to transfer to the Rebate Fund the investment earnings on funds on deposit in the Pledged Funds in an amount equal to the Rebatale Arbitrage owed by the City. The City Certificate shall specify the amount to be transferred and the Pledged Fund or Pledged Funds from which the investment earnings shall be transferred.

#### **Section 6.11. Security of Funds.**

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

## **ARTICLE VII**

### **COVENANTS**

#### **Section 7.1. Confirmation of Major Improvement Area Assessments.**

The City hereby confirms, covenants, and agrees that, in the Assessment Ordinance, it has levied the Major Improvement Area Assessments against the property in the Major Improvement Area of the District from which the Assessment Revenues will be collected and received.

## **Section 7.2. Collection and Enforcement of Major Improvement Area Assessments.**

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

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

(c) The City will determine or cause to be determined, no later than February 15 of each year, whether or not any Annual Installment is delinquent and, if such delinquencies exist, the City will order and cause to be commenced as soon as practicable any and all appropriate and legally permissible actions to obtain such Annual Installment, and any delinquent charges and interest thereon, including diligently prosecuting an action in district court to foreclose the currently delinquent Annual Installment. Notwithstanding the foregoing, the City shall not be required under any circumstances to purchase or make payment for the purchase of the delinquent Major Improvement Area Assessments or the corresponding property.

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

(e) If and to the extent that the Major Improvement Area Assessments have been prepaid in full, the lien on the real property associated with such Prepayment shall be released, and the rights of the Trustee and Holders under this Indenture with respect to such released real property shall terminate.

## **Section 7.3. Against Encumbrances.**

(a) The City shall not create and shall not suffer to remain, any lien, encumbrance or charge upon the Trust Estate or upon any other property pledged under this Indenture, except the pledge created for the security of the Bonds Similarly Secured, and other than a lien or pledge subordinate to the lien and pledge of such property related to the Bonds Similarly Secured.

(b) So long as Bonds Similarly Secured are Outstanding hereunder, the City shall not issue any bonds, notes or other evidences of indebtedness, other than the Bonds, and Refunding Bonds, secured by any pledge of or other lien or charge on the Trust Estate or other property pledged under this Indenture, other than a lien or pledge subordinate to the lien and pledge of such property related to the Bonds Similarly Secured.

#### **Section 7.4. Records, Accounts, Accounting Reports.**

The City hereby covenants and agrees that so long as any Bonds Similarly Secured are Outstanding, it will keep and maintain a proper and complete system of records and accounts pertaining to the Major Improvement Area Assessments. The Trustee and Holder or Holders of any Bonds Similarly Secured or any duly authorized agent or agents of such Holders shall have the right at all reasonable times to inspect all such records, accounts, and data relating thereto, upon written request to the City by the Trustee or duly authorized representative, as applicable. The City shall provide the Trustee or duly authorized representative, as applicable, an opportunity to inspect such books and records relating to the Bonds Similarly Secured during the City's regular business hours and on a mutually agreeable date not later than thirty days after the City receives such request.

#### **Section 7.5. Covenants Regarding Tax Exemption of Interest on Bonds.**

(a) The City covenants to take any action necessary to assure, or refrain from any action that would adversely affect, the treatment of the Bonds as an obligation described in section 103 of the Code, the interest on which is not includable in the "gross income" of the Holder for purposes of federal income taxation. In furtherance thereof, the City covenants as follows:

(1) to take any action to assure that no more than 10 percent of the proceeds of the Bonds (less amounts deposited to a reserve fund, if any) are used for any "private business use," as defined in section 141(b)(6) of the Code or, if more than 10 percent of the proceeds or the projects financed therewith are so used, such amounts, whether or not received by the City, with respect to such private business use, do not, under the terms of this Article or any underlying arrangement, directly or indirectly, secure or provide for the payment of more than 10 percent of the debt service on the Bonds, in contravention of section 141(b)(2) of the Code;

(2) to take any action to assure that in the event that the "private business use" described in subsection (1) hereof exceeds 5 percent of the proceeds of the Bonds or the projects financed therewith (less amounts deposited into a reserve fund, if any) then the amount in excess of 5 percent is used for a "private business use" that is "related" and not "disproportionate," within the meaning of section 141(b)(3) of the Code, to the governmental use;

(3) to take any action to assure that no amount that is greater than the lesser of \$5,000,000, or 5 percent of the proceeds of the Bonds (less amounts deposited into a reserve fund, if any) is directly or indirectly used to finance loans to persons, other than state or local governmental units, in contravention of section 141(c) of the Code;

(4) to refrain from taking any action that would otherwise result in the Bonds being treated as a "private activity bond" within the meaning of section 141(b) of the Code;

(5) to refrain from taking any action that would result in the Bonds being "federally guaranteed" within the meaning of section 149(b) of the Code;

(6) to refrain from using any portion of the proceeds of the Bonds, directly or indirectly, to acquire or to replace funds that were used, directly or indirectly, to acquire investment property (as defined in section 148(b)(2) of the Code) that produces a materially higher yield over the term of the Bonds, other than investment property acquired with –

(A) proceeds of the Bonds invested for a reasonable temporary period of 3 years or less or, for a period of 90 days or less until such proceeds are needed for the purpose for which the Bonds is issued,

(B) amounts invested in a bona fide debt service fund, within the meaning of section 1.148-1(b) of the Treasury Regulations, and

(C) amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed 10 percent of the proceeds of the Bonds;

(7) to otherwise restrict the use of the proceeds of the Bonds or amounts treated as proceeds of the Bonds, as may be necessary, so that the Bonds do not otherwise contravene the requirements of section 148 of the Code (relating to arbitrage);

(8) to refrain from using the proceeds of the Bonds or proceeds of any prior bonds to pay debt service on another issue more than 90 days after the date of issue of the Bonds in contravention of the requirements of section 149(d) of the Code (relating to advance refundings); and

(9) to pay to the United States of America at least once during each five-year period (beginning on the date of delivery of the Bonds) an amount that is at least equal to 90 percent of the "Excess Earnings," within the meaning of section 148(f) of the Code and to pay to the United States of America, not later than 60 days after the Bonds has been paid in full, 100 percent of the amount then required to be paid as a result of Excess Earnings under section 148(f) of the Code.

(b) In order to facilitate compliance with the above covenant (a)(9), the Rebate Fund is established by the City pursuant to Section 6.1 for the sole benefit of the United States of America, and such Rebate Fund shall not be subject to the claim of any other person, including without limitation the Holder. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

(c) The City understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations and, in the case of refunding bonds, transferred proceeds (if any) and proceeds of the refunded bonds expended prior to the date of issuance of the Bonds. It is the understanding of the City that the covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto (the "*Treasury Regulations*"). In the event that regulations or rulings are hereafter promulgated that modify or expand provisions of the Code, as applicable to the

Bonds, the City will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of nationally recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated that impose additional requirements applicable to the Bonds, the City agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally recognized bond counsel, to preserve the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In furtherance of such intention, the City hereby authorizes and directs the Mayor or Mayor Pro-Tem to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of the City, that may be permitted by the Code as are consistent with the purpose for the issuance of the Bonds.

(d) The City covenants to account for the expenditure of sale proceeds and investment earnings to be used for Actual Costs of the Major Improvement Area Projects on its books and records in accordance with the requirements of the Code. The City recognizes that in order for the proceeds to be considered used for the reimbursement of costs, the proceeds must be allocated to expenditures within 18 months of the later of the date that (1) the expenditure is made, or (2) the Major Improvement Area Projects are completed; but in no event later than three years after the date on which the original expenditure is paid. The foregoing notwithstanding, the City recognizes that in order for proceeds to be expended under the Code, the sale proceeds or investment earnings must be expended no more than 60 days after the earlier of (1) the fifth anniversary of the delivery of the Bonds, or (2) the date the Bonds is retired. The City agrees to obtain the advice of nationally-recognized bond counsel if such expenditure fails to comply with the foregoing to assure that such expenditure will not adversely affect the tax-exempt status of the Bonds. For purposes hereof, the City shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

(e) The City covenants that the projects funded with the proceeds of the Bonds will not be sold or otherwise disposed in a transaction resulting in the receipt by the City of cash or other compensation, unless the City obtains an opinion of nationally-recognized bond counsel that such sale or other disposition will not adversely affect the tax-exempt status of the Bonds. For purposes of the foregoing, the portion of the property comprising personal property and disposed in the ordinary course shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes hereof, the City shall not be obligated to comply with this covenant if it obtains a legal opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

## **ARTICLE VIII**

### **LIABILITY OF CITY**

#### **Section 8.1. Liability of City.**

(a) Neither the full faith and credit nor the general taxing power of the City is pledged to the payment of the Bonds Similarly Secured, and no City taxes, fee or revenues from any source

are pledged to the payment of, or available to pay any portion of, the Bonds Similarly Secured or any other obligations relating to the District. The City shall never be liable for any obligations relating to the Bonds Similarly Secured or other obligations relating to the District, other than as specifically provided for in this Indenture.

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

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

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

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

(f) The City may rely on and shall be protected in acting or refraining from acting upon any notice, resolution, request, consent, order, certificate, report, warrant, bond, or other paper or



document believed by it to be genuine and to have been signed or presented by the proper party or proper parties. The City may consult with counsel with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith. Whenever in the administration of its duties under this Indenture the City shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of willful misconduct on the part of the City, be deemed to be conclusively proved and established by a certificate of the Trustee, an Independent Financial Consultant, an independent inspector or City Manager or other independent person designated by the City Council to so act on behalf of the City, and such certificate shall be full warrant to the City for any action taken or suffered under the provisions of this Indenture upon the faith thereof, but in its discretion the City may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may deem reasonable.

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

## **ARTICLE IX**

### **THE TRUSTEE**

#### **Section 9.1. Acceptance of Trust; Trustee as Registrar and Paying Agent.**

(a) The Trustee accepts and agrees to execute the respective trusts imposed upon it by this Indenture, but only upon the terms and conditions and subject to the provisions of this Indenture to all of which the parties hereto and the respective Holders of the Bonds Similarly Secured agree. The Trustee undertakes to perform such duties and only such duties as are specifically and expressly set forth herein. No implied covenants or obligations shall be read into this Indenture against the Trustee. These duties shall be deemed purely ministerial in nature, and the Trustee shall not be liable except in connection with its performance of such duties.

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

#### **Section 9.2. Trustee Entitled to Indemnity.**

The Trustee shall be under no obligation to spend its own funds, to institute any suit, or to undertake any proceeding under this Indenture, or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of the trusts hereby created or in the enforcement of any rights and powers hereunder, until it shall be indemnified, to the extent permitted by law, to its satisfaction by the Holders against any and all costs and expenses, outlays, and counsel fees and other reasonable disbursements, and against all

liability except as a consequence of its own negligence or willful misconduct; provided, however, that in no event shall the Trustee request or require indemnification as a condition to making scheduled debt service payments prior to the occurrence of a default, or to delivering any notice when required hereunder. Nevertheless, the Trustee may begin suit, or appear in and defend suit, or exercise any such rights and powers, without indemnity, and in such case the Trustee may make transfers from the Administrative Fund to pay all fees, costs, and expenses, outlays, and counsel fees and other reasonable disbursements properly incurred in connection therewith and shall be entitled to a preference therefor over any Outstanding Bonds Similarly Secured hereunder on amounts held within the Administrative Fund.

### **Section 9.3. Responsibilities of the Trustee.**

(a) The recitals contained in this Indenture and in the Bonds Similarly Secured shall be taken as the statements of the City and the Trustee assumes no responsibility for and undertakes no duty to verify the correctness of the same. The Trustee makes no representations as to the validity or sufficiency of this Indenture or the Bonds Similarly Secured or with respect to the security afforded by this Indenture, and the Trustee shall incur no liability with respect thereto. Except as otherwise expressly provided in this Indenture, the Trustee shall have no responsibility or duty with respect to: (i) the issuance of Bonds Similarly Secured for value; (ii) the application of the proceeds thereof, except to the extent that such proceeds are received by it in its capacity as Trustee; (iii) the application of any moneys paid to the City or others in accordance with this Indenture, except as to the application of any moneys paid to it in its capacity as Trustee; (iv) any calculation of arbitrage or rebate under the Code; or (v) any loss suffered in connection with any investment of funds.

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

(c) The Trustee shall not be liable for any action taken or omitted by it in the performance of its duties under this Indenture, except for such losses, damages, or expenses which have been finally adjudicated by a court of competent jurisdiction to have directly resulted from the Trustee's own negligence or willful misconduct. In no event shall the Trustee be liable for incidental, indirect, special, punitive or consequential loss or damages of any kind whatsoever (including, but not limited to, loss of profit), irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action, in connection with or arising from this Indenture for the existence, furnishing or use of the Major Improvement Area Project. If an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

(d) The Trustee shall not be liable for any action taken, or errors of judgment made in good faith by any one of its officers, agents, or employees unless it shall be established that the Trustee was negligent in ascertaining the pertinent facts.

(e) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of at least a Quarter in Interest of the Bonds Similarly Secured relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture.

(f) The Trustee shall not be required to take notice, and shall not be deemed to have notice, of any events or information, default or Event of Default unless the Trustee has actual knowledge thereof or shall be notified specifically of the default or Event of Default in a written instrument or document delivered to it by the City or by the Holders of at least Quarter in Interest of the Bonds Similarly Secured at that time. The Trustee may assume conclusively that there is no Event of Default, except as noted above.

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

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

(i) The Trustee may act through attorneys or agents and shall not be responsible for the acts or omissions of any such attorney or agent appointed with due care.

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

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

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

#### **Section 9.4. Property Held in Trust.**

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

#### **Section 9.5. Trustee Protected in Relying on Certain Documents.**

(a) The Trustee may, at the expense of the City, request, conclusively rely and shall be protected in acting or refraining from acting upon any order, judgment, notice, request, consent, waiver, certificate, statement, affidavit, requisition, bond, debenture, note, other evidence of indebtedness, resolution, direction, report, or other document or instrument provided to the Trustee in accordance with the terms of this Indenture that it shall in good faith believe to be genuine and to have been adopted or signed by the proper board or Person or to have been prepared and furnished pursuant to any of the provisions of this Indenture, or upon the written opinion of any counsel, architect, engineer, insurance consultant, management consultant, or accountant believed by the Trustee to be qualified in relation to the subject matter, not only as to due execution, validity and effectiveness, but also as to the truth and accuracy of any information contained therein, and the Trustee shall be under no duty to make any investigation or inquiry into any statements contained or matters referred to in any such instrument. Subject to Section 9.1 and 9.3, the Trustee may, at the expense of the City, consult with counsel selected by the Trustee with due care, who may or may not be Bond Counsel, and any advice from such counsel with respect to compliance with the provisions of this Indenture shall be full and complete authorization and protection in respect of any action taken, suffered or omitted to be taken by it hereunder, reasonably and in good faith, in accordance with such advice.

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

shall be sufficiently executed if executed in the name of the City by the City Representative. The Trustee shall be entitled to conclusively rely upon the foregoing as sufficient evidence of the facts set forth herein. The execution of any City Certificate shall constitute, unto the Trustee, an irrevocable determination that all conditions precedent thereto have occurred.

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

#### **Section 9.6. Compensation.**

The City hereby agrees to compensate the Trustee, from the amount collected each year for Annual Collection Costs and in the manner set forth in this section, for the Trustee's services as Trustee and as Paying Agent/Registrar. Unless otherwise provided by contract with the Trustee, and subject to the limitations set forth above, the Trustee shall transfer from the Administrative Fund, from time to time, reasonable compensation for all services rendered by it hereunder, including its services as Paying Agent/Registrar, together with all its reasonable expenses, charges, and other disbursements and those of its counsel, agents and employees, incurred in and about the administration and execution of the trusts hereby created and the exercise of its powers and the performance of its duties hereunder, which, with respect to ordinary fees and expenses incurred prior to an Event of Default hereunder, shall be transferred pursuant to a City Certificate and subject to any limit on the amount of such compensation or recovery of expenses or other charges as shall be prescribed by such City Certificate, and the Trustee shall have a lien therefor on any and all funds at any time held by it in the Administrative Fund prior to any Bonds Similarly Secured then Outstanding. Following an Event of Default, the foregoing limitation on expenses shall not apply, however any such fees or expenses must be reasonable. None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, if in the judgment of the Trustee there are reasonable grounds for believing that the repayment of such funds and adequate indemnity against such risk or liability is not reasonably assured to it. If the City shall fail to make any payment required by this Section, the Trustee may make such payment from any moneys in its possession in the Administrative Fund, subject to the limitations set forth herein, and shall be entitled to a preference therefor over any Outstanding Bonds Similarly Secured hereunder.

In the event that the Trustee renders any service not contemplated in this Indenture, or if any material controversy arises hereunder, or the Trustee is made a party to any litigation pertaining to this Indenture or the subject matter hereof, then the Trustee shall, subject to the limitations set forth herein, be compensated for such extraordinary services and any services or work performed by the Trustee in connection with any delay, controversy, litigation or event, and reimbursed for all costs and expenses, including reasonable attorneys' fees and expenses, occasioned by any such delay, controversy, litigation or event. The right of the Trustee to fees, expense, and indemnification shall survive the release, discharge, and satisfaction of the Indenture.

#### **Section 9.7. Permitted Acts.**

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

#### **Section 9.8. Resignation of Trustee.**

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

#### **Section 9.9. Removal of Trustee.**

The Trustee may be removed by giving not fewer than 30 days' notice, specifying the date when such removal shall take effect at any time by (i) the Holders of at least a Quarter in Interest of the Bonds Similarly Secured by an instrument or concurrent instruments in writing signed and acknowledged by such Holders or by their attorneys-in-fact, duly authorized and delivered to the City, or (ii) so long as the City is not in default under this Indenture, the City. Copies of each such instrument shall be delivered by the City to the Trustee and any successor thereof. The Trustee may also be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of this Indenture with respect to the duties and obligations of the Trustee by any court of competent jurisdiction upon the application of the City or the Holders of not less than 10% of the aggregate principal amount of Bonds Similarly Secured then Outstanding.

#### **Section 9.10. Successor Trustee.**

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

(b) If the position of Trustee shall become vacant for any of the foregoing reasons or for any other reason, a successor Trustee may be appointed within one year after any such vacancy shall have occurred by the Holders of at least a Quarter in Interest of the Bonds Similarly Secured by an instrument or concurrent instruments in writing signed and acknowledged by such Holders

or their attorneys-in-fact, duly authorized and delivered to such successor Trustee, with notification thereof being given to the predecessor Trustee and the City.

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

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

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

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

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

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

be required by such successor for more fully and certainly vesting in and confirming to it any such moneys, estates, properties, rights, powers, duties, or obligations, any and all such deeds, conveyances, and instruments in writing, on request and so far as may be authorized by law, shall be executed, acknowledged, and delivered by the City.

#### **Section 9.12. Merger, Conversion or Consolidation of Trustee.**

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

#### **Section 9.13. Trustee To File Continuation Statements.**

The City will cause to be filed all appropriate financing statements. If necessary, the Trustee, as directed by the City, shall file or cause to be filed, at the City's expense, such continuation statements as may be delivered to the Trustee and which may be required by the Texas Uniform Commercial Code, as from time to time in effect (the "UCC"), in order to continue perfection of the security interest and rights of the Trustee in such items of tangible or intangible personal property and any fixtures as may have been granted to the Trustee pursuant to this Indenture in the time, place and manner required by the UCC. Unless otherwise notified in writing by the City or a Holder, the Trustee may conclusively rely upon the initial financing statements in filing any continuation statements hereunder. The Trustee shall have no responsibility to file financing statements or continuation statements other than to file continuation statements that are delivered to it.

If applicable, but immediately upon its receipt thereof, the City, or an authorized third-party representative thereof, shall deliver to the Trustee file-stamped copies of each UCC initial financing statement recorded in the jurisdictions applicable thereto.

The Trustee's UCC filing requirements are limited to those responsibilities as set forth in this Section 9.13.

#### **Section 9.14 Offering Documentation.**

The Trustee shall have no responsibility with respect to any information, statement, or recital in any official statement, offering memorandum, or any other disclosure material prepared or distributed with respect to the Bonds Similarly Secured and shall have no responsibility for compliance with any State or federal securities laws in connection with the Bonds Similarly Secured.



#### **Section 9.15 Expenditure of Funds and Risk.**

None of the provisions of this Indenture shall require the Trustee to expend or risk its own funds or otherwise to incur any liability, financial or otherwise, in the performance of any of its duties hereunder, or in the exercise of its rights or powers if the Trustee shall have reasonable grounds for believing that the repayment of such funds or indemnity against such risk or liability is not assured.

#### **Section 9.16 Environmental Hazards.**

The Trustee may inform any Holder of environmental hazards that the Trustee has reason to believe exist, and the Trustee has the right to take no further action and in such event, no fiduciary duty exists which imposes any obligation for further action with respect to the Trust Estate or any portion thereof if the Trustee, in its individual capacity, determines that any such action would materially and adversely subject the Trustee to environmental or other liability for which the Trustee has not been adequately indemnified.

The Trustee shall not be responsible or liable for the environmental condition related to the improvements to any real property or for diminution in value of the same, or for any claims by or on behalf of the owners thereof as the result of any contamination by a hazardous substance, hazardous material, pollutant, or contaminant. The Trustee assumes no duty or obligation to assess the environmental condition of any improvements or with respect to compliance thereof under State or federal laws pertaining to the transport, storage, treatment, or disposal of hazardous substances, hazardous materials, pollutants, or contaminants or regulations, permits, or licenses issued under such laws.

#### **Section 9.17. Accounts, Periodic Reports and Certificates.**

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

#### **Section 9.18. Construction of Indenture.**

The Trustee may construe any of the provisions of this Indenture insofar as the same may appear to be ambiguous or inconsistent with any other provision hereof, and any construction of any such provisions hereof by the Trustee in good faith shall be binding upon the Holders of the Bonds Similarly Secured.

#### **Section 9.19 Verifications of Statutory Representations and Covenants.**

The Trustee makes the following representations and covenants pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as heretofore amended (the "Government Code"),

in entering into this Indenture. As used in such verifications, "affiliate" means an entity that controls, is controlled by, or is under common control with the Trustee within the meaning of Securities and Exchange Commission 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 Indenture shall survive until barred by the applicable statute of limitations and shall not be liquidated or otherwise limited by any provision of this Indenture, notwithstanding anything in this Indenture to the contrary.

- (a) *Not a Sanctioned Company.* The Trustee represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Government Code. The foregoing representation excludes the Trustee and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.
- (b) *No Boycott of Israel.* The Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this Indenture. 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 Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of this Indenture. 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 Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of this Indenture. As used in the foregoing verification, "boycott energy companies" has the meaning provided in Section 2276.001(1), Government Code.

#### **Section 9.20. Attorney General Standing Letter.**

The Trustee represents that it has on file with the Texas Attorney General a standing letter addressing the representation and verifications in Section 9.19 of this Indenture in a form acceptable to the Texas Attorney General. The Trustee hereby agrees to provide the City with a copy of such letter not later than ten days prior to the Closing Date. In addition, if the Trustee has received notice from the Texas Comptroller of Public Accounts in connection with a review of their standing letter (or of an affiliate of the Trustee), the Trustee shall provide the City or Bond Counsel with written confirmation one day prior to the Closing Date (or on the Closing Date upon the reasonable request of the City or Bond Counsel) to the effect that it and/or its affiliate intends

to timely comply with the Comptroller's request and that the applicable standing letter remains in effect and may be relied upon by the City.

## **ARTICLE X**

### **MODIFICATION OR AMENDMENT OF THIS INDENTURE**

#### **Section 10.1. Amendments Permitted.**

(a) This Indenture and the rights and obligations of the City and of the Holders of the Bonds Similarly Secured may be modified or amended at any time by a Supplemental Indenture, except as provided below, pursuant to the affirmative vote at a meeting of Holders of the Bonds Similarly Secured so affected by such modification or amendment, or with the written consent without a meeting, of the Holders of the Bonds Similarly Secured of at least a majority of the aggregate Outstanding principal of the Bonds Similarly Secured so affected by such modification or amendment and with City approval. No such modification or amendment shall (i) extend the maturity of any Bond Similarly Secured or reduce the principal of or interest rate thereon, or otherwise alter or impair the obligation of the City to pay the principal of, and the interest and any premium on, any Bond Similarly Secured, without the express consent of the Holder of such Bond Similarly Secured, or (ii) permit the creation by the City of any pledge or lien upon the Trust Estate superior to or on a parity with the pledge and lien created for the benefit of the Bonds Similarly Secured (except as otherwise permitted by Applicable Laws and this Indenture), or (iii) reduce the percentage of Bonds Similarly Secured required for the amendment hereof. Any such amendment shall not modify any of the rights, immunities or obligations of the Trustee without its prior written consent. In executing or accepting any Supplemental Indenture, the Trustee shall be fully protected in relying upon an opinion of qualified counsel addressed and delivered to the Trustee stating that (a) the execution of such Supplemental Indenture is permitted by and in compliance with this Indenture, (b) the execution and delivery of will not adversely affect the exclusion from federal gross income of the interest on the Bonds Similarly Secured, and (c) such Supplemental Indenture will, upon the execution and delivery thereof, to be a valid and binding obligation of the City.

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

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

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

(iii) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in this Indenture, or

in regard to questions arising under this Indenture, as the City may deem necessary or desirable and not inconsistent with this Indenture, and that shall not adversely affect the rights of the Holders of the Bonds Similarly Secured;

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

(v) to make such additions, deletions or modifications as may be necessary or desirable to assure exemption from federal income taxation of interest on the Bonds Similarly Secured.

(c) Notwithstanding anything to the contrary herein, no Supplemental Indenture entered into in accordance with Section 10.1(b) above shall be effective unless the City first delivers to the Trustee an opinion of Bond Counsel to the effect that such amendment will not adversely affect the: (i) interests of the Holders in any material respect, or (ii) exclusion of interest on any Bond Similarly Secured from gross income for purposes of federal income taxation.

#### **Section 10.2. Holders' Meetings.**

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

#### **Section 10.3. Procedure for Amendment with Written Consent of Holders.**

(a) The City and the Trustee may at any time adopt a Supplemental Indenture amending the provisions of the Bonds Similarly Secured or of this Indenture, to the extent that such amendment is permitted by Section 10.1, to take effect when and as provided in this Section. A copy of such Supplemental Indenture, together with a request to Holders for their consent thereto, if such consent is required pursuant to Section 10.1, shall be mailed by first class mail, by the Trustee to each Holder of Bonds Similarly Secured from whom consent is required under this Indenture, but failure to mail copies of such Supplemental Indenture and request shall not affect the validity of the Supplemental Indenture when assented to as in this Section provided.

(b) Such Supplemental Indenture shall not become effective unless there shall be filed with the Trustee the written consents of the Holders as required by this Indenture and a notice shall have been mailed as hereinafter in this Section provided. Each such consent shall be effective only if accompanied by proof of ownership of the Bonds Similarly Secured for which such consent is given, which proof shall be such as is permitted by Section 11.6. Any such consent shall be binding upon the Holder of the Bonds Similarly Secured giving such consent and on any subsequent Holder (whether or not such subsequent Holder has notice thereof), unless such consent is revoked in writing by the Holder giving such consent or a subsequent Holder by filing such revocation with the Trustee prior to the date when the notice hereinafter in this Section provided for has been mailed.

(c) After the Holders of the required percentage of Bonds Similarly Secured shall have filed their consents to the Supplemental Indenture, the City shall mail a notice to the Holders in the manner hereinbefore provided in this Section for the mailing of the Supplemental Indenture, stating in substance that the Supplemental Indenture has been consented to by the Holders of the required percentage of Bonds Similarly Secured and will be effective as provided in this Section (but failure to mail copies of said notice shall not affect the validity of the Supplemental Indenture or consents thereto). Proof of the mailing of such notice shall be filed with the Trustee. A record, consisting of the papers required by this Section 10.3 to be filed with the Trustee, shall be proof of the matters therein stated until the contrary is proved. The Supplemental Indenture shall become effective upon the filing with the Trustee of the proof of mailing of such notice, and the Supplemental Indenture shall be deemed conclusively binding (except as otherwise hereinabove specifically provided in this Article) upon the City and the Holders of all Bonds Similarly Secured at the expiration of sixty (60) days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such sixty-day period.

#### **Section 10.4. Procedure for Amendment Not Requiring Holder Consent.**

(a) The City and the Trustee may at any time adopt a Supplemental Indenture amending the provisions of the Bonds Similarly Secured or of this Indenture, to the extent that such amendment is permitted by Section 10.1, to take effect when and as provided in this Section. A copy of such Supplemental Indenture, together with a notice stating that the Supplemental Indenture does not require Holder consent, shall be mailed by first class mail by the Trustee to each Holder of Bonds Similarly Secured so affected, but failure to mail copies of such Supplemental Indenture shall not affect the validity of the Supplemental Indenture. The Trustee shall retain the proof of its mailing of such notice. A record, consisting of the papers required by this Section 10.4, shall be proof of the matters therein stated until the contrary is proved.

(b) The Supplemental Indenture shall become effective upon the execution and delivery of such Supplemental Indenture by the Trustee and the City, and the Supplemental Indenture shall be deemed conclusively binding upon the City, the Trustee and the Holders of all Bonds Similarly Secured as of the date of such execution and delivery.

#### **Section 10.5. Effect of Supplemental Indenture.**

From and after the time any Supplemental Indenture becomes effective pursuant to this Article X, this Indenture shall be deemed to be modified and amended in accordance therewith, the respective rights, duties, and obligations under this Indenture of the City, the Trustee and all Holders of Outstanding Bonds Similarly Secured shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

**Section 10.6. Endorsement or Replacement of Bonds Similarly Secured Issued After Amendments.**

The City may determine that Bonds Similarly Secured issued and delivered after the effective date of any action taken as provided in this Article X shall bear a notation, by endorsement or otherwise, in form approved by the City, as to such action. In that case, upon demand of the Holder of any Outstanding Bonds Similarly Secured at such effective date and presentation of his Bond Similarly Secured for that purpose at the designated office of the Trustee or at such other office as the City may select and designate for that purpose, a suitable notation shall be made on such Bond Similarly Secured. The City may determine that new Bonds Similarly Secured, so modified as in the opinion of the City is necessary to conform to such Holders' action, shall be prepared, executed, and delivered. In that case, upon demand of the Holder of any Bonds Similarly Secured then Outstanding, such new Bonds Similarly Secured shall be exchanged at the designated office of the Trustee without cost to any Holder, for Bonds Similarly Secured then Outstanding, upon surrender of such Bonds Similarly Secured.

**Section 10.7. Amendatory Endorsement of Bonds Similarly Secured.**

The provisions of this Article X shall not prevent any Holder from accepting any amendment as to the particular Bonds Similarly Secured held by such Holder, provided that due notation thereof is made on such Bonds Similarly Secured.

**Section 10.8. Waiver of Default.**

Subject to Section 10.1, with the written consent of at least a majority of the aggregate Outstanding principal of the Bonds Similarly Secured at that time, the Holders may waive compliance by the City with certain past defaults under this Indenture and their consequences. Any such consent shall be conclusive and binding upon the Holders and upon all future Holders.

**Section 10.9. Execution of Supplemental Indenture.**

In executing, or accepting the additional trusts created by, any Supplemental Indenture permitted by this Article or the modification thereby of the trusts created by this Indenture, the Trustee shall receive, and shall be fully protected in relying upon, an opinion of counsel addressed and delivered to the Trustee and the City stating that the execution of such Supplemental Indenture is permitted by and in compliance with this Indenture. The Trustee may, but shall not be obligated to, enter into any such Supplemental Indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

## **ARTICLE XI**

### **DEFAULT AND REMEDIES**

**Section 11.1. Events of Default.**

Each of the following occurrences or events shall be and is hereby declared to be an "Event of Default," to wit:

(i) The failure of the City to deposit the Pledged Revenues to the Pledged Revenue Fund;

(ii) The failure of the City to enforce the collection of the Major Improvement Area Assessments including the prosecution of foreclosure proceedings, in accordance with Section 7.2;

(iii) Default in the performance or observance of any covenant, agreement or obligation of the City under this Indenture other than a default under (i) above or (iv) below, and the continuation thereof for a period of ninety (90) days after written notice specifying such default and requiring same to be remedied shall have been given to the City by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of the Holders of at least a majority of the aggregate Outstanding principal of the Bonds Similarly Secured so affected by such Event of Default; and

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

#### **Section 11.2. Immediate Remedies for Default.**

(a) Subject to Article VIII, upon the happening and continuance of any of the Events of Default described in Section 11.1, then and in every such case the Trustee may proceed, and upon the written request of the Holders of at least a Quarter in Interest of the Bonds Similarly Secured then Outstanding and so affected by such Event of Default, and its receipt of indemnity satisfactory to it, shall proceed, to protect and enforce the rights of the Holders under this Indenture, by action seeking mandamus or by other suit, action, or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief to the extent permitted by Applicable Laws, including, but not limited to, the specific performance of any covenant or agreement contained herein, or injunction; provided, however, that no action for money damages against the City may be sought or shall be permitted. The Trustee retains the right to obtain the advice of counsel in its exercise of remedies for default.

(b) PURSUANT TO SECTION 11.7, THE PRINCIPAL OF THE BONDS SIMILARLY SECURED SHALL NOT BE SUBJECT TO ACCELERATION UNDER ANY CIRCUMSTANCES.

(c) Whenever moneys are to be applied pursuant to this Article XI, irrespective of and whether other remedies authorized under this Indenture shall have been pursued in whole or in part, the Trustee may cause any or all of the assets of the Trust Estate, including Investment Securities, to be sold. The Trustee may so sell the assets of the Trust Estate and all right, title,

interest, claim and demand thereto and the right of redemption thereof, in one or more parts, at any such place or places, and at such time or times and upon such notice and terms as the Trustee may deem appropriate and as may be required by law and apply the proceeds thereof in accordance with the provisions of this Section. The Trustee shall sell Trust Estate assets, according to the appraised value thereof, beginning with the asset of the highest value and continuing such sales in the order of next succeeding most valuable asset until satisfaction of debts pertaining to the outstanding Bonds Similarly Secured. Upon such sale, the Trustee may make and deliver to the purchaser or purchasers a good and sufficient assignment or conveyance for the same, which sale shall be a perpetual bar both at law and in equity against the City, and all other Persons claiming such properties. No purchaser at any sale shall be bound to see to the application of the purchase money proceeds thereof or to inquire as to the authorization, necessity, expediency, or regularity of any such sale. Nevertheless, if so requested by the Trustee, the City shall ratify and confirm any sale or sales by executing and delivering to the Trustee or to such purchaser or purchasers all such instruments as may be necessary or, in the judgment of the Trustee, proper for the purpose which may be designated in such request.

(d) In an Event of Default shall have occurred and be continuing, the City, upon demand of the Trustee, shall surrender the possession of, and it shall be lawful for the Trustee, by such officer or agent as it may appoint, to take possession of all or any part of the Trust Estate, together with the books, papers, and accounts of the City pertaining thereto, and including the rights and the position of the City, and to hold, operate, and manage the same, and from time to time make all needed repairs and improvements, as well as set up proper reserve for the payment of all proper costs and expenses, holding and managing the same, including (i) reasonable compensation to the Trustee, its agents, and counsel, (ii) any reasonable charges of the Trustee hereunder, (iii) any taxes and assessments and other charges prior to the lien of this of Indenture, and (iv) all expenses of such repairs and improvements. After payment in full of the foregoing, the Trustee shall surrender possession of the Trust Estate to the City, its successors or assigns.

### **Section 11.3. Restriction on Holder's Action.**

(a) No Holder shall have any right to institute any action, suit or proceeding at law or in equity for the enforcement of this Indenture or for the execution of any trust thereof or any other remedy hereunder, unless (i) a default has occurred and is continuing of which the Trustee has actual knowledge thereof or has been notified in writing as provided in Section 9.3(f), or of which by such Section it is deemed to have notice, (ii) such default has become an Event of Default and the Holders of at least a Quarter in Interest of the Bonds Similarly Secured then Outstanding and so affected by such Event of Default have made written request to the Trustee and offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, (iii) the Holders have furnished to the Trustee indemnity as provided in Section 9.2, (iv) the Trustee has for 60 days after such notice failed or refused to exercise the powers hereinbefore granted, or to institute such action, suit, or proceeding in its own name, (v) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Holders of at least a Quarter in Interest of the Bonds Similarly Secured then Outstanding and so affected by such Event of Default, and (vi) notice of such action, suit, or proceeding is given to the Trustee; however, no one or more Holders of the Bonds Similarly Secured shall have any right in any manner whatsoever to affect, disturb, or



prejudice this Indenture by its, his, or their action or to enforce any right hereunder except in the manner provided herein, and that all proceedings at law or in equity shall be instituted and maintained in the manner provided herein and for the equal benefit of the Holders of all Bonds Similarly Secured then Outstanding. The notification, request and furnishing of indemnity set forth above shall, at the option of the Trustee, be conditions precedent to the execution of the powers and trusts of this Indenture and to any action or cause of action for the enforcement of this Indenture or for any other remedy hereunder.

(b) Subject to Article VIII, nothing in this Indenture shall affect or impair the right of any Holder to enforce, by action at law, payment of any Bond Similarly Secured at and after the maturity thereof, or on the date fixed for redemption or the obligation of the City to pay each Bond Similarly Secured issued hereunder to the respective Holders thereof at the time and place, from the source and in the manner expressed herein and in the Bonds Similarly Secured.

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

#### **Section 11.4. Application of Revenues and Other Moneys After Default.**

(a) All moneys, securities, funds and Pledged Revenues and other assets of the Trust Estate and the income therefrom received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall, after payment of the cost, liabilities, advances and expenses of the proceedings resulting in the collection of such amounts, the expenses (including its counsel), liabilities, and advances incurred or made by the Trustee and the fees of the Trustee in carrying out this Indenture, during the continuance of an Event of Default, notwithstanding Section 11.2, be applied by the Trustee, on behalf of the City, to the payment of interest and principal or Redemption Price then due on Bonds Similarly Secured, as follows:

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

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

Within thirty (30) days of receipt of such good and available funds, the Trustee may fix a record date and a payment date for any payment to be made to Holders of Bonds Similarly Secured pursuant to this Section 11.4.

(b) In the event funds are not adequate to cure any of the Events of Default described in Section 11.1, the available funds shall be allocated to the Bonds Similarly Secured that are Outstanding in proportion to the quantity of Bonds Similarly Secured that are currently due and in default under the terms of this Indenture.

(c) The restoration of the City to its prior position after any and all defaults have been cured, as provided in Section 11.3, shall not extend to or affect any subsequent default under this Indenture or impair any right consequent thereon.

#### **Section 11.5. Effect of Waiver.**

The Trustee may, with the prior written consent of at least a majority of the aggregate Outstanding principal of the Bonds Similarly Secured at that time and so affected, waive an Event of Default occurring hereunder. No delay or omission of the Trustee, or any Holder, to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Indenture to the Trustee or the Holders, respectively, may be exercised from time to time and as often as may be deemed expedient.

#### **Section 11.6. Evidence of Ownership of Bonds Similarly Secured.**

(a) Any request, consent, revocation of consent or other instrument which this Indenture may require or permit to be signed and executed by the Holders of Bonds Similarly Secured may be in one or more instruments of similar tenor, and shall be signed or executed by such Holders in person or by their attorneys duly appointed in writing. Proof of the execution of any such instrument, or of any instrument appointing any such attorney, or the holding by any Person of the Bonds Similarly Secured shall be sufficient for any purpose of this Indenture (except as otherwise herein expressly provided) if made in the following manner:

(i) The fact and date of the execution of such instruments by any Holder of Bonds Similarly Secured or the duly appointed attorney authorized to act on behalf of such Holder may be provided by a guarantee of the signature thereon by a bank or trust company or by the certificate of any notary public or other officer authorized to take acknowledgments of deeds, that the Person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. Where such execution is by an officer of a corporation or association or a member of a partnership, on behalf of such corporation, association or partnership, such signature guarantee, certificate, or affidavit shall also constitute sufficient proof of his authority.

(ii) The ownership of Bonds Similarly Secured and the amount, numbers and other identification and date of holding the same shall be proved by the Register.

(b) Except as otherwise provided in this Indenture with respect to revocation of a consent, any request or consent by a Holder of any Bond Similarly Secured shall bind all future Holders of the same Bond Similarly Secured in respect of anything done or suffered to be done by the City or the Trustee in accordance therewith.

**Section 11.7. No Acceleration.**

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

**Section 11.8. Mailing of Notice.**

Any provision in this Article for the mailing of a notice or other document to Holders shall be fully complied with if it is mailed, first class postage prepaid, only to each Holder at the address appearing upon the Register.

**Section 11.9. Exclusion of Bonds Similarly Secured.**

Bonds Similarly Secured owned or held by or for the account of the City will not be deemed Outstanding for any purpose. The City shall promptly deliver any such Bonds Similarly Secured to the Trustee for cancellation.

**Section 11.10. Remedies Not Exclusive.**

Subject to Section 11.2, no remedy herein conferred upon or reserved to the Trustee or to the Holders is intended to be exclusive of any other remedy and each and every such remedy shall be cumulative and shall be in addition to any other remedy given hereunder or now or hereafter existing at law or in equity, by statute or by contract.

**Section 11.11. Direction by Holders.**

Anything herein to the contrary notwithstanding, the Holders of at least a Quarter in Interest of the Bonds Similarly Secured so affected by such Event of Default shall have the right by an instrument in writing executed and delivered to the Trustee, to direct the choice of remedies and the time, method and place of conducting any proceeding for any remedy available to the Trustee hereunder, under each Supplemental Indenture or otherwise, or exercising any trust or power conferred upon the Trustee, including the power to direct or withhold directions with respect to any remedy available to the Trustee or the Holders, provided, (i) such direction shall not be otherwise than in accordance with law and the provisions hereof, (ii) that the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction, and (iii) that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Holders not parties to such direction. The Trustee shall be entitled to request and receive such directions in writing and shall have no responsibility or

liability for any losses or damages of any nature that may arise from any action taken or not taken by the Trustee in accordance with such written direction.

## **ARTICLE XII**

### **GENERAL COVENANTS AND REPRESENTATIONS**

#### **Section 12.1. Representations as to Trust Estate.**

(a) The City represents and warrants that it is authorized by Applicable Laws to authorize and issue the Bonds Similarly Secured, to execute and deliver this Indenture and to pledge the Trust Estate in the manner and to the extent provided in this Indenture, and that the Trust Estate is and will be and remain free and clear of any pledge, lien, charge, or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge and lien created in or authorized by this Indenture except as expressly provided herein.

(b) The City shall at all times, to the extent permitted by Applicable Laws, defend, preserve and protect the pledge of the Trust Estate and all the rights of the Holders and the Trustee, under this Indenture against all claims and demands of all Persons whomsoever.

(c) Subject to Section 7.2(d), the City will take all steps reasonably necessary and appropriate, and will direct the Trustee to take all steps reasonably necessary and appropriate, to collect all delinquencies in the collection of the Major Improvement Area Assessments and any other amounts pledged to the payment of the Bonds Similarly Secured to the fullest extent permitted by the PID Act and other Applicable Laws.

#### **Section 12.2. General.**

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

## **ARTICLE XIII**

### **SPECIAL COVENANTS**

#### **Section 13.1. Further Assurances; Due Performance.**

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

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

**Section 13.2. Other Obligations or Other Liens; Refunding Bonds; Future Improvement Area Bonds.**

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

(b) Other than Refunding Bonds, the City will not create or voluntarily permit to be created any debt, lien or charge on the Trust Estate, and will not do or omit to do or suffer to be done or omit to be done any matter or things whatsoever whereby the lien of this Indenture or the priority hereof might or could be lost or impaired; and further covenants that it will pay or cause to be paid or will make adequate provisions for the satisfaction and discharge of all lawful claims and demands which if unpaid might by law be given precedence over or any equality with this Indenture as a lien or charge upon the Trust Estate; provided, however, that nothing in this Section shall require the City to apply, discharge, or make provision for any such lien, charge, claim, or demand so long as the validity thereof shall be contested by it in good faith, unless thereby, in the opinion of counsel to the Trustee, the same would endanger the security for the Bonds Similarly Secured.

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

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

(i) Notwithstanding anything to the contrary herein, no Refunding Bonds may be issued by the City unless: (1) the principal (including any principal amounts to be redeemed on a mandatory sinking fund redemption date) of such Refunding Bonds is scheduled to mature on September 1 of the years in which principal is scheduled to mature and (2) the interest on such Refunding Bonds must be scheduled to be paid on March 1 and September 1 of the years in which interest is scheduled to be paid. The date, rate or rates of interest on, interest payment dates, maturity dates, redemption and all other terms and provisions of Refunding Bonds shall be set forth in a Supplemental Indenture; and

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

of such Refunding Bonds, and (2) an original executed counterpart of the Supplemental Indenture for such Refunding Bonds.

(e) Future Improvement Area Bonds may be issued to fund and/or to reimburse the Developers for funding the costs of internal Future Improvement Area Improvements within a Future Improvement Area. The Developers may request that the City issue Future Improvement Area Bonds; provided, however, that no Future Improvement Area Bonds shall be issued unless such Future Improvement Area Bonds are made to mature on September 1 in each of the years in which they are scheduled to mature, and the applicable requirements in this Section 13.2(e) are met:

(i) The Trustee shall receive a certificate from the City Representative certifying that the City is not in default in the performance and observance of any of the terms, provisions and conditions applicable to the City contained in this Indenture or any indenture of trust authorizing the issuance of Future Improvement Area Bonds for the District;

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

(iii) The Trustee and the City shall receive a certificate from the Administrator certifying that there is no default by the Landowners or any owner of more than five percent (5%) of the assessed parcels in the applicable Future Improvement Area for failure to pay special assessments or ad valorem taxes on assessed parcels in such Future Improvement Area owed by the Landowners or such owner prior to the delinquency date thereof;

(iv) With respect to Future Improvement Area Bonds issued for the next subsequent Improvement Area following the issuance of the Improvement Area #1 Bonds, the Trustee and the City shall receive a certificate from the Developer certifying that at least seventy-five percent (75%) of the assessed parcels in such Future Improvement Area, for which Future Improvement Area Bonds will be issued, are under contract with merchant builder(s) or real estate developer(s) for sale to end users;

(v) With respect to Future Improvement Area Bonds issued for the Improvement Areas thereafter:

- i. the Trustee and the City shall receive a certificate from the Developer certifying that (A) a certificate of occupancy for completed homes has been issued for at least forty percent (40%) of the lots or residential units, as applicable, in the preceding Improvement Areas, and (B) at least seventy-five percent (75%) of the residential lots to be assessed in such Future Improvement Area, for which Future Improvement Area Bonds will be issued, are under contract with merchant builder(s) or real estate developer(s) for sale to end users; and
- ii. the Trustee and City shall receive an appraisal delivered by an independent appraiser evidencing that the Value to Lien Ratio of each individual assessed parcel in the Future Improvement Area for which Future Improvement Area Bonds will be issued is not less than 2:1.

### **Section 13.3. Books of Record.**

(a) The City shall cause to be kept full and proper books of record and accounts, in which full, true and proper entries will be made of all dealings, business and affairs of the City, which relate to the Pledged Revenues, the Pledged Funds, and the Bonds Similarly Secured.

(b) The Trustee shall have no responsibility with respect to the financial and other information received by it pursuant to this Section 13.3 except to receive and retain same, subject to the Trustee's document retention policies, and to distribute the same in accordance with the provisions of this Indenture.

## **ARTICLE XIV**

### **PAYMENT AND CANCELLATION OF THE BONDS AND SATISFACTION OF THE INDENTURE**

#### **Section 14.1. Trust Irrevocable.**

The trust created by the terms and provisions of this Indenture is irrevocable until the Bonds Similarly Secured that are secured hereby are fully paid or provision is made for their payment as provided in this Article.

#### **Section 14.2. Satisfaction of Indenture.**

If the City shall pay or cause to be paid, or there shall otherwise be paid to the Holders, principal of and interest on all of the Bonds Similarly Secured, at the times and in the manner stipulated in this Indenture, and all amounts due and owing with respect to the Bonds Similarly Secured have been paid or provided for, then the pledge of the Trust Estate and all covenants, agreements, and other obligations of the City to the Holders of such Bonds Similarly Secured, shall thereupon cease, terminate, and become void and be discharged and satisfied. In such event, the Trustee shall execute and deliver to the City copies of all such documents as it may have

evidencing that principal of and interest on all of the Bonds Similarly Secured has been paid so that the City may determine if this Indenture is satisfied; if so, the Trustee shall pay over or deliver all moneys held by it in the Funds and Accounts held hereunder as directed in writing by the City.

#### **Section 14.3. Bonds Similarly Secured Deemed Paid.**

(a) Any Outstanding Bonds Similarly Secured shall, prior to the Stated Maturity or redemption date thereof, be deemed to have been paid and no longer Outstanding within the meaning of this Trust Indenture (a "*Defeased Debt*"), and particularly this Article XIV, when payment of the principal of, premium, if any, on such Defeased Debt, plus interest thereon to the due date thereof (whether such due date be by reason of maturity, redemption, or otherwise), either (1) shall have been made in accordance with the terms thereof, or (2) shall have been provided by irrevocably depositing with the Trustee, in trust, and irrevocably set aside exclusively for such payment, (A) money sufficient to make such payment or (B) Defeasance Securities, certified by an independent public accounting firm of national reputation to mature as to principal and interest in such amount and at such times as will insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation, and expenses of the Trustee pertaining to the Bonds Similarly Secured with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of the Trustee. Neither Defeasance Securities nor moneys deposited with the Trustee pursuant to this Section nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on the Bonds Similarly Secured. Any cash received from such principal of and interest on such Defeasance Securities deposited with the Trustee, if not then needed for such purpose, shall, be reinvested in Defeasance Securities as directed by the City maturing at times and in amounts sufficient to pay when due the principal of and interest on the Bonds Similarly Secured on and prior to such redemption date or maturity date thereof, as the case may be. Any payment for Defeasance Securities purchased for the purpose of reinvesting cash as aforesaid shall be made only against delivery of such Defeasance Securities.

(b) Any determination not to redeem Defeased Debt that is made in conjunction with the payment arrangements specified in Sections 14.3(a)(1) or 14.3(a)(2) shall not be irrevocable, provided that: (1) in the proceedings providing for such defeasance, the City expressly reserves the right to call the Defeased Debt for redemption; (2) the City gives notice of the reservation of that right to the Holders of the Defeased Debt immediately following the defeasance; (3) the City directs that notice of the reservation be included in any defeasance or redemption notices that it authorizes; and (4) at or prior to the time of the redemption, the City satisfies the conditions of clause (a) of this Section 14.3 with respect to such Defeased Debt as though it was being defeased at the time of the exercise of the option to redeem the Defeased Debt, after taking the redemption into account in determining the sufficiency of the provisions made for the payment of the Defeased Debt.



## **ARTICLE XV**

### **MISCELLANEOUS**

#### **Section 15.1. Benefits of Indenture Limited to Parties.**

Nothing in this Indenture, expressed or implied, is intended to give to any Person other than the City, the Trustee and the Holders, any right, remedy, or claim under or by reason of this Indenture. Any covenants, stipulations, promises or agreements in this Indenture by and on behalf of the City shall be for the sole and exclusive benefit of the Holders and the Trustee. This Indenture and the exhibits hereto set forth the entire agreement and understanding of the parties related to this transaction and supersedes all prior agreements and understandings, oral or written.

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

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

#### **Section 15.3. Execution of Documents and Proof of Ownership by Holders.**

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

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

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

(d) Any request, declaration or other instrument or writing of the Holder of any Bond Similarly Secured shall bind all future Holders of such Bond Similarly Secured in respect of anything done or suffered to be done by the City or the Trustee in good faith and in accordance therewith.

#### **Section 15.4. No Waiver of Personal Liability.**

No member, officer, agent, or employee of the City shall be individually or personally liable for the payment of the principal of, or interest or any premium on, the Bonds Similarly Secured; but nothing herein contained shall relieve any such member, officer, agent, or employee from the performance of any official duty provided by law.

#### **Section 15.5. Notices to and Demands on City and Trustee.**

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

If to the City	City of Buda, Texas 405 E. Loop St. Building 100 Buda, Texas 78610 Attn: City Manager Telephone: 512-312-0084
----------------	--

If to the Trustee Or the Paying Agent/Registrar	U.S. Bank Trust Company, National Association 13737 Noel Road, Suite 800 Dallas, Texas 75240 Attn: Global Corporate Trust Services Telephone: 714-384-4174
--	--

(b) Any such notice, demand, or request may also be transmitted to the appropriate party by telephone and shall be deemed to be properly given or made at the time of such transmission if, and only if, such transmission of notice shall be confirmed in writing and sent as specified above.

(c) Any of such addresses may be changed at any time upon written notice of such change given to the other party by the party effecting the change. Notices and consents given by mail in accordance with this Section shall be deemed to have been given five Business Days after the date of dispatch; notices and consents given by any other means shall be deemed to have been given when received.

(d) The Trustee shall mail to each Holder of a Bond Similarly Secured notice of (1) any substitution of the Trustee; or (2) the redemption or defeasance of all Outstanding Bonds Similarly Secured.

#### **Section 15.6. Partial Invalidity.**

If any Section, paragraph, sentence, clause, or phrase of this Indenture shall for any reason be held illegal or unenforceable, such holding shall not affect the validity of the remaining portions

of this Indenture. The City hereby declares that it would have adopted this Indenture and each and every other Section, paragraph, sentence, clause, or phrase hereof and authorized the issue of the Bonds Similarly Secured pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this Indenture may be held illegal, invalid, or unenforceable.

**Section 15.7. Applicable Laws; Jurisdiction.**

THIS INDENTURE SHALL BE CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAW OF THE STATE OF TEXAS AND THE OBLIGATIONS OF THE PARTIES HERETO ARE AND SHALL BE PERFORMABLE IN THE COUNTY WHEREIN THE PROPERTY IS LOCATED, AND IF LEGAL ACTION IS NECESSARY BY EITHER PARTY WITH RESPECT TO THE ENFORCEMENT OF ANY TERM OF THIS INDENTURE, EXCLUSIVE VENUE FOR SAME SHALL LIE IN THE COURTS OF HAYS COUNTY, TEXAS. BY EXECUTING THIS INDENTURE, EACH PARTY HERETO EXPRESSLY (a) CONSENTS AND SUBMITS TO PERSONAL JURISDICTION AND VENUE CONSISTENT WITH THE PREVIOUS SENTENCE, (b) WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ALL CLAIMS AND DEFENSES THAT SUCH JURISDICTION AND VENUE ARE NOT PROPER OR CONVENIENT, AND (c) CONSENTS TO THE SERVICE OF PROCESS IN ANY MANNER AUTHORIZED BY TEXAS LAW.

**Section 15.8. Payment on Business Day.**

In any case where the date of the maturity of interest or of principal (and premium, if any) of the Bonds Similarly Secured or the date fixed for redemption of any Bonds Similarly Secured or the date any action is to be taken pursuant to this Indenture is other than a Business Day, the payment of interest or principal (and premium, if any) or the action need not be made on such date but may be made on the next succeeding day that is a Business Day with the same force and effect as if made on the date required and no interest shall accrue for the period from and after such date.

**Section 15.9. Counterparts.**

This Indenture may be executed in counterparts, each of which shall be deemed an original.

**Section 15.10. Electronic Storage.**

The parties agree that the transaction described herein may be conducted and related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files, and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action, or suit in the appropriate court of law.

*[Remainder of Page Intentionally Left Blank]*

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

CITY OF BUDA, TEXAS

By: \_\_\_\_\_  
Lee Urbanovsky, Mayor

Attest:

\_\_\_\_\_  
Alicia Ramirez, City Clerk

(CITY SEAL)

U.S. Bank Trust Company, National Association,  
as Trustee

By: \_\_\_\_\_  
Authorized Officer

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**APPENDIX B**

**FORM OF SERVICE AND ASSESSMENT PLAN**

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# Persimmon Public Improvement District

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SERVICE AND ASSESSMENT PLAN  
JANUARY 21, 2025



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## INTRODUCTION

Capitalized terms used in this Service and Assessment Plan shall have the meanings given to them in **Section I** unless otherwise defined in this Service and Assessment Plan or unless the context in which a term is used clearly requires a different meaning. Unless otherwise defined, a reference to a "Section", "Exhibit", or an "Appendix" shall be a reference to a Section of this Service and Assessment Plan or an Exhibit or Appendix attached to and made a part of this Service and Assessment Plan for all purposes.

On September 17, 2024, the City Council passed and approved Resolution No. 2024-R-43, authorizing the creation of the District in accordance with the PID Act.

The purpose of the District is to finance the Actual Costs of the Authorized Improvements that confer a special benefit on property within the District. The District contains approximately 774.235 acres located within the City, as described legally by metes and bounds on **Exhibit L-1** and as depicted on the map in **Exhibit A-1**.

The PID Act requires a service plan covering a period of at least five years and defining the annual indebtedness and projected cost of the Authorized Improvements. The Service Plan is contained in **Section IV**.

The PID Act requires that the Service Plan include an assessment plan that assesses the Actual Costs of the Authorized Improvements against Assessed Property within the District based on the special benefits conferred on such property by the Authorized Improvements. The Assessment Plan is contained in **Section V**.

The PID Act requires an Assessment Roll that states the Assessment against each Parcel determined by the method chosen by the City. The Assessment against each Assessed Property must be sufficient to pay the share of the Actual Costs apportioned to the Assessed Property and cannot exceed the special benefit conferred on the Assessed Property by the Authorized Improvements. The Improvement Area #1 Assessment Roll is contained in **Exhibit E-1**. The Major Improvement Area Assessment Roll is contained in **Exhibit F-1**.

## SECTION I: DEFINITIONS

**“Actual Costs”** means, with respect to the Authorized Improvements, the actual costs paid or incurred by or on behalf of the Developers:

- (1) to plan, design, acquire, construct, install, and dedicate such improvements to the City, including the acquisition of necessary easements and other right-of-way;
- (2) to prepare plans, specifications (including bid packages), contracts, and as-built drawings;
- (3) to obtain zoning, licenses, plan approvals, permits, inspections, and other governmental approvals;
- (4) for third-party professional consulting services including but not limited to, engineering, surveying, geotechnical, land planning, architectural, landscaping, legal, accounting, and appraisals;
- (5) for labor, materials, equipment, fixtures, payment and performance bonds and other construction security, and insurance premiums; and
- (6) to implement, administer, and manage the above-described activities, including a 4% construction management fee.

Amounts expended for costs described in subsection (3), (4), and (6) above shall be excluded from the amount upon which the general contractor and construction management fees are calculated.

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

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

**“Administrator”** means the City, or the person or independent firm designated by the City who shall have the responsibilities provided in this Service and Assessment Plan, the Indenture, or any other agreement or document approved by the City related to the duties and responsibilities of the administration of the District.

**“Annual Collection Costs”** means the actual or budgeted costs and expenses relating to collecting the Annual Installments, including, but not limited to, costs and expenses for:

- (1) the Administrator;

- (2) legal counsel, engineers, accountants, financial advisors, and other consultants engaged by the City;
- (3) calculating, collecting, and maintaining records with respect to Assessments and Annual Installments;
- (4) preparing and maintaining records with respect to Assessment Rolls and Annual Service Plan Updates;
- (5) issuing, paying, and redeeming PID Bonds;
- (6) investing or depositing Assessments and Annual Installments;
- (7) complying with this Service and Assessment Plan and the PID Act with respect to the issuance and sale of PID Bonds, including continuing disclosure requirements; and
- (8) the paying agent/registrar and Trustee in connection with PID Bonds, including their respective legal counsel.

Annual Collection Costs collected but not expended in any year shall be carried forward and applied to reduce Annual Collection Costs for subsequent years.

**“Annual Installment”** means the annual installment payment of an Assessment as calculated by the Administrator and approved by the City Council, that includes: (1) principal; (2) interest; (3) Annual Collection Costs; and (4) Additional Interest.

**“Annual Service Plan Update”** means an update to this Service and Assessment Plan prepared no less frequently than annually by the Administrator and approved by the City Council.

**“Appraisal District”** means the Hays Central Appraisal District or the Travis Central Appraisal District, as applicable.

**“Assessed Property”** means any Parcel within the District that benefits from an Authorized Improvement and on which an Assessment is levied.

**“Assessment”** means an assessment levied against a Parcel within the District and imposed pursuant to an Assessment Ordinance and the provisions herein, as shown on an Assessment Roll, subject to reallocation upon the subdivision of such Parcel or reduction according to the provisions herein and in the PID Act.

**“Assessment Ordinance”** means any ordinance adopted by the City Council in accordance with the PID Act that levies an Assessment on Assessed Property within the District, as shown on any Assessment Roll.

**“Assessment Plan”** means the methodology employed to assess the Actual Costs of the Authorized Improvements against Assessed Property within the District based on the special benefits conferred on such property by the Authorized Improvements, as more specifically described in **Section V**.

**“Assessment Roll”** means any assessment roll for the Assessed Property within the District, as updated, modified, or amended from time to time in accordance with the procedures set forth herein and in the PID Act, including any Annual Service Plan Update. The Improvement Area #1 Assessment Roll is included as **Exhibit E-1**. The Major Improvement Area Assessment Roll is included as **Exhibit F-1**.

**“Authorized Improvements”** means improvements authorized by Section 372.003 of the PID Act, including Improvement Area #1 Improvements, Major Improvements, Bond Issuance Costs, and First Year Annual Collection Costs.

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

**“City”** means the City of Buda, Texas.

**“City Council”** means the governing body of the City.

**“County”** means Hays County, Texas, or Travis County, Texas, as applicable.

**“Delinquent Collection Costs”** means costs related to the foreclosure on Assessed Property and the costs of collection of delinquent Assessments, delinquent Annual Installments, or any other delinquent amounts due under this Service and Assessment Plan including penalties and reasonable attorney’s fees actually paid, but excluding amounts representing interest and penalty interest.

**“Developers”** means, collectively, Bailey Community Development, Inc., and Armbruster Development, Inc., and their successors and assigns.

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

**“District”** means the Persimmon Public Improvement District, consisting of approximately 774.235 acres within the City, as described by metes and bounds shown on **Exhibit L-1** and by the map shown on **Exhibit A-1**.

**“Engineering Report”** means a report provided by a licensed professional engineer that identifies the Authorized Improvements, including their costs, location, and benefit, attached hereto as **Exhibit N**.

**“Estimated Buildout Value”** means the estimated value of an Assessed Property after completion of the horizontal and the vertical improvements (e.g. house, office building, etc.), and shall be determined by the Administrator and confirmed by the City Council by considering such factors as density, lot size, proximity to amenities, view premiums, location, market conditions, historical sales, builder contracts, discussions with homebuilders, reports from third party consultants, or any other information that may impact value.

**“First Year Annual Collection Costs”** means the estimated cost of the first year’s Annual Collection Costs.

**“Future Improvement Area”** means an Improvement Area that has not yet been specifically defined and has not had an Assessment levied on Assessed Property to fund applicable Future Improvement Area Improvements.

**“Future Improvement Area Improvements”** means Authorized Improvements that only provide benefit to a specific Future Improvement Area.

**“Improvement Area”** means specifically defined and designated areas within the District that are developed in phases including Improvement Area #1 and the Major Improvement Area.

**“Improvement Area #1”** means approximately 117.502 acres located within the District, as shown on **Exhibit A-3** and as described on **Exhibit L-2**.

**“Improvement Area #1 2025 Bonds”** means those certain “City of Buda, Texas Special Assessment Revenue Bonds, Series 2025 (Persimmon Public Improvement District Improvement Area #1 Project)” that are secured by Improvement Area #1 Assessments.

**“Improvement Area #1 Annual Installment”** means the annual installment payment of the Improvement Area #1 Assessment as calculated by the Administrator and approved by the City,



that includes: (1) principal; (2) interest; (3) Annual Collection Costs; and (4) Additional Interest, if applicable, related to the Improvement Area #1 Bonds, which amount may be reduced by the TIRZ No. 3 Annual Credit Amount.

**“Improvement Area #1 Assessment”** means an Assessment levied against Improvement Area #1 Assessed Property and imposed pursuant to an Assessment Ordinance and the provisions herein, as shown on the Improvement Area #1 Assessment Roll, subject to reallocation upon the subdivision of such Parcel or reduction according to the provisions herein and in the PID Act.

**“Improvement Area #1 Assessed Property”** means any Parcel within Improvement Area #1 against which an Improvement Area #1 Assessment is levied.

**“Improvement Area #1 Assessment Roll”** means the Assessment Roll included in this Service and Assessment Plan as **Exhibit E-1**, as updated, modified or amended from time to time in accordance with the procedures set forth herein and in the PID Act, including updates prepared relating to the issuance of PID Bonds or in connection with any Annual Service Plan Update.

**“Improvement Area #1 Improvements”** means those Authorized Improvements, which only provide benefit to Improvement Area #1 Assessed Property.

**“Improvement Area #1 Initial Parcel”** means all of the land within Improvement Area #1, as generally described by metes and bounds in **Exhibit L-2** and shown on the map on **Exhibit A-3**, consisting of approximately 117.502 acres. Until a plat has been recorded and a Lot has been assigned a property ID within Improvement Area #1, the Annual Installment will be allocated to each property ID within the Improvement Area #1 Initial Parcel based on the Appraisal District acreage for billing purposes only.

**“Improvement Area #1 Projects”** means, collectively, the Improvement Area #1 Improvements, Improvement Area #1’s allocable share of Major Improvements, Bond Issuance Costs, and First Year Annual Collection Costs.

**“Indenture”** means an Indenture of Trust entered into in connection with the issuance of PID Bonds, as amended or supplemented from time to time, between the City and the Trustee, setting forth terms and conditions related to the PID Bonds.

**“Landowner Certificates”** means any landowner certificate executed by the Landowners consenting to the levy of the Assessments.

**“Landowners”** means Bailey Land Investments, LP, a Texas limited partnership, and Armbruster Land Investments, LP, a Texas limited partnership, and any of their respective successors and assigns, which currently own portions of the District.

**“Lot”** means, for any portion of the District for which a subdivision plat has been recorded in the official public records of the County, a tract of land described as a “lot” in such subdivision plat.

**“Lot Type”** means a classification of final building Lots with similar characteristics (e.g. lot size, product type, buildout value, etc.), as determined by the Administrator and confirmed by the City Council. In the case of single-family residential Lots, the Lot Type shall be further defined by classifying the residential Lots by the Estimated Buildout Value of the Lot as determined by the Administrator and confirmed by the City Council.

**“Lot Type 1”** means a Lot designated as a 50’ lot within Improvement Area #1, shown as such on **Exhibit H**.

**“Lot Type 2”** means a Lot designated as a 55’ lot within Improvement Area #1, shown as such on **Exhibit H**.

**“Lot Type 3”** means a Lot designated as a 65’ lot within Improvement Area #1, shown as such on **Exhibit H**.

**“Lot Type 4”** means a Lot designated as commercial space within Improvement Area #1, shown as such on **Exhibit H**.

**“Major Improvement Area”** means approximately 656.733 acres located within the District, as shown on **Exhibit A-4**, and as described on **Exhibit L-3**.

**“Major Improvement Area Annual Installment”** means the annual installment payment of the Major Improvement Area Assessment as calculated by the Administrator and approved by the City, that includes: (1) principal; (2) interest; (3) Annual Collection Costs; and (4) Additional Interest.

**“Major Improvement Area Assessed Property”** means any Parcel within the Major Improvement Area against which a Major Improvement Area Assessment is levied.

**“Major Improvement Area Assessment”** means an Assessment levied against the Major Improvement Area Assessed Property and imposed pursuant to an Assessment Ordinance and the provisions herein, as shown on the Major Improvement Area Assessment Roll, subject to reallocation upon the subdivision of such Parcel(s) or reduction according to the provision herein and in the PID Act.

**“Major Improvement Area Assessment Roll”** means the Assessment Roll included in this Service and Assessment Plan as **Exhibit F-1**, as updated, modified or amended from time to time in accordance with the procedures set forth herein and in the PID Act, including updates prepared relating to the issuance of PID Bonds or in connection with any Annual Service Plan Update.

**“Major Improvement Area 2025 Bonds”** means those certain “City of Buda, Texas Special Assessment Revenue Bonds, Series 2025 (Persimmon Public Improvement District Major Improvement Area Project)” that are secured by Major Improvement Area Assessments.

**“Major Improvements”** means the Authorized Improvements and associated soft costs that confer a special benefit to the entire District, as described more specifically in **Section III**, and depicted on **Exhibit I-2**.

**“Major Improvement Area Initial Parcel”** means all of the land within the Major Improvement Area, as generally described by metes and bounds in **Exhibit L-3** and shown on the map on **Exhibit A-4**, consisting of approximately 656.733 acres. Until a plat has been recorded and a Lot has been assigned a property ID within the Major Improvement Area, the Annual Installment will be allocated to each property ID within the Major Improvement Area Initial Parcel based on the Appraisal District acreage for billing purposes only.

**“Major Improvement Area Projects”** means the Major Improvement Area’s allocable share of the Major Improvements, Bond Issuance Costs, and First Year Annual Collection Costs.

**“Maximum Assessment”** means for each Lot Type within the District, at the time a new Lot is created by plat an Assessment equal to the lesser of (1) the amount calculated pursuant to **Section VI.A**, or (2) the amount shown on **Exhibit G-1**, which amount will be reduced annually by principal payments made as part of the Annual Installment. Maximum Assessment for future Improvement Areas will be determined in future Annual Service Plan updates.

**“Non-Benefited Property”** means Parcels within the boundaries of the District that accrue no special benefit from the Authorized Improvements.

**“Notice of PID Assessment Lien Termination”** means a document recorded in the official public records of the County evidencing the termination of a PID Assessment lien, a form of which is attached as **Exhibit J-1** and **Exhibit J-2**.

**“Owner Association”** means one or more property owners associations that may own, operate and/or maintain some of the Authorized Improvements and which the City acknowledges are approved and authorized by the City pursuant to Section 372.023(a)(3) of the PID Act.

**“Owner Association Property”** means property owned and/or maintained by an Owner Association.

**“Parcel(s)”** means a property identified by either a tax map identification number assigned by the Appraisal District for real property tax purposes, by metes and bounds description, by lot and

block number in a final subdivision plat recorded in the official public records of the County, or by any other means as determined by the City.

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

**“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.

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

**“Prepayment Costs”** means principal, interest, including Additional Interest, and Annual Collection Costs to the date of Prepayment.

**“Service and Assessment Plan”** means this Service and Assessment Plan as it may be modified, amended, supplemented, and updated from time to time.

**“Service Plan”** covers a period of at least five years and defines the annual indebtedness and projected costs of the Authorized Improvements, more specifically described in **Section IV**.

**“TIRZ No. 3”** means the Tax Increment Reinvestment Zone Number Three, City of Buda, Texas (Persimmon Development).

**“TIRZ No. 3 Agreement”** means the Tax Increment Reinvestment Zone Number Three, City of Buda, Texas (Persimmon Development) Reimbursement Agreement, entered into as negotiated by the City.

**“TIRZ No. 3 Annual Credit Amount”** is defined in **Section V.F**, which amount shall not annually exceed the TIRZ No. 3 Maximum Annual Credit Amount, and which shall be transferred from the TIRZ No. 3 Fund to the applicable pledged revenue fund pursuant to the TIRZ No. 3 Agreement.

**“TIRZ No. 3 Project Plan”** means the Tax Increment Reinvestment Zone Number Three, City of Buda, Texas (Persimmon Project) Project and Finance Plan, to be approved by the City Council.

**“TIRZ No. 3 Fund”** means the tax increment fund created pursuant to the TIRZ No. 3 Ordinance where TIRZ No. 3 Revenues are deposited annually.

**“TIRZ No. 3 Maximum Annual Credit Amount”** means for each Lot Type, the amount shown on **Exhibit G-2**.

**"TIRZ No. 3 Ordinance"** means that ordinance to be adopted by the City Council approving the TIRZ No. 3 Project Plan and authorizing the use of TIRZ No. 3 Revenues for project costs under the Chapter 311, Texas Tax Code as amended, and related to certain public improvements as provided for in the TIRZ No. 3 Project Plan.

**"TIRZ No. 3 Revenues"** means, for each year, the amounts which are deposited in the TIRZ No. 3 Fund pursuant to the TIRZ No. 3 Ordinance, TIRZ No. 3 Project Plan, TIRZ No. 3 Agreement and the Persimmon Public Improvement District Financing Agreement.

**"Trustee"** means the trustee (or successor trustee) under an Indenture.

## SECTION II: THE DISTRICT

The District includes approximately 774.235 acres located within the corporate limits and extraterritorial jurisdiction of the City, as described legally by metes and bounds on **Exhibit L-1** and as depicted on the map on **Exhibit A-1**. The Development Agreement allows for up to 2,300 residential units and a minimum of 21.5 acres of commercial development. Development of the District is currently anticipated to include 2,019 single family units and approximately 161,250 square feet of commercial space. These projected land uses are subject to change as development within the Project occurs.

Improvement Area #1 includes approximately 117.502 acres as described legally by metes and bounds on **Exhibit L-2** and as depicted on the map on **Exhibit A-3**. Development of Improvement Area #1 is anticipated to include 248 single family units and approximately 97,500 square feet of commercial space. These projected land uses are subject to change as development within the Project occurs.

The Major Improvement Area includes approximately 656.733 acres as described legally by metes and bounds on **Exhibit L-3** and as depicted on the map on **Exhibit A-4**. Development of the Major Improvement Area is anticipated to include multiple Future Improvement Areas with 1,771 single family units and approximately 63,750 square feet of commercial space. These projected land uses are subject to change as development within the Project occurs.

## SECTION III: AUTHORIZED IMPROVEMENTS

The City, based on information provided by the Developers and their engineer and on review by the City staff and by third-party consultants retained by the City, determined that the Authorized Improvements confer a special benefit on the Assessed Property. Authorized Improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City unless otherwise indicated. The budget for the Authorized Improvements, as well as the allocation of the Authorized Improvements, is shown on **Exhibit B**.

### A. Improvement Area #1 Improvements

- *Roadway*

Improvements include subgrade stabilization, roundabouts, concrete pavement with curb and gutter, mountable curbs, truck concrete aprons, concrete sidewalk with ADA ramps, signage, lighting, earthwork, excavation, erosion control, clear and grub, public easements and right of way, and testing.

- *Water*

Improvements include trench excavation and embedment, trench safety, piping, valves, fire hydrant assemblies, service connections, testing related earthwork, erosion control, and all necessary appurtenances constructed to City standards required to provide water service to Improvement Area #1.

- *Wastewater*

Improvements to include trench excavation and embedment, trench safety, piping, manholes, lift station, service connections, testing, related earthwork, erosion control, and all necessary appurtenances constructed by City standards required to provide wastewater service to Improvement Area #1.

- *Drainage*

Improvements to include trench excavation and embedment, trench safety, piping, manholes, inlets, headwalls, testing, related earthwork, and erosion control. Also included are water quality ponds, bypass culverts, clearing, excavation, piping for inbound and outbound drainage lines, outlet structures, and erosion control.

- *Entries, Parks, and Landscaping*

Improvements include irrigated planting beds and sod areas with enhanced paving at the Roundabout Entry; a main entry monument constructed from durable materials with lighting and landscaping; an urban trail system with irrigated sod, planting beds, and street trees; a secondary entry monument that is cohesive with the primary entry with lighting and landscaping. The frontage along Rankin Avenue and Marathon Road shall include a subdivision wall consisting of masonry or concrete within and along the ROW, trees, and other open space landscaping. Garlic Creek Park shall include a nature trail. The nature trail and urban trails shall include site furnishings and signage. Proposed landscape improvements shall also include irrigation meters as necessary.

- *Soft Costs*

Costs related to designing, constructing, installing, and financing the Improvement Area #1 Improvements, including land planning and design, City fees, engineering, soil testing, survey, construction management, legal fees, consultant fees, contingency, inspection fees, district formation costs, and other PID costs incurred and paid by the Developers.

## B. Major Improvements

- *Roadway*

Improvements to include subgrade stabilization, roundabouts, the 1626 connector, Marathon Road, concrete pavement with curb and gutter, mountable curbs, truck concrete aprons, concrete sidewalk with ADA ramps, signage, lighting, earthwork, excavation, erosion control, clear and grub, public easements and right of way, and testing. Includes the FM 967 roundabout and all necessary offsite improvements to access the project.

- *Water*

Improvements to include trench excavation and embedment, trench safety, piping, valves, fire hydrant assemblies, service connections, testing, related earthwork, erosion control, and all necessary appurtenances constructed to City standards required to provide water service to the PID. Improvements also include the Aquifer Storage and Recovery (ASR) #1 and associated design and appurtenances.

- *Wastewater*

Improvements to include trench excavation and embedment, trench safety, piping, manholes, lift station, service connections, testing, related earthwork, erosion control, and all necessary appurtenances constructed to City standards required to provide wastewater service to the PID.

- *Drainage*

Improvements to include trench excavation and embedment, trench safety, piping, manholes, inlets, headwalls, testing, related earthwork, and erosion control. Also included are water quality ponds, bypass culverts, clearing, excavation, piping for inbound and outbound drainage lines, outlet structures, and erosion control.

- *Parks and Landscaping*

Improvements include irrigated planting beds and sod at the entry, trial lighting, electrical, perimeter fencing, upgraded median landscaping along the entry road and at roundabouts, and right of way. Also to be included are a playground, amenity center and a parkway with trails, irrigation and meters, site furnishings, trees, sod, parkland, open space, and planting beds.

- *Soft Costs*

Costs related to designing, constructing, installing, and financing the PID



Improvements, including land planning and design, City fees, engineering, soil testing, survey, construction management, legal fees, consultant fees, contingency, inspection fees, district formation costs, and other PID costs incurred and paid by the Developers.

### **C. Bond Issuance Costs**

- *Debt Service Reserve Fund*

Equals the amount required under an applicable Indenture in connection with the issuance of PID Bonds.

- *Capitalized Interest*

Equals the capitalized interest payments on PID Bonds as reflected in an applicable Indenture.

- *Underwriter's Discount*

Equals a percentage of the par amount of a particular series of PID Bonds plus a fee for underwriter's counsel.

- *Costs of Issuance*

Includes costs associated with issuing PID Bonds, including but not limited to attorney fees, financial advisory fees, consultant fees, appraisal fees, printing costs, publication costs, City costs, fees charged by the Texas Attorney General, and any other cost or expense directly associated with the issuance of PID Bonds.

### **D. First Year Annual Collection Costs**

The first year's Annual Collection Costs for an Improvement Area will be funded by the applicable series of PID Bonds.

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## SECTION IV: SERVICE PLAN

The PID Act requires the Service Plan to cover a period of at least five years. The Service Plan is required to define the annual projected costs and indebtedness for the Authorized Improvements undertaken within the District during the five-year period. The Service Plan shall be updated in each Annual Service Plan Update. **Exhibit C** summarizes the Service Plan for the District. The Service Plan is also required to include a copy of the buyer disclosure notice form required by Section 5.014 of the Texas Property Code, as amended. The buyer disclosures are attached hereto as **Exhibit M**.

**Exhibit D** summarizes the sources and uses of funds required to finance the Authorized Improvements and pay the First Year Annual Collection Costs and the Bond Issuance Costs. The sources and uses of funds shown on **Exhibit D** shall be updated in each Annual Service Plan Update.

## SECTION V: ASSESSMENT PLAN

The PID Act allows the City to apportion the costs of the Authorized Improvements to the Assessed Property based on the special benefit received from the Authorized Improvements. The PID Act provides that such costs may be apportioned: (1) equally per front foot or square foot; (2) according to the value of property as determined by the City, with or without regard to improvements constructed on the property; or (3) in any other manner approved by the City that results in imposing equal shares of such costs on property similarly benefited. The PID Act further provides that the governing body may establish by ordinance or order reasonable classifications and formulas for the apportionment of the cost between the municipality and the area to be assessed and the methods of assessing the special benefits for various classes of improvements.

This section of this Service and Assessment Plan describes the special benefit received by each Assessed Property within the District as a result of the Authorized Improvements and provides the basis and justification for the determination that this special benefit exceeds the amount of the Assessments to be levied on the Assessed Property for such Authorized Improvements.

The determination by the City of the assessment methodologies set forth below is the result of the discretionary exercise by the City Council of its legislative authority and governmental powers and is conclusive and binding on the Landowners and all future owners and developers of the Assessed Property.

### A. Assessment Methodology

The City Council, acting in its legislative capacity and as required by the Development Agreement based on information provided by the Developers and their engineer and on review by the City

staff and by third-party consultants retained by the City, has determined that the Authorized Improvements shall be allocated as follows:

- Improvement Area #1 Improvements shall be allocated 100% to Improvement Area #1 Assessed Property.
- Major Improvements shall be allocated pro rata between Improvement Area #1 Assessed Property and the Major Improvement Area Assessed Property based on the Estimated Buildout Value as shown on **Exhibit G-3**.
- Bond Issuance Costs and First Year Annual Collections Costs associated with the Improvement Area #1 2025 Bonds shall be allocated 100% to Improvement Area #1 Assessed Property.
- Bond Issuance Costs and First Year Annual Collections Costs associated with the Major Improvement Area 2025 Bonds shall be allocated 100% to the Major Improvement Area Assessed Property.

## **B. Assessments**

Improvement Area #1 Assessments will be levied on the Improvement Area #1 Assessed Property according to the Improvement Area #1 Assessment Roll, attached hereto as **Exhibit E-1**. The projected Improvement Area #1 Annual Installments are shown on **Exhibit E-2**, subject to revisions made during any Annual Service Plan Update.

Major Improvement Area Assessments will be levied on the Major Improvement Area Assessed Property according to the Major Improvement Area Assessment Roll, attached hereto as **Exhibit F-1**. The projected Major Improvement Area Annual Installments are shown on **Exhibit F-2**, subject to revisions made during any Annual Service Plan Update.

## **C. Findings of Special Benefit**

The City Council, acting in its legislative capacity and as required by the Development Agreement based on information provided by the Developers and their engineer and reviewed by the City staff and by third-party consultants retained by the City, has found and determined:

### *1. Improvement Area #1*

- a. The costs of the Improvement Area #1 Projects equal \$35,902,465 as shown on **Exhibit B**; and
- b. The Improvement Area #1 Assessed Property receives special benefit from the Improvement Area #1 Projects equal to or greater than the Actual Costs of the Improvement Area #1 Projects allocated to the Improvement Area #1 Assessed Property; and
- c. The Improvement Area #1 Assessed Property is allocated 100% of the Improvement Area #1 Assessments levied for the Improvement Area #1

Projects, which equal \$26,391,000 as shown on the Improvement Area #1 Assessment Roll, attached as **Exhibit E-1**; and

- d. The special benefit ( $\geq \$35,902,465$ ) received by the Improvement Area #1 Assessed Property from the Improvement Area #1 Projects allocated to the Improvement Area #1 Assessed Property is greater than or equal to the amount of Improvement Area #1 Assessments (\$26,391,000) levied on the Improvement Area #1 Assessed Property; and
- e. At the time the City Council approved the Assessment Ordinance levying the Improvement Area #1 Assessments, the Landowners owned 100% of the Improvement Area #1 Assessed Property. In a Landowner Certificate, the Landowners acknowledged that the Improvement Area #1 Projects confer a special benefit on the Improvement Area #1 Assessed Property and consented to the imposition of the Improvement Area #1 Assessments to pay for the Actual Costs associated therewith. The Landowners ratified, confirmed, accepted, agreed to, and approved: (1) the determinations and findings by the City Council as to the special benefits described herein and in the Assessment Ordinance, and (2) the levying of the Improvement Area #1 Assessments on the Improvement Area #1 Assessed Property.

## *2. Major Improvement Area*

- a. The costs of the Major Improvement Area Projects equal \$47,644,000 as shown on **Exhibit B**; and
- b. The Major Improvement Area Assessed Property receives special benefit from the Major Improvement Area Projects equal to or greater than the Actual Costs of the Major Improvement Area Projects allocated to the Major Improvement Area Assessed Property; and
- c. The Major Improvement Area Assessed Property is allocated 100% of the Major Improvement Area Assessments levied for the Major Improvement Area Projects, which equal \$47,644,000 as shown on the Major Improvement Area Assessment Roll, attached as **Exhibit F-1**; and
- d. The special benefit ( $\geq \$47,644,000$ ) received by the Major Improvement Area Assessed Property from the Major Improvement Area Projects allocated to the Major Improvement Area Assessed Property is greater than or equal to the amount of Major Improvement Area Assessments (\$47,644,000) levied on the Major Improvement Area Assessed Property; and
- e. At the time the City Council approved the Assessment Ordinance levying the Major Improvement Area Assessments, the Landowners owned 100% of the Major Improvement Area Assessed Property. In a Landowner Certificate, the Landowners acknowledged that the Major Improvement Area Projects confer

a special benefit on the Major Improvement Area Assessed Property and consented to the imposition of the Major Improvement Area Assessments to pay for the Actual Costs associated therewith. The Landowners ratified, confirmed, accepted, agreed to, and approved: (1) the determinations and findings by the City Council as to the special benefits described herein and in the Assessment Ordinance, and (2) the levying of the Major Improvement Area Assessments on the Major Improvement Area Assessed Property.

#### **D. Annual Collection Costs**

The Annual Collection Costs shall be paid for on a pro rata basis by the owners of each Assessed Property based on the amount of outstanding Assessment remaining on the Assessed Property. The Annual Collection Costs shall be collected as part of and in the same manner as Annual Installments in the amounts shown on the Assessment Roll, which may be revised in Annual Service Plan Updates based on Actual Costs incurred.

#### **E. Additional Interest**

The interest rate on Improvement Area #1 Assessments levied on the Improvement Area #1 Assessed Property may exceed the interest rate on the Improvement Area #1 2025 Bonds by the Additional Interest Rate. Interest at the rate of the Improvement Area #1 2025 Bonds and the Additional Interest shall be collected as part of each Annual Installment and shall be deposited pursuant to the applicable Indenture.

The interest rate on Major Improvement Area Assessments levied on the Major Improvement Area Assessed Property may exceed the interest rate on the Major Improvement Area 2025 Bonds by the Additional Interest Rate. Interest at the rate of the Major Improvement Area 2025 Bonds and the Additional Interest shall be collected as part of each Annual Installment and shall be deposited pursuant to the applicable Indenture.

#### **F. TIRZ No. 3 Annual Credit Amount**

The City Council, in accordance with the Development Agreement and the TIRZ No. 3 Agreement, has agreed to use a portion of TIRZ No. 3 Revenues generated from each Assessed Property to offset a portion of the principal and interest of such property's Improvement Area #1 Assessment, as applicable.

1. The principal and interest portion of the Improvement Area #1 Annual Installment for Improvement Area #1 Assessed Property shall receive a TIRZ No. 3 Annual Credit Amount equal to the TIRZ No. 3 Revenue generated by the Improvement Area #1 Assessed Property for the previous Tax Year (e.g. TIRZ No. 3 Revenue collected from the Improvement Area #1 Assessed Property for Tax Year 2024 shall be applied as the TIRZ No. 3 Annual Credit Amount applicable to the Improvement Area #1 Assessed Property's

Improvement Area #1 Annual Installment to be collected in Tax Year 2025), but in no event shall the TIRZ No. 3 Annual Credit Amount exceed the TIRZ No. 3 Maximum Annual Credit Amount shown in **Section V.F.2** as calculated on **Exhibit G-2** for each Improvement Area #1 Assessed Property.

2. The TIRZ No. 3 Maximum Annual Credit Amount available to reduce the principal and interest portion of the Improvement Area #1 Annual Installment for the Improvement Area #1 Assessed Property is calculated for each Lot Type, as shown on **Exhibit G-2**. The TIRZ No. 3 Maximum Annual Credit Amount is calculated so that the average Improvement Area #1 Annual Installment is reduced by a maximum equivalent tax rate of \$0.3240 per \$100 of assessed value, based on assumed buildout values at the time Assessment Ordinance is approved. The resulting maximum TIRZ No. 3 Annual Credit Amount for each Lot Type is shown below:

i. Lot Type 1:	\$1,765.80 per lot
ii. Lot Type 2:	\$1,814.40 per lot
iii. Lot Type 3:	\$2,122.20 per lot
iv. Lot Type 4:	\$.60 per building square foot

3. After the TIRZ No. 3 Annual Credit Amount is applied to provide a credit towards the principal and interest portion of the Improvement Area #1 Annual Installment for the Improvement Area #1 Assessed Property, any excess TIRZ No. 3 Revenues shall be used in accordance with the TIRZ No. 3 Project Plan.
4. The TIRZ No. 3 Maximum Annual Credit Amount for lots within the Major Improvement Area will be determined at the time of levy of Assessment for such portion of the Major Improvement Area.

## **SECTION VI: TERMS OF THE ASSESSMENTS**

### **A. Reallocation of Assessments**

#### *1. Upon Division Prior to Recording of Subdivision Plat*

Upon the division of any Assessed Property (without the recording of subdivision plat), the Administrator shall reallocate the Assessment for the Assessed Property prior to the division among the newly divided Assessed Properties according to the following formula:

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

Where the terms have the following meanings:

A = the Assessment for the newly divided Assessed Property

B = the Assessment for the Assessed Property prior to division

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

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

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

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

## *2. Upon Subdivision by a Recorded Subdivision Plat*

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

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

Where the terms have the following meanings:

A = the Assessment for the newly subdivided Lot

B = the Assessment for the Parcel prior to subdivision

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

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

E = the number of Lots with same Lot Type

Prior to the recording of a subdivision plat, the Developers shall provide the City an Estimated Buildout Value as of the date of the recorded subdivision plat for each Lot

created by the recorded subdivision plat considering factors such as density, lot size, proximity to amenities, view premiums, location, market conditions, historical sales, discussions with homebuilders, and any other factors that may impact value. The calculation of the Estimated Buildout Value for a Lot shall be performed by the Administrator and confirmed by the City Council based on information provided by the Developers, additional homebuilders, third party consultants, and/or the official public records of the County regarding the Lot.

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

### *3. Upon Consolidation*

If two or more Lots or Parcels are consolidated, the Administrator shall allocate the Assessments against the Lots or Parcels before the consolidation to the consolidated Lot or Parcel, which allocation shall be approved by the City Council in the next Annual Service Plan Update.

## **B. True-up of Assessments if Maximum Assessment Exceeded**

Prior to the approval of a final subdivision plat, the Administrator shall certify that the final plat will not cause the Assessment for any Lot Type to exceed the Maximum Assessment for such Lot Type. If the subdivision of any Assessed Property by a final subdivision plat causes the Assessment per Lot for any Lot Type to exceed the applicable Maximum Assessment for such Lot Type, the landowner shall partially prepay the Assessment for each Assessed Property that exceeds the applicable Maximum Assessment for such Lot Type in an amount sufficient to reduce the Assessment to the applicable Maximum Assessment for such Lot Type. The City's approval of a final subdivision plat without payment of such amounts does not eliminate the obligation of the person or entity filing the plat to pay such Assessments.

## **C. Mandatory Prepayment of Assessments**

If Assessed Property is transferred to a person or entity that is exempt from payment of the Assessments under applicable law or any portion of Assessed Property becomes Non-Benefited Property, the owner transferring the Assessed Property or causing the portion to become Non-Benefited Property shall pay to the City or the Administrator on behalf of the City the full amount of the outstanding Assessment, plus Prepayment Costs and Delinquent Collection Costs, if any, for such Assessed Property, prior to the transfer; provided that, however, such mandatory



Prepayment of the Assessment shall not be required for portions of a Parcel that are dedicated or conveyed to the City, any other governmental entity or utility provider, or an Owners Association for use as internal roads, utilities, parks, drainage and detention facilities, and other similar improvements, in which case the Assessment that was allocated to the Parcel will be reallocated to the remainder of the Parcel. If a reallocation to the remainder of the Parcel as provided in the foregoing sentence causes the Assessment for such remainder to exceed the Maximum Assessment, the owner of the remainder of the Parcel must partially prepay the Assessment to the extent it exceeds the Maximum Assessment for such Parcel in an amount sufficient to reduce the Assessment to the Maximum Assessment.

#### **D. Reduction of Assessments**

If as a result of cost savings or an Authorized Improvement not being constructed, the Actual Costs of completed Authorized Improvements are less than the Assessments, the Assessments shall be reduced on a pro-rata basis such that the sum of the resulting reduced Assessments for all Assessed Property equals the reduced Actual Costs. The Assessments shall not, however, be reduced to an amount less than the outstanding PID Bonds. The TIRZ No. 3 Annual Credit Amount will be reduced in the same proportion as the Assessments. The Assessments shall not, however, be reduced to an amount less than the outstanding PID Bonds.

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

#### **E. Prepayment of Assessments**

The owner of the Assessed Property may pay, at any time, all, or any part of an Assessment in accordance with the PID Act. Interest costs from the date of prepayment to the date of redemption of the applicable PID Bonds, if any, may be paid from a reserve established under the applicable Indenture. If an Annual Installment has been billed prior to the Prepayment, the Annual Installment shall be due and payable and shall be credited against the Prepayment.

If an Assessment is paid in full, with Prepayment Costs: (1) the Administrator shall cause the Assessment to be reduced to zero and the Assessment Roll to be revised accordingly; (2) the Administrator shall prepare the revised Assessment Roll and submit to the City Council for review and approval as part of the next Annual Service Plan Update; (3) the obligation to pay the Assessment and corresponding Annual Installments shall terminate; and (4) the City shall provide the owner with a recordable Notice of PID Assessment Lien Termination, a form of which is attached as **Exhibit J-1** and **Exhibit J-2**.

If an Assessment is paid in part, with Prepayment Costs: (1) the Administrator shall cause the Assessment to be reduced, and the Assessment Roll revised accordingly; (2) the Administrator shall prepare the revised Assessment Roll and submit to the City Council for review and approval

as part of the next Annual Service Plan Update; and (3) the obligation to pay the Assessment and corresponding Annual Installments shall be reduced to the extent of the Prepayment made.

#### **F. Prepayment as a Result of Eminent Domain Proceeding or Taking**

If any portion of any Parcel of Assessed Property is taken from an owner as a result of eminent domain proceedings or if a transfer of any portion of any Parcel of Assessed Property is made to an entity with the authority to condemn all or a portion of the Assessed Property in lieu of or as a part of an eminent domain proceeding (a “Taking”), the portion of the Assessed Property that was taken or transferred (the “Taken Property”) shall be reclassified as Non-Benefited Property.

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

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

By way of illustration, if an owner owns 100 acres of Assessed Property subject to a \$100 Assessment and 10 acres is taken through a Taking, the 10 acres of Taken Property shall be reclassified as Non-Benefited Property and the remaining 90 acres of Remaining Property shall be subject to the \$100 Assessment, (provided that this \$100 Assessment does not exceed the Maximum Assessment on the Remaining Property). If the Administrator determines that the \$100 Assessment reallocated to the Remaining Property would exceed the Maximum Assessment on the Remaining Property by \$10, then the owner shall be required to pay \$10 as a Prepayment of the Assessment against the Remaining Property and the Assessment on the

Remaining Property shall be adjusted to be \$90 and the Annual Installments adjusted accordingly.

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

Notwithstanding the previous paragraphs in this subsection (F), the Assessments shall not, however, be reduced to an amount less than the outstanding PID Bonds.

#### **G. Payment of Assessment in Annual Installments**

Assessments that are not paid in full shall be due and payable in Annual Installments. **Exhibit E-2** shows the projected Improvement Area #1 Annual Installments. **Exhibit F-2** shows the projected Major Improvement Area Annual Installments. Annual Installments are subject to adjustment in each Annual Service Plan Update.

The Administrator shall prepare and submit to the City Council for its review and approval an Annual Service Plan Update to allow for the billing and collection of Annual Installments. Each Annual Service Plan Update shall include updated Assessment Rolls and updated calculations of Annual Installments. Annual Collection Costs shall be allocated equally among Parcels for which the Assessments remain unpaid. Annual Installments shall be reduced by any applicable Indenture, such as capitalized interest, interest earnings on account balances, and any other funds available to the Trustee for such purposes. Annual Installments shall be collected by the City in the same manner and at the same time as ad valorem taxes. Annual Installments shall be subject to the penalties, procedures, and foreclosure sale in case of delinquencies as set forth in the PID Act and in the same manner as ad valorem taxes for the City. The City Council may provide for other means of collecting Annual Installments. Assessments shall have the lien priority specified in the PID Act.

Sales of the Assessed Property for nonpayment of Annual Installments shall be subject to the lien for the remaining unpaid Annual Installments against the Assessed Property, and the Assessed Property may again be sold at a judicial foreclosure sale if the purchaser fails to timely pay the Annual Installments as they become due and payable.

The City reserves the right to refund PID Bonds in accordance with the PID Act. In the event of a refunding, the Administrator shall recalculate the Annual Installments so that total Annual

Installments will be sufficient to pay the refunding bonds, and the refunding bonds shall constitute “PID Bonds.”

Each Annual Installment of an Assessment, including interest on the unpaid principal of the Assessment, shall be updated annually. Each Annual Installment shall be due when billed and shall be delinquent if not paid prior to February 1 of the following year. The first Annual Installment will be delinquent if not paid by February 1, 2026.

## **SECTION VII: ASSESSMENT ROLLS**

The Improvement Area #1 Assessment Roll is attached as **Exhibit E-1**. The Major Improvement Area Assessment Roll is attached as **Exhibit F-1**. The Administrator shall prepare and submit to the City Council, for review and approval, proposed revisions to the Assessment Rolls and Annual Installments for each Parcel within the District as part of each Annual Service Plan Update.

## **SECTION VIII: ADDITIONAL PROVISIONS**

### **A. Calculation Errors**

If the owner of a Parcel claims that an error has been made in any calculation required by this Service and Assessment Plan, including, but not limited to, any calculation made as part of any Annual Service Plan Update, the owner’s sole and exclusive remedy shall be to submit a written notice of error to the Administrator by December 1<sup>st</sup> of each year following City Council approval of the calculation; otherwise, the owner shall be deemed to have unconditionally approved and accepted the calculation. Upon receipt of a written notice of error from an owner the Administrator shall provide a written response to the City Council and the owner within 30 days of such referral. The City Council shall consider the owner’s notice of error and the Administrator’s response at a public hearing, and within 30 days after closing such hearing, the City Council shall make a final determination as to whether an error has been made. If the City Council determines that an error has been made, the City Council may take such corrective action as is authorized by the PID Act, this Service and Assessment Plan, the Assessment Ordinance, or the Indenture, or is otherwise authorized by the discretionary power of the City Council. The determination by the City Council as to whether an error has been made, and any corrective action taken by the City Council, shall be final and binding on the owner and the Administrator.

### **B. Amendments**

Amendments to this Service and Assessment Plan must be made by the City Council in accordance with the PID Act. To the extent permitted by the PID Act, this Service and Assessment Plan may be amended without notice to owners of the Assessed Property: (1) to correct mistakes and clerical errors; (2) to clarify ambiguities; and (3) to provide procedures to collect

Assessments, Annual Installments, and other charges imposed by this Service and Assessment Plan.

### **C. Administration and Interpretation**

The Administrator shall: (1) perform the obligations of the Administrator as set forth in this Service and Assessment Plan; (2) administer the District for and on behalf of and at the direction of the City Council; and (3) interpret the provisions of this Service and Assessment Plan. Interpretations of this Service and Assessment Plan by the Administrator shall be in writing and shall be appealable to the City Council by owners or developers adversely affected by the interpretation. Appeals shall be decided by the City Council after holding a public hearing at which all interested parties have an opportunity to be heard. Decisions by the City Council shall be final and binding on the owners and developers and their successors and assigns.

### **D. Form of Buyer Disclosure**

Per Section 5.014 of the Texas Property Code, as amended, this Service and Assessment Plan, and any future Annual Service Plan Updates, shall include a form of the buyer disclosures for the District. The buyer disclosures are attached hereto in **Exhibit M**. Within seven days of approval by the City Council, the City shall file and record in the real property records of the County the executed ordinance approving this Service and Assessment Plan, or any future Annual Service Plan Updates. The executed ordinance, including any attachments, approving this Service and Assessment Plan or any future Annual Service Plan Updates shall be filed and recorded in the real property records of the County in its entirety.

### **E. Severability**

If any provision of this Service and Assessment Plan is determined by a governmental agency or court to be unenforceable, the unenforceable provision shall be deleted and, to the maximum extent possible, shall be rewritten to be enforceable. Every effort shall be made to enforce the remaining provisions.

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## EXHIBITS

The following Exhibits are attached to and made a part of this Service and Assessment Plan for all purposes:

<b>Exhibit A-1</b>	District Boundary Map
<b>Exhibit A-2</b>	Concept Plan
<b>Exhibit A-3</b>	Improvement Area #1 Boundary Map
<b>Exhibit A-4</b>	Major Improvement Area Boundary Map
<b>Exhibit B</b>	Authorized Improvements
<b>Exhibit C</b>	Service Plan
<b>Exhibit D</b>	Sources and Uses
<b>Exhibit E-1</b>	Improvement Area #1 Assessment Roll
<b>Exhibit E-2</b>	Improvement Area #1 Annual Installments
<b>Exhibit F-1</b>	Major Improvement Area Assessment Roll
<b>Exhibit F-2</b>	Major Improvement Area Annual Installments
<b>Exhibit G-1</b>	Maximum Assessment Per Lot Type
<b>Exhibit G-2</b>	TIRZ Maximum Credit Per Lot Type
<b>Exhibit G-3</b>	District Estimated Buildout Value
<b>Exhibit H</b>	Improvement Area #1 Lot Type Map
<b>Exhibit I-1</b>	Maps of Improvement Area #1 Improvements
<b>Exhibit I-2</b>	Maps of Major Improvements
<b>Exhibit J-1</b>	Notice of PID Assessment Lien Termination – Hays County
<b>Exhibit J-2</b>	Notice of PID Assessment Lien Termination – Travis County
<b>Exhibit K-1</b>	Improvement Area #1 2025 Bonds Debt Service Schedule
<b>Exhibit K-2</b>	Major Improvement Area 2025 Bonds Debt Service Schedule
<b>Exhibit L-1</b>	District Legal Description
<b>Exhibit L-2</b>	Improvement Area #1 Legal Description
<b>Exhibit L-3</b>	Major Improvement Area Legal Description
<b>Exhibit M</b>	District Buyer Disclosures
<b>Exhibit N</b>	Engineering Report

## EXHIBIT A-1 – DISTRICT BOUNDARY MAP

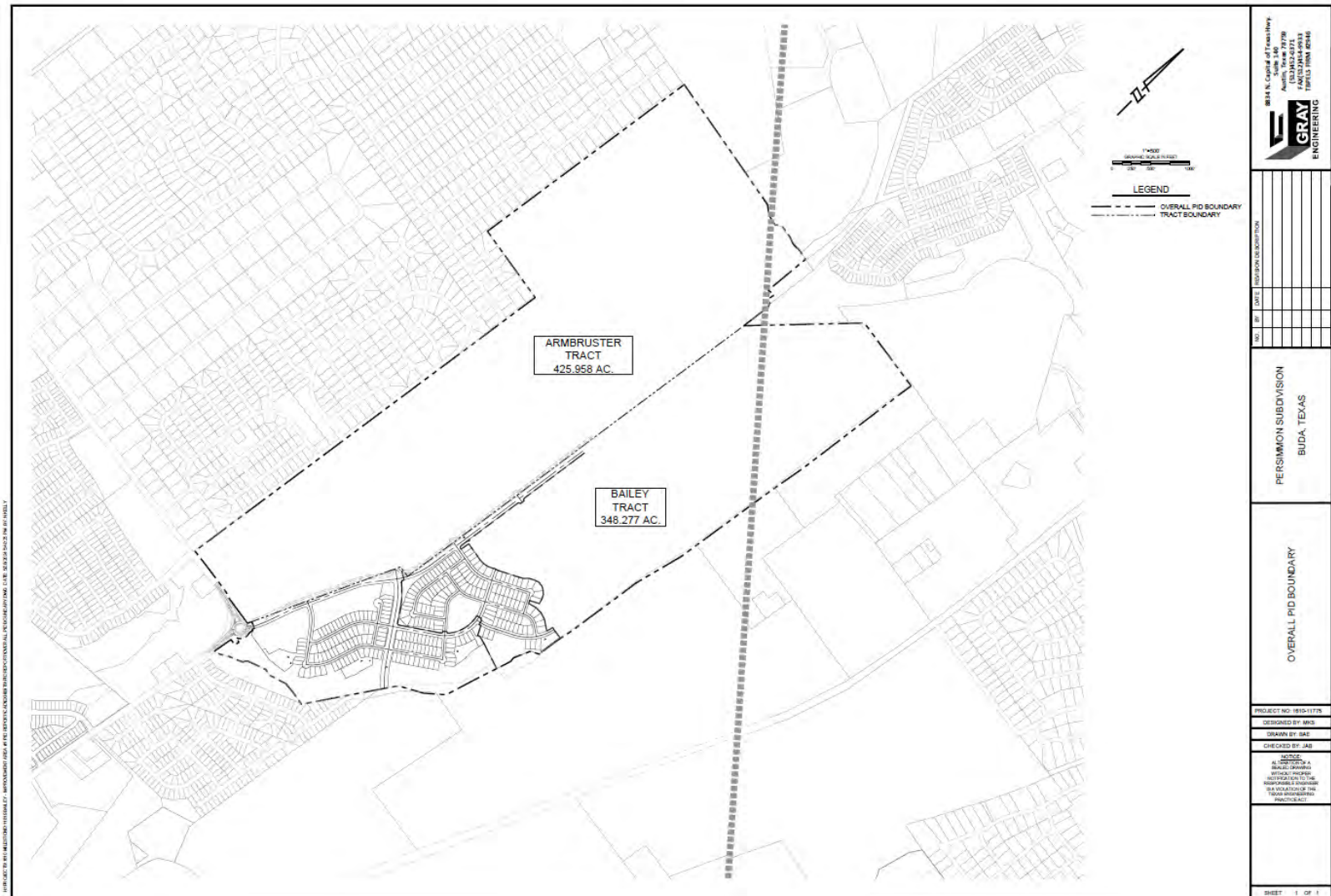
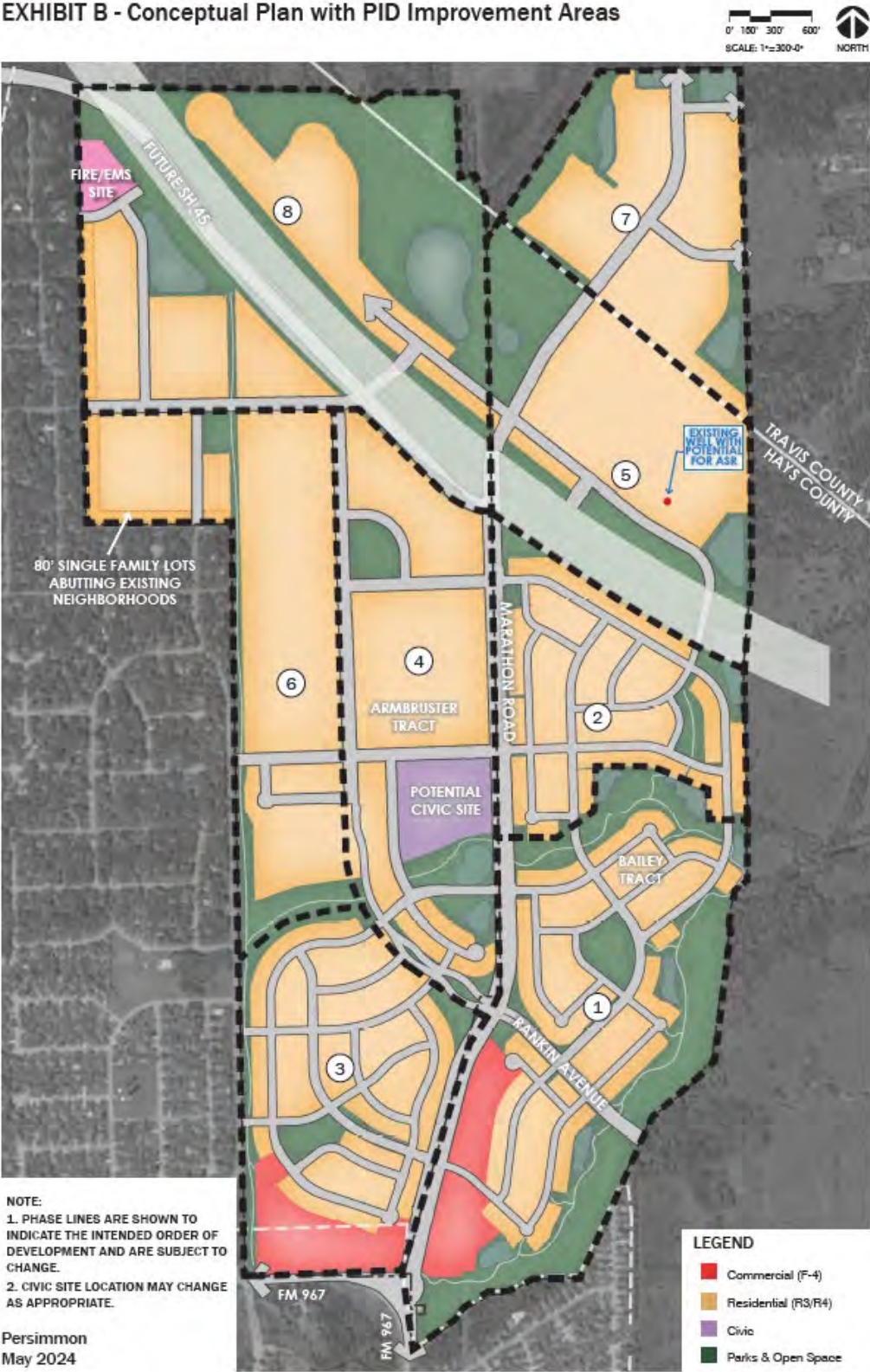




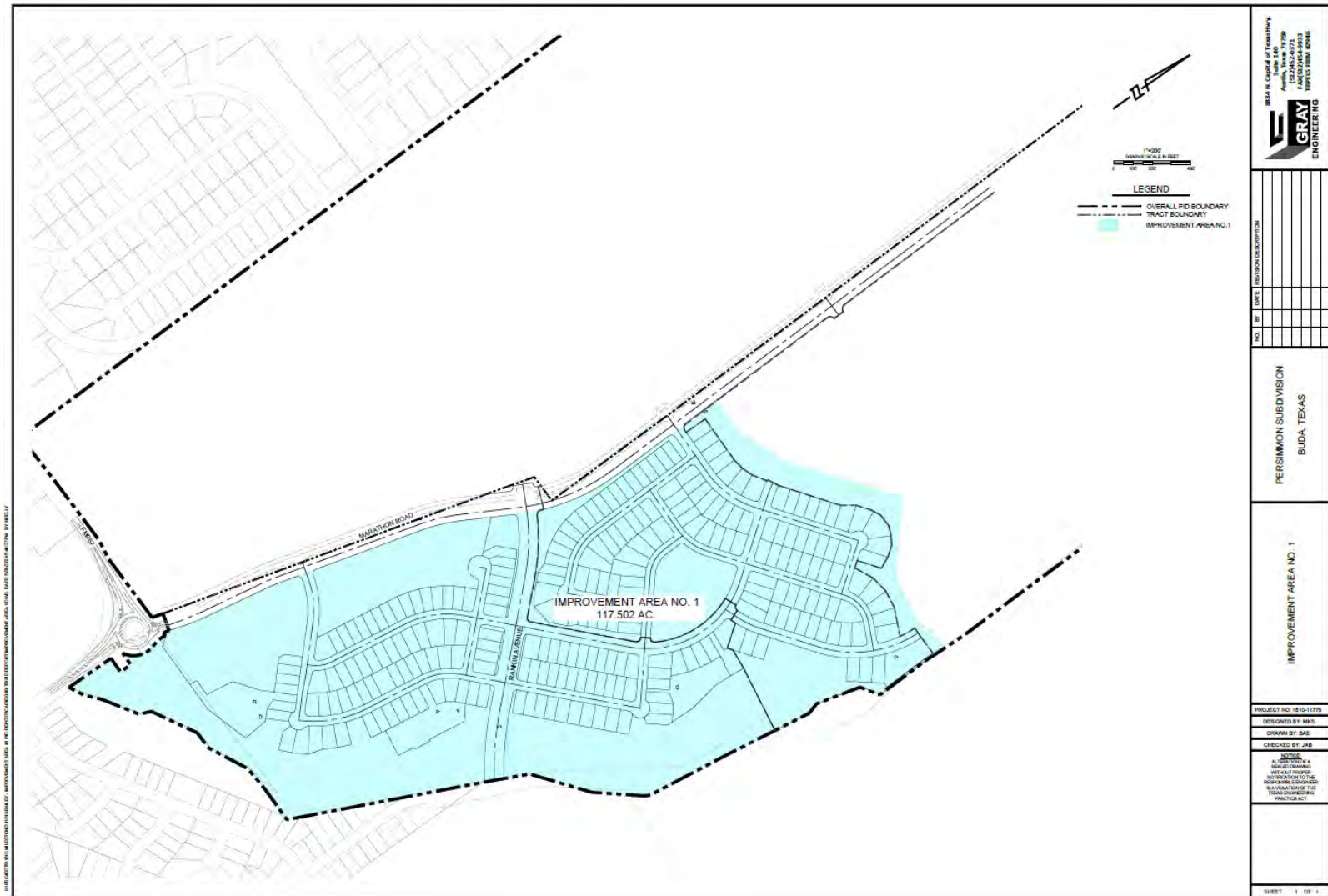
EXHIBIT A-2 – DISTRICT CONCEPT PLAN

EXHIBIT B - Conceptual Plan with PID Improvement Areas





## EXHIBIT A-3 – IMPROVEMENT AREA #1 MAP



## EXHIBIT A-4 – MAJOR IMPROVEMENT AREA MAP



## EXHIBIT B – AUTHORIZED IMPROVEMENTS

		Improvement Area #1		Major Improvement Area	
Authorized Improvements	Total Costs [a]	%	Cost	%	Cost
Major Improvements [b]					
ASR Segment 1	\$ 1,250,000	12.05%	\$ 150,630	87.95%	\$ 1,099,370
Roadway	21,316,081	12.05%	2,568,674	87.95%	18,747,407
Water	1,000,170	12.05%	120,525	87.95%	879,645
Wastewater	81,854	12.05%	9,864	87.95%	71,990
Drainage	5,386,655	12.05%	649,114	87.95%	4,737,541
Parks and Landscaping	3,466,645	12.05%	417,745	87.95%	3,048,900
Soft Costs	7,721,773	12.05%	930,505	87.95%	6,791,268
	<u>\$ 40,223,178</u>		<u>\$ 4,847,055</u>		<u>\$ 35,376,123</u>
Improvement Area #1 Improvements					
Roadway	\$ 5,869,171	100.00%	\$ 5,869,171	0.00%	\$ -
Water	2,335,731	100.00%	2,335,731	0.00%	-
Wastewater	3,596,798	100.00%	3,596,798	0.00%	-
Drainage	5,120,085	100.00%	5,120,085	0.00%	-
Entries, Parks, and Landscaping	2,655,718	100.00%	2,655,718	0.00%	-
Soft Costs	4,495,153	100.00%	4,495,153	0.00%	-
	<u>\$ 24,072,656</u>		<u>\$ 24,072,656</u>		<u>\$ -</u>
Improvement Area #1 2025 Bond Issuance Costs					
Debt Service Reserve Fund	\$ 2,611,626	100.00%	\$ 2,611,626	0.00%	\$ -
Capitalized Interest	2,403,632	100.00%	2,403,632	0.00%	-
Underwriter's Discount	791,730	100.00%	791,730	0.00%	-
Original Issue Discount	183,068	100.00%	183,068	0.00%	-
Cost of Issuance	962,698	100.00%	962,698	0.00%	-
	<u>\$ 6,952,754</u>		<u>\$ 6,952,754</u>		<u>\$ -</u>
Major Improvement Area 2025 Bond Issuance Costs					
Debt Service Reserve Fund	\$ 3,961,493	0.00%	\$ -	100.00%	\$ 3,961,493
Capitalized Interest	4,826,687	0.00%	-	100.00%	4,826,687
Underwriter's Discount	1,429,320	0.00%	-	100.00%	1,429,320
Original Issue Discount	248,477	0.00%	-	100.00%	248,477
Cost of Issuance	1,771,901	0.00%	-	100.00%	1,771,901
	<u>\$ 12,237,877</u>		<u>\$ -</u>		<u>\$ 12,237,877</u>
Annual Collection Costs					
Improvement Area #1 First Year Annual Collections Costs	\$ 30,000	100.00%	\$ 30,000	0.00%	\$ -
Major Improvement Area First Year Annual Collection Costs	30,000	0.00%	-	100.00%	30,000
	<u>\$ 60,000</u>		<u>\$ 30,000</u>		<u>\$ 30,000</u>
Total	\$ 83,546,466		\$ 35,902,465		\$ 47,644,000

### Notes:

[a] Per the Engineering Report prepared by Gray Engineering dated December 12, 2024.

[b] Costs of the Major Improvements are allocated pro rata between Improvement Area #1 Assessed Property and Major Improvement Area Assessed Property based on Estimated Buildout Value as shown on **Exhibit G-3**.

## EXHIBIT C – SERVICE PLAN

Improvement Area #1						
Annual Installments Due	1/31/2025	1/31/2026	1/31/2027	1/31/2028	1/31/2029	
<i>Improvement Area #1 2025 Bonds</i>						
Principal	\$ -	\$ -	\$ -	\$ -	\$ 6,000.00	
Interest	833,201.02	1,570,431.26	1,570,431.26	1,570,431.26	1,570,431.26	
Capitalized Interest	(833,201.02)	(1,570,431.26)	-	-	-	
(1)	\$ -	\$ -	\$ 1,570,431.26	\$ 1,570,431.26	\$ 1,576,431.26	
Additional Interest	(2)	-	131,955.00	131,955.00	131,955.00	131,955.00
Annual Collection Costs	(3)	\$ -	\$ 30,600.00	\$ 31,212.00	\$ 31,836.24	\$ 32,472.96
<b>Total Annual Installment</b>	<b>(4) = (1)+(2)+(3)</b>	<b>\$ -</b>	<b>\$ 162,555.00</b>	<b>\$ 1,733,598.26</b>	<b>\$ 1,734,222.50</b>	<b>\$ 1,740,859.22</b>

Major Improvement Area						
Annual Installments Due	1/31/2025	1/31/2026	1/31/2027	1/31/2028	1/31/2029	
<i>Major Improvement Area 2025 Bonds</i>						
Principal	\$ -	\$ -	\$ -	\$ 611,000.00	\$ 649,000.00	
Interest	1,673,134.80	3,153,552.50	3,153,552.50	3,153,552.50	3,118,420.00	
Capitalized Interest	(1,673,134.80)	(3,153,552.50)	-	-	-	
(1)	\$ -	\$ -	\$ 3,153,552.50	\$ 3,764,552.50	\$ 3,767,420.00	
Additional Interest	(2)	\$ -	\$ 238,220.00	\$ 238,220.00	\$ 238,220.00	\$ 235,165.00
Annual Collection Costs	(3)	\$ -	\$ 30,600.00	\$ 31,212.00	\$ 31,836.24	\$ 32,472.96
<b>Total Annual Installment</b>	<b>(4) = (1)+(2)+(3)</b>	<b>\$ -</b>	<b>\$ 268,820.00</b>	<b>\$ 3,422,984.50</b>	<b>\$ 4,034,608.74</b>	<b>\$ 4,035,057.96</b>

## EXHIBIT D – SOURCES AND USES

	Total	Improvement Area #1	Major Improvement Area
<b>Sources of Funds</b>			
Improvement Area #1 2024 Bond Par	\$ 26,391,000	\$ 26,391,000	\$ -
Major Improvement Area 2024 Bond Par	47,644,000	-	47,644,000
Owner Contribution [a]	9,511,466	9,511,465	0
<b>Total Sources</b>	<b>\$ 83,546,466</b>	<b>\$ 35,902,465</b>	<b>\$ 47,644,000</b>
<b>Uses of Funds</b>			
<i>Authorized Improvements</i>			
Major Improvements	\$ 40,223,178	\$ 4,847,055	\$ 35,376,123
Neighborhood Improvements	24,072,656	24,072,656	-
	<u>\$ 64,295,834</u>	<u>\$ 28,919,711</u>	<u>\$ 35,376,123</u>
<i>Improvement Area #1 2025 Bonds Issuance Costs</i>			
Debt Service Reserve Fund	\$ 2,611,626	\$ 2,611,626	\$ -
Capitalized Interest	2,403,632	2,403,632	-
Underwriter's Discount	791,730	791,730	-
Original Issue Discount	183,068	183,068	-
Cost of Issuance	962,698	962,698	-
	<u>\$ 6,952,754</u>	<u>\$ 6,952,754</u>	<u>\$ -</u>
<i>Major Improvement Area 2025 Bonds Issuance Costs</i>			
Debt Service Reserve Fund	\$ 3,961,493	\$ -	\$ 3,961,493
Capitalized Interest	4,826,687	-	4,826,687
Underwriter's Discount	1,429,320	-	1,429,320
Original Issue Discount	248,477	-	248,477
Cost of Issuance	1,771,901	-	1,771,901
	<u>\$ 12,237,877</u>	<u>\$ -</u>	<u>\$ 12,237,877</u>
<i>Annual Collection Costs</i>			
Improvement Area #1 First Year Annual Collection Costs	\$ 30,000	\$ 30,000	\$ -
Major Improvement Area First Year Annual Collection Costs	30,000	-	30,000
	<u>\$ 60,000</u>	<u>\$ 30,000</u>	<u>\$ 30,000</u>
<b>Total Uses</b>	<b>\$ 83,546,466</b>	<b>\$ 35,902,465</b>	<b>\$ 47,644,000</b>

Notes:

[a] Not reimbursable to Owner.

## EXHIBIT E-1 – IMPROVEMENT AREA #1 ASSESSMENT ROLL

			Improvement Area #1	
Property ID	Lot Type	Acres [a]	Improvement Area #1 Bonds Outstanding Assessment	Annual Installment due 1/31/2025
R10656	Improvement Area #1 Initial Parcel	4.97	\$ 503,947.42	\$ -
R10657	Improvement Area #1 Initial Parcel	73.30	\$ 7,435,861.83	\$ -
R53144	Improvement Area #1 Initial Parcel	181.90	\$ 18,451,190.75	\$ -
R53145	Non-Benefited	4.63	\$ -	\$ -
<b>Total</b>			<b>\$ 26,391,000.00</b>	<b>\$ -</b>

*[a] For billing purposes, the Annual Installment for the Improvement Area #1 Initial Parcel will be billed to each Assessed Property ID within Improvement Area #1 based on acreage as reported by the Appraisal District as of the date of this Service and Assessment Plan until a plat is filed within Improvement Area #1.*

## EXHIBIT E-2 – IMPROVEMENT AREA #1 ANNUAL INSTALLMENTS

Annual Installments Due	Improvement Area #1 2025 Bonds				Annual Collection Costs	TIRZ Annual Credit [c]	Total Annual Installment
	Principal	Interest [a]	Capitalized Interest	Additional Interest [b]			
1/31/2025	\$ -	\$ 833,201.02	\$ (833,201)	\$ -	\$ -	\$ -	\$ -
1/31/2026	-	1,570,431.26	(1,570,431)	131,955	30,600	-	162,555
1/31/2027	-	1,570,431.26	-	131,955	31,212	-	1,733,598
1/31/2028	-	1,570,431.26	-	131,955	31,836	-	1,734,223
1/31/2029	6,000	1,570,431.26	-	131,955	32,473	-	1,740,859
1/31/2030	42,000	1,570,131.26	-	131,925	33,122	-	1,777,179
1/31/2031	80,000	1,568,031.26	-	131,715	33,785	-	1,813,531
1/31/2032	121,000	1,564,031.26	-	131,315	34,461	-	1,850,807
1/31/2033	166,000	1,557,981.26	-	130,710	35,150	-	1,889,841
1/31/2034	213,000	1,549,681.26	-	129,880	35,853	-	1,928,414
1/31/2035	266,000	1,537,167.50	-	128,815	36,570	-	1,968,552
1/31/2036	323,000	1,521,540.00	-	127,485	37,301	-	2,009,326
1/31/2037	384,000	1,502,563.76	-	125,870	38,047	-	2,050,481
1/31/2038	450,000	1,480,003.76	-	123,950	38,808	-	2,092,762
1/31/2039	521,000	1,453,566.26	-	121,700	39,584	-	2,135,851
1/31/2040	597,000	1,422,957.50	-	119,095	40,376	-	2,179,429
1/31/2041	680,000	1,387,883.76	-	116,110	41,184	-	2,225,177
1/31/2042	768,000	1,347,933.76	-	112,710	42,007	-	2,270,651
1/31/2043	863,000	1,302,813.76	-	108,870	42,847	-	2,317,531
1/31/2044	964,000	1,252,112.50	-	104,555	43,704	-	2,364,372
1/31/2045	1,074,000	1,195,477.50	-	99,735	44,578	-	2,413,791
1/31/2046	1,191,000	1,132,380.00	-	94,365	45,470	-	2,463,215
1/31/2047	1,318,000	1,060,920.00	-	88,410	46,379	-	2,513,709
1/31/2048	1,454,000	981,840.00	-	81,820	47,307	-	2,564,967
1/31/2049	1,600,000	894,600.00	-	74,550	48,253	-	2,617,403
1/31/2050	1,757,000	798,600.00	-	66,550	49,218	-	2,671,368
1/31/2051	1,925,000	693,180.00	-	57,765	50,203	-	2,726,148
1/31/2052	2,104,000	577,680.00	-	48,140	51,207	-	2,781,027
1/31/2053	2,297,000	451,440.00	-	37,620	52,231	-	2,838,291
1/31/2054	2,503,000	313,620.00	-	26,135	53,275	-	2,896,030
1/31/2055	2,724,000	163,440.00	-	13,620	54,341	-	2,955,401
<b>Total</b>	<b>\$ 26,391,000</b>	<b>\$ 37,396,502</b>	<b>\$ (2,403,632)</b>	<b>\$ 3,061,235</b>	<b>\$ 1,241,383</b>	<b>\$ -</b>	<b>\$ 65,686,488</b>

[a] Interest is calculated at the actual rate of the PID Bonds.

[b] Additional Interest is calculated at the Additional Interest Rate.

[c] TIRZ No. 3 Annual Credit Amount will be calculated annually as described in Section V.F.

*Note: The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.*



## EXHIBIT F-1 – MAJOR IMPROVEMENT AREA ASSESSMENT ROLL

				Major Improvement Area Assessment Roll	
Property ID	Lot Type	County	Acres [a]	Major Improvement Area Outstanding Assessment	Annual Installment due 1/31/2025
352053	Major Improvement Area Initial Parcel	Travis	5.00	\$ 405,399.46	\$ -
352325	Major Improvement Area Initial Parcel	Travis	58.00	\$ 4,700,753.42	\$ -
R10544	Major Improvement Area Initial Parcel	Hays	203.89	\$ 16,524,769.22	\$ -
R53144	Major Improvement Area Initial Parcel	Hays	181.90	\$ 14,742,130.06	\$ -
R184759	Major Improvement Area Initial Parcel	Hays	138.07	\$ 11,189,900.37	\$ -
R10541	Major Improvement Area Initial Parcel	Hays	1.00	\$ 81,047.47	\$ -
<b>Major Improvement Area Total</b>			<b>587.85</b>	<b>\$ 47,644,000.00</b>	<b>\$ -</b>

*[a] For billing purposes, the Annual Installment for the Major Improvement Area Initial Parcel will be billed to each Property ID within the Major Improvement Area based on acreage as reported by the applicable Appraisal District as of the date of this Service and Assessment Plan until a plat is filed within the Major Improvement Area.*



## EXHIBIT F-2 - MAJOR IMPROVEMENT AREA ANNUAL INSTALLMENTS

Annual Installments Due	Major Improvement Area 2025 Bonds				Annual Collection Costs	TIRZ Annual Credit [c]	Total Annual Installment
	Principal	Interest [a]	Capitalized Interest	Additional Interest [b]			
1/31/2025	\$ -	\$ 1,673,135	\$ (1,673,135)	\$ -	\$ -	\$ -	\$ -
1/31/2026	-	3,153,553	(3,153,553)	238,220	30,600	-	268,820
1/31/2027	-	3,153,553	-	238,220	31,212	-	3,422,985
1/31/2028	611,000	3,153,553	-	238,220	31,836	-	4,034,609
1/31/2029	649,000	3,118,420	-	235,165	32,473	-	4,035,058
1/31/2030	689,000	3,081,103	-	231,920	33,122	-	4,035,145
1/31/2031	731,000	3,041,485	-	228,475	33,785	-	4,034,745
1/31/2032	776,000	2,999,453	-	224,820	34,461	-	4,034,733
1/31/2033	824,000	2,954,833	-	220,940	35,150	-	4,034,922
1/31/2034	875,000	2,907,453	-	216,820	35,853	-	4,035,125
1/31/2035	936,000	2,849,484	-	212,445	36,570	-	4,034,499
1/31/2036	1,002,000	2,787,474	-	207,765	37,301	-	4,034,540
1/31/2037	1,073,000	2,721,091	-	202,755	38,047	-	4,034,894
1/31/2038	1,148,000	2,650,005	-	197,390	38,808	-	4,034,203
1/31/2039	1,229,000	2,573,950	-	191,650	39,584	-	4,034,184
1/31/2040	1,316,000	2,492,529	-	185,505	40,376	-	4,034,410
1/31/2041	1,409,000	2,405,344	-	178,925	41,184	-	4,034,452
1/31/2042	1,509,000	2,311,998	-	171,880	42,007	-	4,034,885
1/31/2043	1,615,000	2,212,026	-	164,335	42,847	-	4,034,209
1/31/2044	1,730,000	2,105,033	-	156,260	43,704	-	4,034,997
1/31/2045	1,852,000	1,990,420	-	147,610	44,578	-	4,034,608
1/31/2046	1,983,000	1,867,725	-	138,350	45,470	-	4,034,545
1/31/2047	2,126,000	1,733,873	-	128,435	46,379	-	4,034,687
1/31/2048	2,279,000	1,590,368	-	117,805	47,307	-	4,034,479
1/31/2049	2,443,000	1,436,535	-	106,410	48,253	-	4,034,198
1/31/2050	2,620,000	1,271,633	-	94,195	49,218	-	4,035,046
1/31/2051	2,808,000	1,094,783	-	81,095	50,203	-	4,034,080
1/31/2052	3,011,000	905,243	-	67,055	51,207	-	4,034,504
1/31/2053	3,228,000	702,000	-	52,000	52,231	-	4,034,231
1/31/2054	3,461,000	484,110	-	35,860	53,275	-	4,034,245
1/31/2055	3,711,000	250,493	-	18,555	54,341	-	4,034,388
<b>Total</b>	<b>\$ 47,644,000</b>	<b>\$ 67,672,650</b>	<b>\$ (4,826,687)</b>	<b>\$ 4,929,080</b>	<b>\$ 1,241,383</b>	<b>\$ -</b>	<b>\$ 116,660,426</b>

[a] Interest is calculated at the actual rate of the PID Bonds.

[b] Additional Interest is calculated at the Additional Interest Rate.

[c] TIRZ No. 3 Annual Credit Amount will be calculated annually as described in Section V.F.

*Note: The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.*

# **EXHIBIT G-1 – MAXIMUM ASSESSMENT PER LOT TYPE**

Improvement Area #1								
Lot Type	Units/SQ FT	Finished Lot Value Per Unit/SQ FT	Total Finished Lot Value	Estimated Buildout Value per Unit/SQ FT	Total Estimated Buildout Value	IA#1 Total Assessment	IA#1 Assessment Per Unit/SQ FT	
1	112	\$ 157,258	\$17,612,903	\$ 545,000	\$ 61,040,000	\$10,196,257	\$ 91,038.01	
2	106	\$ 157,258	\$16,669,355	\$ 560,000	\$ 59,360,000	\$ 9,915,626	\$ 93,543.64	
3	30	\$ 157,258	\$ 4,717,742	\$ 655,000	\$ 19,650,000	\$ 3,282,380	\$ 109,412.65	
4	97,500	\$ 41	\$ 3,950,000	\$ 184	\$ 17,940,000	\$ 2,996,737	\$ 30.74	
<b>Total</b>			<b>\$42,950,000</b>		<b>\$ 157,990,000</b>	<b>\$26,391,000</b>		

## EXHIBIT G-2 – TIRZ MAXIMUM CREDIT PER LOT TYPE

Lot Type	Improvement Area	Units/SQ FT	Assessment per Unit/SQ FT	Estimated Buildout Value Per Unit/SQ FT	1st Year Annual Installment Per Unit/SQ FT	Pre-TIRZ Equivalent Tax Rate	TIRZ Buydown Tax Rate [a]	Post-TIRZ Equivalent Tax Rate	TIRZ Maximum Annual Credit
Improvement Area #1									
1	Improvement Area #1	112	\$ 91,038.01	\$ 545,000	\$ 5,980.20	\$ 1.0973	\$ (0.3240)	\$ 0.7733	\$ 1,765.80 Per Lot
2	Improvement Area #1	106	\$ 93,543.64	\$ 560,000	\$ 6,144.79	\$ 1.0973	\$ (0.3240)	\$ 0.7733	\$ 1,814.40 Per Lot
3	Improvement Area #1	30	\$ 109,412.65	\$ 655,000	\$ 7,187.21	\$ 1.0973	\$ (0.3240)	\$ 0.7733	\$ 2,122.20 Per Lot
4	Improvement Area #1	97,500	\$ 30.74	\$ 184.00	\$ 2.02	\$ 1.0973	\$ (0.3240)	\$ 0.7733	\$ 0.60 Per SQ FT

Notes:

[a] The maximum TIRZ buydown rate for Improvement Area #1 is calculated as 50% of the City's tax rate plus 50% of the Hays County tax rate.

### EXHIBIT G-3 – DISTRICT ESTIMATED BUILDOUT VALUE

Lot Size	Units	Estimated Buildout Value Per Unit	Total Estimated Buildout Value	% of Improvement Area	% of District
<b>Improvement Area #1</b>					
50'	112	\$ 545,000	\$ 61,040,000	38.64%	4.66%
55'	106	\$ 560,000	\$ 59,360,000	37.57%	4.53%
65'	30	\$ 655,000	\$ 19,650,000	12.44%	1.50%
Retail (13.0 Ac.)	97,500	\$ 184	\$ 17,940,000	11.36%	1.37%
<b>Total</b>			<b>\$ 157,990,000</b>	<b>100.00%</b>	<b>12.05%</b>

Lot Size	Units	Estimated Buildout Value Per Unit	Total Estimated Buildout Value	% of Improvement Area	% of District
<b>MIA - Future Improvement Area #2</b>					
50'	96	\$ 567,018	\$ 54,433,728	36.71%	4.15%
55'	84	\$ 582,624	\$ 48,940,416	33.01%	3.73%
65'	48	\$ 681,462	\$ 32,710,176	22.06%	2.49%
Retail	63,750	\$ 191	\$ 12,176,250	8.21%	0.93%
<b>Total</b>			<b>\$ 148,260,570</b>	<b>100.00%</b>	<b>11.31%</b>

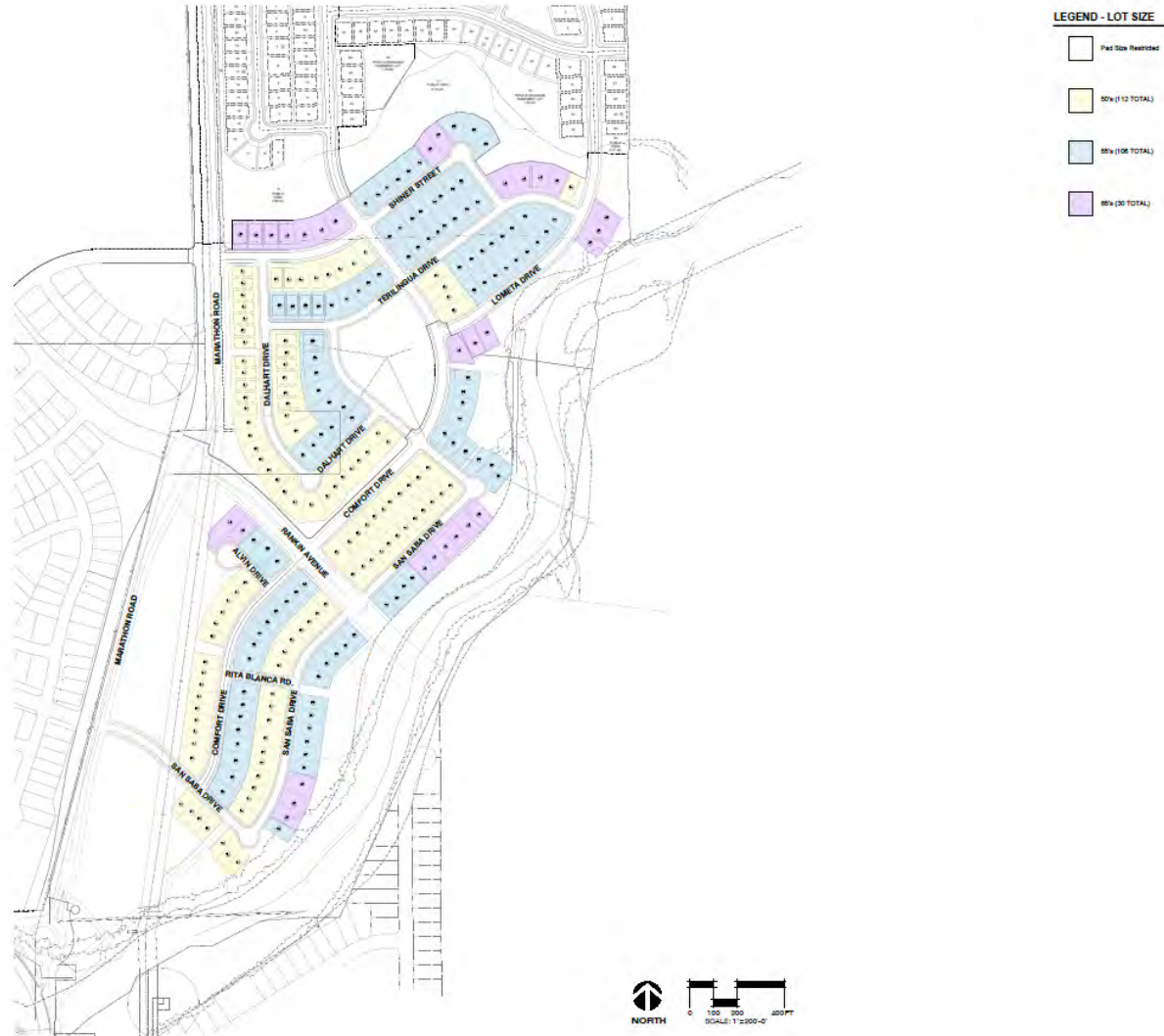
Lot Size	Units	Estimated Buildout Value Per Unit	Total Estimated Buildout Value	% of Improvement Area	% of District
<b>MIA - Future Improvement Area #3</b>					
50'	147	\$ 589,926	\$ 86,719,122	51.72%	6.61%
55'	47	\$ 606,162	\$ 28,489,614	16.99%	2.17%
65'	74	\$ 708,993	\$ 52,465,482	31.29%	4.00%
<b>Total</b>			<b>\$ 167,674,218</b>	<b>100.00%</b>	<b>12.79%</b>

Lot Size	Units	Estimated Buildout Value Per Unit	Total Estimated Buildout Value	% of Improvement Area	% of District
<b>MIA - Future Improvement Area #4</b>					
50'	505	\$ 613,759	\$ 309,948,295	45.19%	23.64%
55'	280	\$ 630,651	\$ 176,582,280	25.75%	13.47%
65'	150	\$ 737,636	\$ 110,645,400	16.13%	8.44%
80'	105	\$ 844,622	\$ 88,685,310	12.93%	6.76%
<b>Total</b>			<b>\$ 685,861,285</b>	<b>100.00%</b>	<b>52.31%</b>

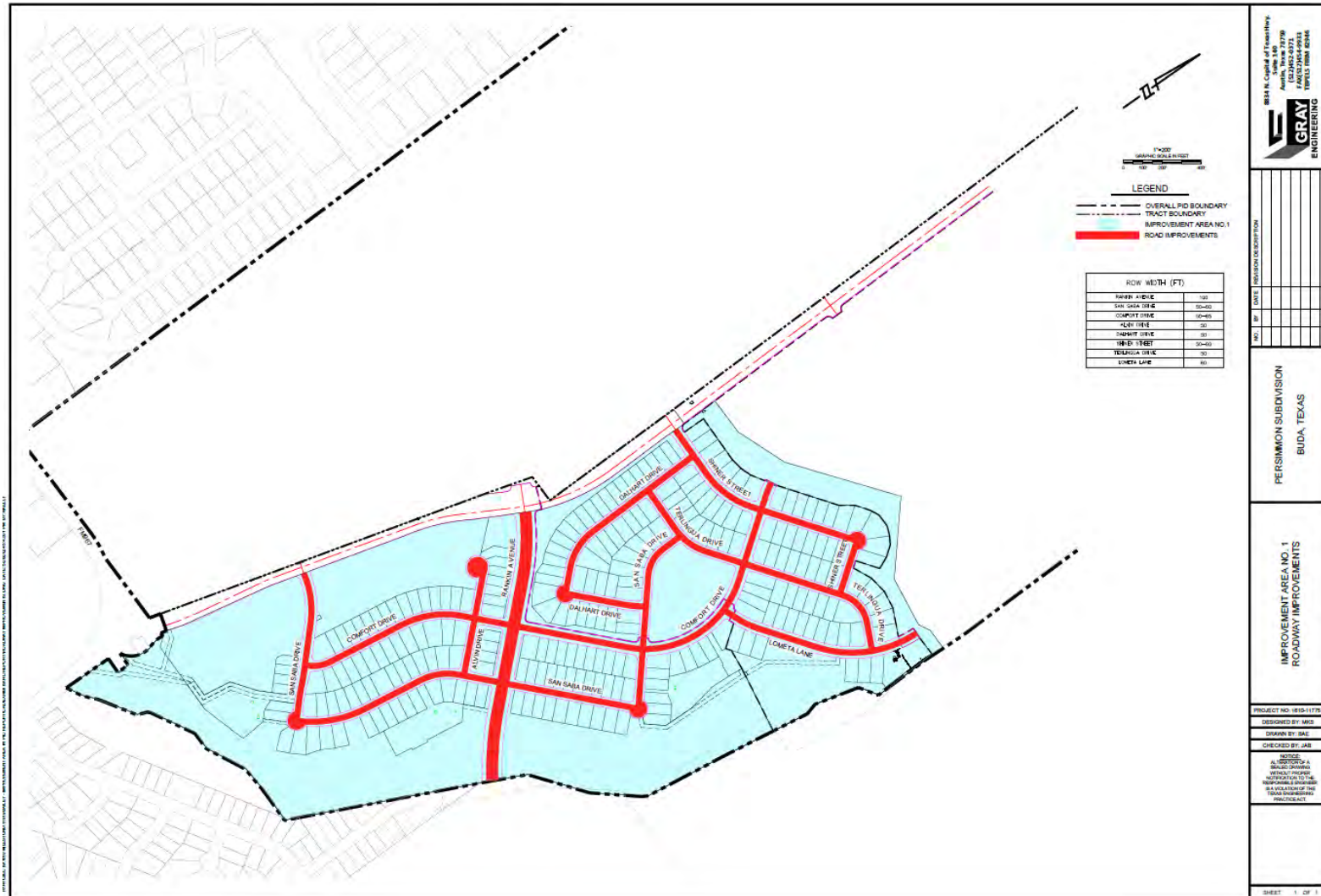
Lot Size	Units	Estimated Buildout Value Per Unit	Total Estimated Buildout Value	% of Improvement Area	% of District
<b>MIA - Future Improvement Area #5</b>					
50'	165	\$ 638,554	\$ 105,361,410	69.64%	8.04%
55'	70	\$ 656,129	\$ 45,929,030	30.36%	3.50%
<b>Total</b>			<b>\$ 151,290,440</b>	<b>100.00%</b>	<b>11.54%</b>

**District Total Estimated Buildout Value: \$ 1,311,076,513**

## EXHIBIT H – IMPROVEMENT AREA #1 LOT TYPE MAP



## EXHIBIT I-1 – MAPS OF IMPROVEMENT AREA #1 IMPROVEMENTS



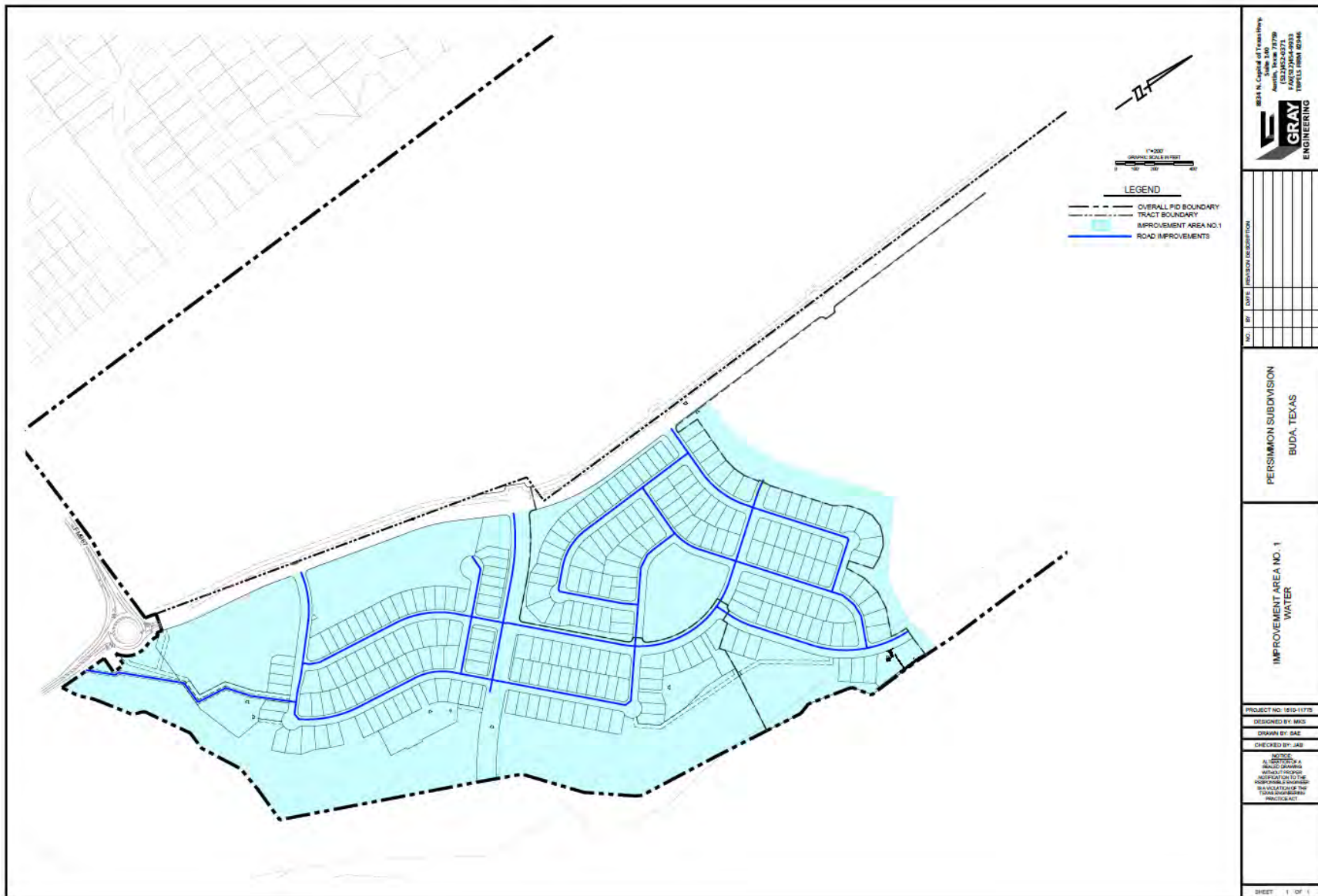


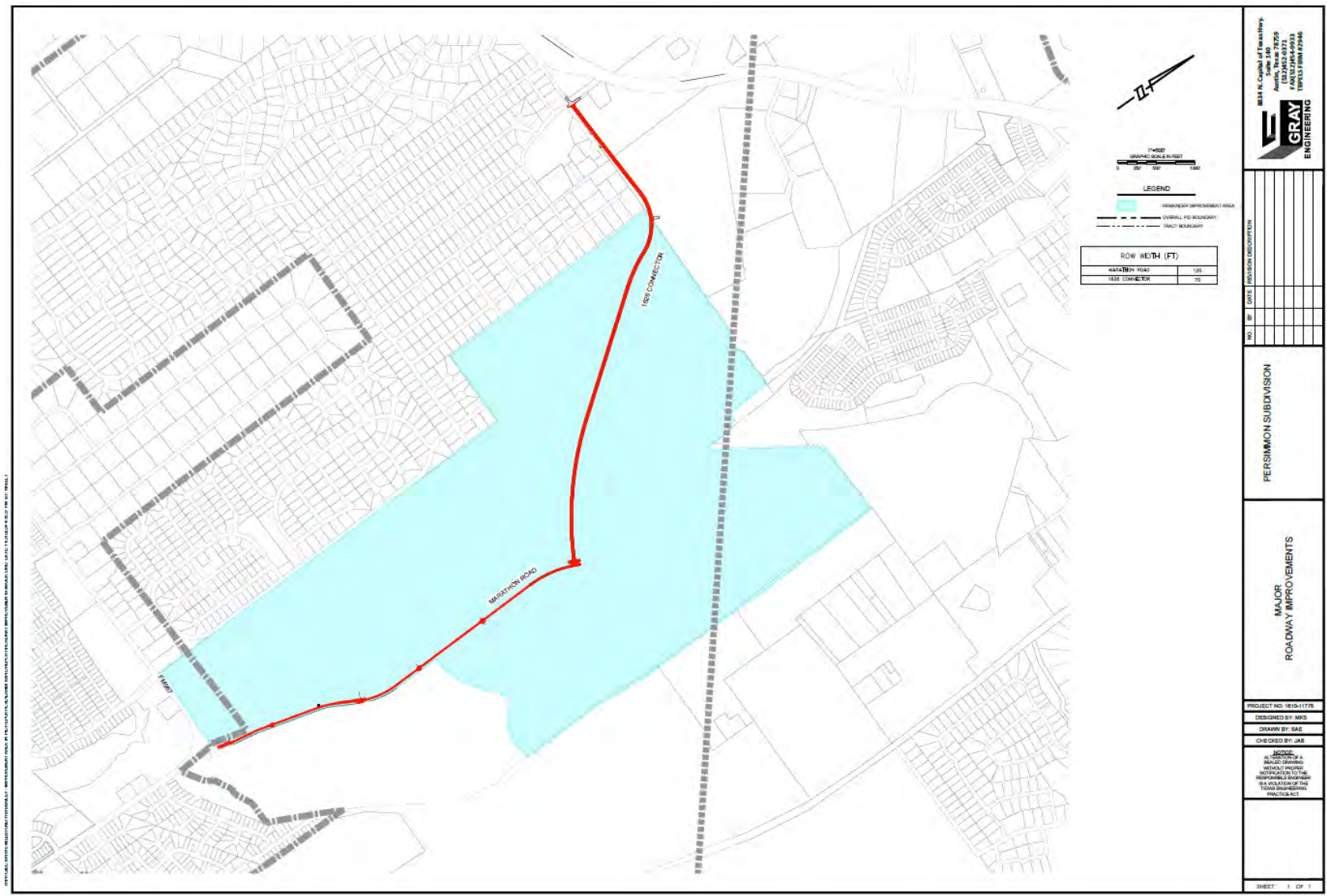








EXHIBIT I-2 – MAPS OF MAJOR IMPROVEMENTS

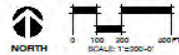












**MAJOR**

- 1626 Connector
- Marathon Road
- 967 Roundabout
- Concrete Urban Trail - 967 Roundabout - 10' Min.
- Concrete Urban Trail - Marathon Road - 10' Min.

1. **Introduction**

MAJOR HARDWARES - SECTION 2 - MAJOR HARDWARES - SECTION 2 (1 & 2)				
ITEM	ELEMENT	QUANTITY	UNIT	COST
2.1	SIDEWALK (CONC. URBAN TRAIL)	2090.0	LS	\$0.00
2.2	SOC AREA	2122.0	LS	\$0.00
2.3	SHADE TREES (3")	73 EA		\$5,700.00
2.4	PERKY DESIGN	3 LS		\$12,144.00
2.5	ERUCTION METERS	1 LS		\$0.00
			SUBTOTAL	\$15,700.00

BAGGIO HAWKINS/ESTIMATE 5 - SECTION B - 1626 CONNECTION					
ITEM	ELEMENT	QUANTITY	UNIT	COST	TOTAL
4.1	500 AREA	4500	SF	\$3.49	\$15,495.00
4.2	GRASS TREES (2" DIA. @ 30" C.)	100	EA	\$16,000.00	\$1,600,000.00
4.3	SUBSIDIONARY CONCRETE WALL	1250	LF	\$120.00	\$150,000.00
	ENTRY FEATURE AT SIGN INTERSECTION				
4.4	(inc. landscaping)	1	ALLOW	\$150,000.00	\$150,000.00
4.5	IRRIGATION VARIETY	1	LF	\$45,000.00	\$45,000.00
	<b>SUBTOTALS</b>				<b>\$16,840,000.00</b>

	<b>MAJOR IMPROVEMENTS TOTAL</b>	<b>\$ 2,312,862.5</b>
Landscape Architectural Design Fee		\$ 144,795.0
General Conditions		\$ 343,126.5
Contingency		\$ 180,817.4
<b>TOTAL</b>		<b>\$ 1,816,045.2</b>



### HOMEBUILDER LOT RESTRICTIONS

**SHEET TITLE**

1000

MAJOR  
IMPROVEMENT  
PID

L1.01



**EXHIBIT J-1 – NOTICE OF PID ASSESSMENT LIEN TERMINATION – HAYS COUNTY**



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

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[Date]  
Hays County Clerk's Office  
Honorable [County Clerk Name]  
Hays Government Center  
712 S. Stagecoach Trail  
San Marcos, TX 78666

**Re:                      City of Buda Lien Release documents for filing**

Dear Ms./Mr. [County Clerk Name],

Enclosed is a lien release that the City of Buda is requesting to be filed in your office. Lien release for [insert legal description]. Recording Numbers: [Plat]. Please forward copies of the filed documents below:

City of Buda  
Attn: [City Secretary]  
405 Loop St,  
Buda, TX 78610

Please contact me if you have any questions or need additional information.

Sincerely,  
[Signature]

Jon Snyder  
P: (888)417-7074  
[admin@p3-works.com](mailto:admin@p3-works.com)

**AFTER RECORDING RETURN TO:**

[City Secretary Name]  
405 Loop St,  
Buda, TX 78610

**NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.**

**FULL RELEASE OF PUBLIC IMPROVEMENT DISTRICT LIEN**

STATE OF TEXAS	§	
	§	KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF HAYS	§	

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

**RECITALS**

**WHEREAS**, the governing body (hereinafter referred to as the “City Council”) of the City of Buda, Texas (hereinafter referred to as the “City “), is authorized by Chapter 372, Texas Local Government Code, as amended (hereinafter referred to as the “Act”), to create public improvement districts within the corporate limits and extraterritorial jurisdiction of the City; and

**WHEREAS**, on or about September 17, 2024, the City Council for the City, approved Resolution No. 2024-R-43, creating the Persimmon Public Improvement District; and

**WHEREAS**, the Persimmon Public Improvement District consists of approximately 774.235 contiguous acres located within the corporate limits of the City; and

**WHEREAS**, on or about January 21, 2025, the City Council, approved Ordinance No. \_\_\_\_\_, (hereinafter referred to as the “Assessment Ordinance”) levying assessments on the Property (hereinafter defined) and approving a service and assessment plan and assessment roll for the Persimmon Public Improvement District; and



**WHEREAS**, the Assessment Ordinance imposed an assessment in the amount of \$\_\_\_\_\_ (hereinafter referred to as the “Lien Amount”) for the following property:

[legal description], a subdivision in Hays County, Texas, according to the map or plat of record in Document/Instrument No. \_\_\_\_\_ of the Plat Records of Hays County, Texas (hereinafter referred to as the “Property”); and

**WHEREAS**, the property owners of the Property have paid unto the City the Lien Amount.

**RELEASE**

**NOW THEREFORE**, the City, the owner and holder of the Lien, Instrument No. \_\_\_\_\_, in the Real Property Records of Hays County, Texas, in the amount of the Lien Amount against the Property releases and discharges, and by these presents does hereby release and discharge, the above-described Property from said Lien held by the undersigned securing said indebtedness.

**EXECUTED** to be **EFFECTIVE** this the \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

**CITY OF BUDA, TEXAS,**  
A Texas home rule municipality,

By: \_\_\_\_\_  
[Manager Name], City Manager

**ATTEST:**

\_\_\_\_\_  
[Secretary Name], City Secretary

**STATE OF TEXAS** §

§

**COUNTY OF HAYS** §

This instrument was acknowledged before me on the \_\_\_\_ day of \_\_\_\_\_, 20\_\_, by [Manager Name], City Manager for the City of Buda, Texas, a Texas home rule municipality, on behalf of said municipality.

\_\_\_\_\_  
Notary Public, State of Texas

**EXHIBIT J-2 – NOTICE OF PID ASSESSMENT LIEN TERMINATION – TRAVIS  
COUNTY**



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

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[Date]  
Travis County Clerk's Office  
Honorable [County Clerk Name]  
PO Box 149325  
Austin, TX 78714

**Re:                      City of Buda Lien Release documents for filing**

Dear Ms./Mr. [County Clerk Name],

Enclosed is a lien release that the City of Buda is requesting to be filed in your office. Lien release for [insert legal description]. Recording Numbers: [Plat]. Please forward copies of the filed documents below:

City of Buda  
Attn: [City Secretary]  
405 Loop St,  
Buda, TX 78610

Please contact me if you have any questions or need additional information.

Sincerely,  
[Signature]

Jon Snyder  
P: (888)417-7074  
[admin@p3-works.com](mailto:admin@p3-works.com)

**AFTER RECORDING RETURN TO:**

[City Secretary Name]  
405 Loop St,  
Buda, TX 78610

**NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.**

**FULL RELEASE OF PUBLIC IMPROVEMENT DISTRICT LIEN**

STATE OF TEXAS	§	
	§	KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF TRAVIS	§	

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

**RECITALS**

**WHEREAS**, the governing body (hereinafter referred to as the “City Council”) of the City of Buda, Texas (hereinafter referred to as the “City “), is authorized by Chapter 372, Texas Local Government Code, as amended (hereinafter referred to as the “Act”), to create public improvement districts within the corporate limits and extraterritorial jurisdiction of the City; and

**WHEREAS**, on or about September 17, 2024, the City Council for the City, approved Resolution No. 2024-R-43, creating the Persimmon Public Improvement District; and

**WHEREAS**, the Persimmon Public Improvement District consists of approximately 774.235 contiguous acres located within the corporate limits of the City; and

**WHEREAS**, on or about January 21, 2025, the City Council, approved Ordinance No. \_\_\_\_\_, (hereinafter referred to as the “Assessment Ordinance”) levying assessments on the Property (hereinafter defined) and approving a service and assessment plan and assessment roll for the Persimmon Public Improvement District; and

**WHEREAS**, the Assessment Ordinance imposed an assessment in the amount of \$\_\_\_\_\_ (hereinafter referred to as the “Lien Amount”) for the following property:

[legal description], a subdivision in Travis County, Texas, according to the map or plat of record in Document/Instrument No. \_\_\_\_\_ of the Plat Records of Travis County, Texas (hereinafter referred to as the “Property”); and

**WHEREAS**, the property owners of the Property have paid unto the City the Lien Amount.

**RELEASE**

**NOW THEREFORE**, the City, the owner and holder of the Lien, Instrument No. \_\_\_\_\_, in the Real Property Records of Travis County, Texas, in the amount of the Lien Amount against the Property releases and discharges, and by these presents does hereby release and discharge, the above-described Property from said Lien held by the undersigned securing said indebtedness.

**EXECUTED** to be **EFFECTIVE** this the \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

**CITY OF BUDA, TEXAS,**  
A Texas home rule municipality,

By: \_\_\_\_\_  
[Manager Name], City Manager

**ATTEST:**

\_\_\_\_\_  
[Secretary Name], City Secretary

**STATE OF TEXAS** §

§

**COUNTY OF TRAVIS** §

This instrument was acknowledged before me on the \_\_\_\_ day of \_\_\_\_\_, 20\_\_, by [Manager Name], City Manager for the City of Buda, Texas, a Texas home rule municipality, on behalf of said municipality.

\_\_\_\_\_  
Notary Public, State of Texas

## EXHIBIT K-1 – IMPROVEMENT AREA #1 2025 BONDS DEBT SERVICE SCHEDULE

### BOND DEBT SERVICE

City of Buda, Texas  
Special Assessment Revenue Bonds, Series 2025  
(Persimmon Public Improvement District Improvement Area #1 Project)  
Bonds Callable September 1, 2035 @ Par  
**FINAL NUMBERS**

Period Ending	Principal	Coupon	Interest	Debt Service
09/01/2025			833,201.02	833,201.02
09/01/2026			1,570,431.26	1,570,431.26
09/01/2027			1,570,431.26	1,570,431.26
09/01/2028			1,570,431.26	1,570,431.26
09/01/2029	6,000	5.000%	1,570,431.26	1,576,431.26
09/01/2030	42,000	5.000%	1,570,131.26	1,612,131.26
09/01/2031	80,000	5.000%	1,568,031.26	1,648,031.26
09/01/2032	121,000	5.000%	1,564,031.26	1,685,031.26
09/01/2033	166,000	5.000%	1,557,981.26	1,723,981.26
09/01/2034	213,000	5.875%	1,549,681.26	1,762,681.26
09/01/2035	266,000	5.875%	1,537,167.50	1,803,167.50
09/01/2036	323,000	5.875%	1,521,540.00	1,844,540.00
09/01/2037	384,000	5.875%	1,502,563.76	1,886,563.76
09/01/2038	450,000	5.875%	1,480,003.76	1,930,003.76
09/01/2039	521,000	5.875%	1,453,566.26	1,974,566.26
09/01/2040	597,000	5.875%	1,422,957.50	2,019,957.50
09/01/2041	680,000	5.875%	1,387,883.76	2,067,883.76
09/01/2042	768,000	5.875%	1,347,933.76	2,115,933.76
09/01/2043	863,000	5.875%	1,302,813.76	2,165,813.76
09/01/2044	964,000	5.875%	1,252,112.50	2,216,112.50
09/01/2045	1,074,000	5.875%	1,195,477.50	2,269,477.50
09/01/2046	1,191,000	6.000%	1,132,380.00	2,323,380.00
09/01/2047	1,318,000	6.000%	1,060,920.00	2,378,920.00
09/01/2048	1,454,000	6.000%	981,840.00	2,435,840.00
09/01/2049	1,600,000	6.000%	894,600.00	2,494,600.00
09/01/2050	1,757,000	6.000%	798,600.00	2,555,600.00
09/01/2051	1,925,000	6.000%	693,180.00	2,618,180.00
09/01/2052	2,104,000	6.000%	577,680.00	2,681,680.00
09/01/2053	2,297,000	6.000%	451,440.00	2,748,440.00
09/01/2054	2,503,000	6.000%	313,620.00	2,816,620.00
09/01/2055	2,724,000	6.000%	163,440.00	2,887,440.00
	26,391,000		37,396,502.42	63,787,502.42

## EXHIBIT K-2 – MAJOR IMPROVEMENT AREA 2025 BONDS DEBT SERVICE SCHEDULE

### BOND DEBT SERVICE

City of Buda, Texas  
 Special Assessment Revenue Bonds, Series 2025  
 (Persimmon Public Improvement District Major Improvement Area Project)  
 Bonds Callable September 1, 2035 @ Par  
 FINAL NUMBERS

Period Ending	Principal	Coupon	Interest	Debt Service
09/01/2025			1,673,134.80	1,673,134.80
09/01/2026			3,153,552.50	3,153,552.50
09/01/2027			3,153,552.50	3,153,552.50
09/01/2028	611,000	5.750%	3,153,552.50	3,764,552.50
09/01/2029	649,000	5.750%	3,118,420.00	3,767,420.00
09/01/2030	689,000	5.750%	3,081,102.50	3,770,102.50
09/01/2031	731,000	5.750%	3,041,485.00	3,772,485.00
09/01/2032	776,000	5.750%	2,999,452.50	3,775,452.50
09/01/2033	824,000	5.750%	2,954,832.50	3,778,832.50
09/01/2034	875,000	6.625%	2,907,452.50	3,782,452.50
09/01/2035	936,000	6.625%	2,849,483.76	3,785,483.76
09/01/2036	1,002,000	6.625%	2,787,473.76	3,789,473.76
09/01/2037	1,073,000	6.625%	2,721,091.26	3,794,091.26
09/01/2038	1,148,000	6.625%	2,650,005.00	3,798,005.00
09/01/2039	1,229,000	6.625%	2,573,950.00	3,802,950.00
09/01/2040	1,316,000	6.625%	2,492,528.76	3,808,528.76
09/01/2041	1,409,000	6.625%	2,405,343.76	3,814,343.76
09/01/2042	1,509,000	6.625%	2,311,997.50	3,820,997.50
09/01/2043	1,615,000	6.625%	2,212,026.26	3,827,026.26
09/01/2044	1,730,000	6.625%	2,105,032.50	3,835,032.50
09/01/2045	1,852,000	6.625%	1,990,420.00	3,842,420.00
09/01/2046	1,983,000	6.750%	1,867,725.00	3,850,725.00
09/01/2047	2,126,000	6.750%	1,733,872.50	3,859,872.50
09/01/2048	2,279,000	6.750%	1,590,367.50	3,869,367.50
09/01/2049	2,443,000	6.750%	1,436,535.00	3,879,535.00
09/01/2050	2,620,000	6.750%	1,271,632.50	3,891,632.50
09/01/2051	2,808,000	6.750%	1,094,782.50	3,902,782.50
09/01/2052	3,011,000	6.750%	905,242.50	3,916,242.50
09/01/2053	3,228,000	6.750%	702,000.00	3,930,000.00
09/01/2054	3,461,000	6.750%	484,110.00	3,945,110.00
09/01/2055	3,711,000	6.750%	250,492.50	3,961,492.50
	47,644,000		67,672,649.86	115,316,649.86

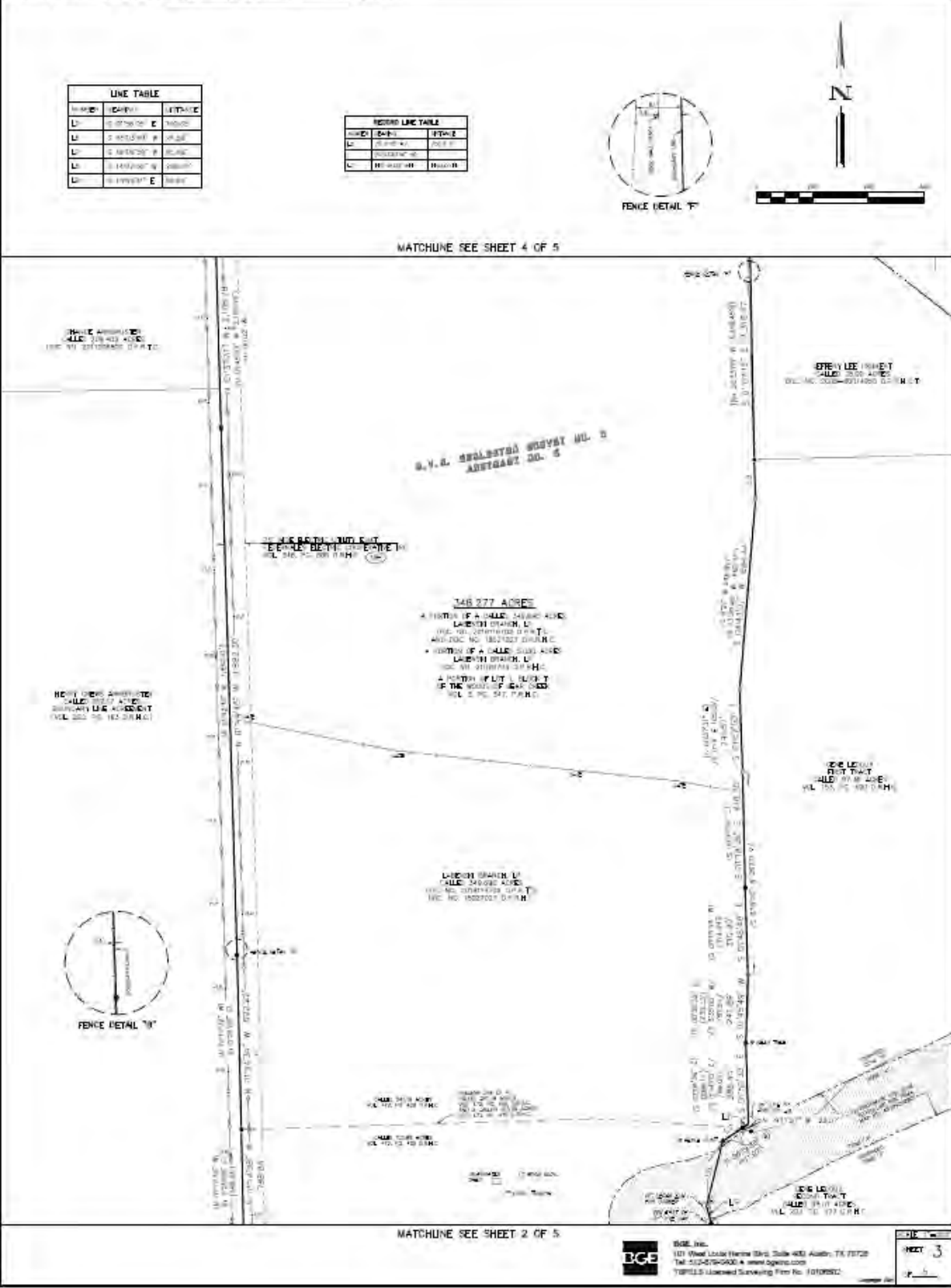


## EXHIBIT L-1 – DISTRICT LEGAL DESCRIPTION





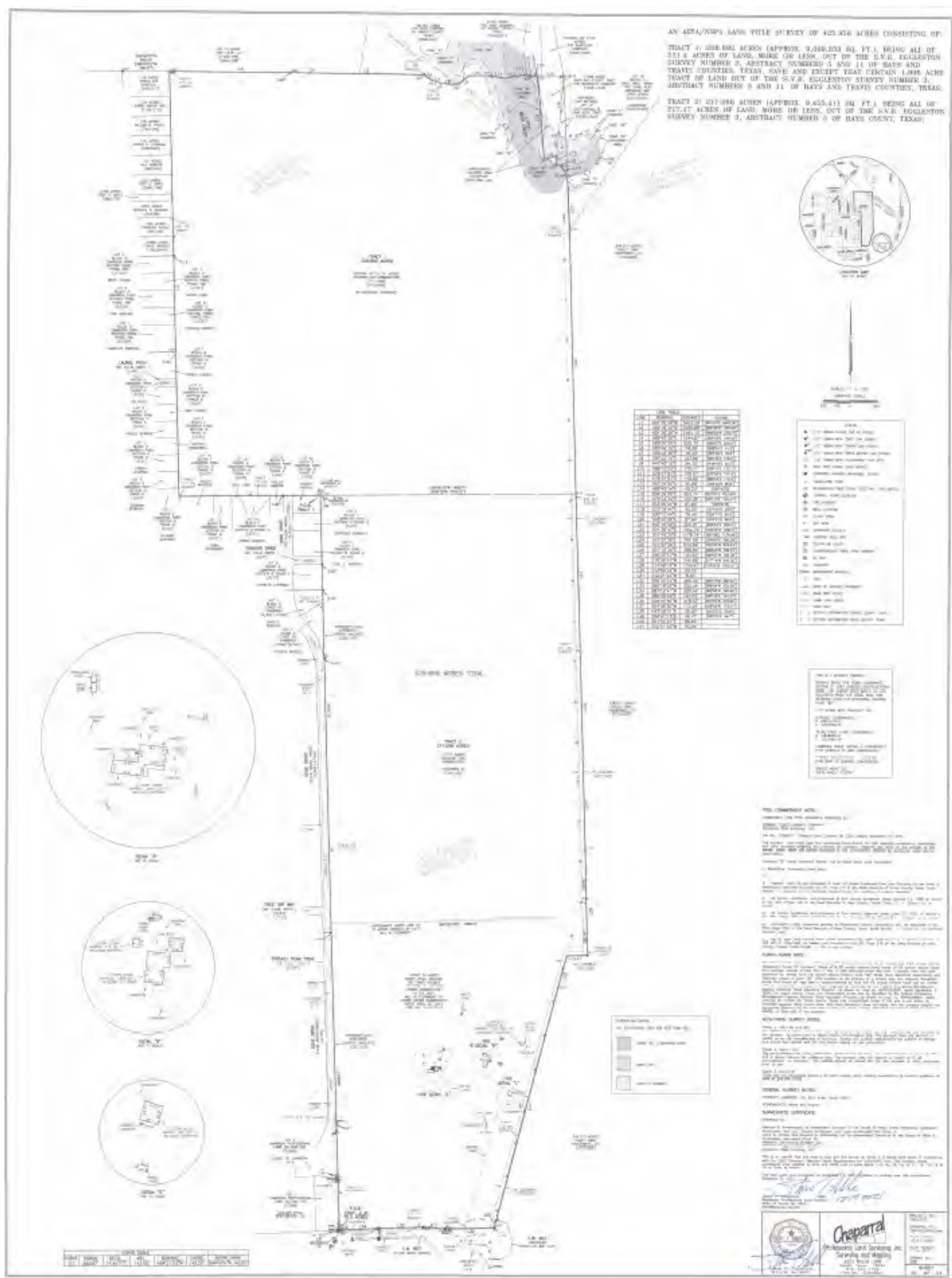












AN ADRA/NOVA LAND TITLE SURVEY OF 425,456 ACRES (CONSISTING OF:  
TRACT 1: 358,882 ACRES (APPROX. 9,455,221 SQ. FT.), BEING ALL OF  
311.4 ACRES OF LAND, MORE OR LESS, OUT OF THE S.W. EGGLESTON  
SURVEY NUMBER 3, ABSTRACT NUMBERS 5 AND 11 OF HAYS AND  
TRAVIS COUNTIES, TEXAS, SAID AND EXCEPT THAT CERTAIN 1.000 ACRE  
TRACT OF LAND OUT OF THE S.W. EGGLESTON SURVEY NUMBER 3,  
ABSTRACT NUMBERS 5 AND 11 OF HAYS AND TRAVIS COUNTIES, TEXAS.  
TRACT 2: 66,574 ACRES (APPROX. 9,455,411 SQ. FT.), BEING ALL OF  
717.17 ACRES OF LAND, MORE OR LESS, OUT OF THE S.W. EGGLESTON  
SURVEY NUMBER 3, ABSTRACT NUMBERS 5 OF HAYS COUNTY, TEXAS.

TRACT	ACRES	SECTION	ABSTRACT	SURVEY	COUNTY	STATE
1	358,882	5	5	3	HAYS	TEXAS
1	358,882	11	11	3	TRAVIS	TEXAS
2	66,574	5	5	3	HAYS	TEXAS



- 1. 1/4 Section 5, T.1N, R.1E, S.34
- 2. 1/4 Section 11, T.1N, R.1E, S.34
- 3. 1/4 Section 5, T.1N, R.1E, S.34
- 4. 1/4 Section 11, T.1N, R.1E, S.34
- 5. 1/4 Section 5, T.1N, R.1E, S.34
- 6. 1/4 Section 11, T.1N, R.1E, S.34
- 7. 1/4 Section 5, T.1N, R.1E, S.34
- 8. 1/4 Section 11, T.1N, R.1E, S.34
- 9. 1/4 Section 5, T.1N, R.1E, S.34
- 10. 1/4 Section 11, T.1N, R.1E, S.34
- 11. 1/4 Section 5, T.1N, R.1E, S.34
- 12. 1/4 Section 11, T.1N, R.1E, S.34
- 13. 1/4 Section 5, T.1N, R.1E, S.34
- 14. 1/4 Section 11, T.1N, R.1E, S.34
- 15. 1/4 Section 5, T.1N, R.1E, S.34
- 16. 1/4 Section 11, T.1N, R.1E, S.34
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- 21. 1/4 Section 5, T.1N, R.1E, S.34
- 22. 1/4 Section 11, T.1N, R.1E, S.34
- 23. 1/4 Section 5, T.1N, R.1E, S.34
- 24. 1/4 Section 11, T.1N, R.1E, S.34
- 25. 1/4 Section 5, T.1N, R.1E, S.34
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- 31. 1/4 Section 5, T.1N, R.1E, S.34
- 32. 1/4 Section 11, T.1N, R.1E, S.34
- 33. 1/4 Section 5, T.1N, R.1E, S.34
- 34. 1/4 Section 11, T.1N, R.1E, S.34
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- 37. 1/4 Section 5, T.1N, R.1E, S.34
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- 97. 1/4 Section 5, T.1N, R.1E, S.34
- 98. 1/4 Section 11, T.1N, R.1E, S.34
- 99. 1/4 Section 5, T.1N, R.1E, S.34
- 100. 1/4 Section 11, T.1N, R.1E, S.34

THE FOLLOWING ARE THE NAMES OF THE PERSONS WHOSE INTERESTS ARE SHOWN ON THIS SURVEY:

- 1. [Name]
- 2. [Name]
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- 95. [Name]
- 96. [Name]
- 97. [Name]
- 98. [Name]
- 99. [Name]
- 100. [Name]

THE FOLLOWING ARE THE NAMES OF THE PERSONS WHOSE INTERESTS ARE SHOWN ON THIS SURVEY:

[Detailed list of names and interests follows]



**Chaparral**  
Professional Land Surveying  
Surveyors and Mapping  
1000 West 10th  
Fort Worth, Texas 76102  
(817) 335-1234

Surveyed and Certified by:  
[Signature]  
[Date]



Professional Land Surveying, Inc.  
Surveying and Mapping

Office: 512-413-1721  
Fax: 512-389-0943

5725 West Hwy 290, Suite 103  
Austin, Texas 78736

**208.892 ACRES  
S.V.R. EGGLESTON SURVEY NO. 3, ABS. NO. 5,  
HAYS COUNTY, TEXAS AND THE  
S.V.R. EGGLESTON SURVEY NO. 3, ABS. NO. 11  
TRAVIS COUNTY, TEXAS**

A DESCRIPTION OF 208.892 ACRES IN THE S.V.R. EGGLESTON SURVEY NO. 3, ABSTRACT NO. 5, HAYS COUNTY, TEXAS AND THE S.V.R. EGGLESTON SURVEY NO. 3, ABSTRACT NO. 11, TRAVIS COUNTY, TEXAS, BEING ALL OF 211.4 ACRES OF LAND, MORE OR LESS, OUT OF THE S.V.R. EGGLESTON SURVEY NUMBER 3, ABSTRACT NUMBERS 5 AND 11 OF HAYS AND TRAVIS COUNTIES, TEXAS, DESCRIBED IN VOLUME 711, PAGE 598 AND VOLUME 713, PAGE 536, BOTH OF THE DEED RECORDS OF HAYS COUNTY, TEXAS, SAVE AND EXCEPT THAT CERTAIN 1.998 ACRE TRACT OF LAND OUT OF THE S.V.R. EGGLESTON SURVEY NUMBER 3, ABSTRACT NUMBERS 5 AND 11 OF HAYS AND TRAVIS COUNTIES, TEXAS, DESCRIBED IN VOLUME 12391, PAGE 348 OF THE REAL PROPERTY RECORDS OF TRAVIS COUNTY, TEXAS; SAID 208.892 ACRES BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

**BEGINNING** at a 1/2" iron pipe found in the south line of said 211.4 acre tract, being the north termination of the agreed boundary line described in Volume 222, Page 163 of the Deed Records of Hays County, Texas, also being the northwest corner of a 217.17 acre tract described in Volume 222, Page 163 of the Deed Records of Hays County, Texas, and being also the northeast corner of Lot 42, Block F, Cimarron Park Section III, Phase III, a subdivision of record in Volume 3, Page 37 of the Plat Records of Hays County, Texas, from which a 3/8" rebar found in the north right-of-way line of F.M. 967 (right-of-way width varies), being the southwest corner of said 217.17 acre tract, also being the south termination of the said agreed boundary line and also being the southwest corner of Lot 1, Cimarron Professional Park Section One, a subdivision of record in Volume 7, Page 306 of the Plat Records of Hays County, Texas, bears South 01°35'28" East, a distance of 5463.29 feet and also from which an 18" Live Oak tree bears North 23°29'51" East, a distance of 36.52 feet and from which also a 9" Elm bears South 58°41'16" East, a distance of 49.77 feet, both trees having been referenced in Volume 222, Page 163 of the Deed Records of Hays County, Texas;

**THENCE** South 89°18'45" West, with the south line of the 211.4 acre tract, same being the north line of said Cimarron Park Section III, Phase III, a distance of 1050.80 feet to a 1/2" rebar with "Chaparral" cap set for the southwest corner of the 211.4 acre tract, being the northwest corner of Lot 14, Block E and also being in the east line of Lot 7, Block E, both of Cimarron Park Section III, Phase III;

759-022-TR1



**THENCE** North 01°36'39" West, with the west line of the 211.4 acre tract, same being the west line of Cimarron Park Section III, Phase III, the east line of Cimarron Park Section Three Phase Two, a subdivision of record in Volume 2, Page 321 of the Plat Records of Hays County, Texas, the east line of a 0.629 acre tract described in Document No. 18022446 of the Official Public Records, the east line of a 0.83 acre tract described in Volume 962, Page 90 of the Deed Records, the east line of a 0.852 acre tract described in Volume 525, Page 85 of the Deed Records, the east line of a 0.346 acre tract described in Volume 988, Page 579 of the Deed Records, the east line of a 1.00 acre tract described in Volume 2656, Page 108 of the Deed Records, the east line of a 1.00 acre tract described in Volume 388, Page 516 of the Deed Records, the east line of a 1.00 acre tract described in Document No. 20056742 of the Official Public Records, the east line of a 1.00 acre tract described in Volume 742, Page 640 of the Deed Records, the east line of a 1.00 acre tract described in Volume 1100, Page 212 of the Deed Records and the east line of a 1.46 acre tract described in Volume 796, Page 317 of the Deed Records, all of Hays County, Texas, a distance of 3161.12 feet to a 1/2" iron pipe found for the northwest corner of the 211.4 acre tract, being the northeast corner of said 1.46 acre tract and also being an angle point in the south line of a 65.112 acre tract described in Document No. 14021499 of the Official Public Records of Hays County, Texas, from which a 5/8" rebar found for the northwest corner of the 1.46 acre tract, being in the south line of said 65.112 acre tract, bears South 89°49'07" West, a distance of 350.15 feet;

**THENCE** South 89°42'36" East, with the north line of the 211.4 acre tract, same being the south line of the 65.112 acre tract, a distance of 1044.87 feet to a 5/8" iron pipe found for an angle point in the north line of the 211.4 acre tract, same being the south line of the 65.112 acre tract;

**THENCE** South 89°36'55" East, continuing with the north line of the 211.4 acre tract, same being the south line of the 65.112 acre tract and the south line of a 48.354 acre tract described in Volume 7588, Page 451 of the Deed Records of Travis County, Texas, a distance of 839.72 feet to a 5/8" iron pipe found for an angle point in the north line of the 211.4 acre tract, same being the south line of said 48.354 acre tract;

**THENCE** continuing with the north line of the 211.4 acre tract, same being the south line of the 48.354 acre tract, the following seven (7) courses and distances:

1. South 60°49'12" East, a distance of 74.39 feet to a 1/2" iron pipe found;
2. South 69°02'36" East, a distance of 76.33 feet to a 1/2" iron pipe found;
3. South 87°22'15" East, a distance of 127.86 feet to a 3/4" iron pipe found;
4. North 47°43'15" East, a distance of 94.70 feet to a 1/2" rebar with "Chaparral" cap set;
5. North 89°13'53" East, a distance of 172.17 feet to a 5/8" iron pipe found;

**THENCE** South 02°16'55" East, with the east line of the 211.4 acre tract, same being the west line of Lot 16, a distance of 320.31 feet to a 1/2" iron pipe found in the west line of a 348.277 acre tract described in Document No. 21030465 of the Official Public Records of Hays County, Texas;

**THENCE** South 01°38'47" East, with the east line of the 211.4 acre tract, same being the west line of said 348.277 acre tract, a distance of 1962.76 feet to a 1/2" iron pipe found for the southeast corner of the 211.4 acre tract, being the northeast corner of the 217.17 acre tract;

**THENCE** South 89°18'45" West, with the south line of the 211.4 acre tract, same being the north line of the 217.17 acre tract, a distance of 1898.75 feet to the **POINT OF BEGINNING**, containing 208.892 acres of land, more or less.

Surveyed on the ground on November 12, 2021. Bearing Basis: The Texas Coordinate System of 1983 (NAD83), South Central Zone, based on GPS solutions from The National Geodetic Survey (RTN) on-line positioning user service (OPUS) for Chaparral control point "3". Attachments: Survey Drawing No. 759-022-TR1.

Steven P. Timberlake                      Date  
Registered Professional Land Surveyor  
State of Texas No. 6240  
TBPLS Firm No. 10124500

759-022-TR1



Professional Land Surveying, Inc.  
Surveying and Mapping

Office: 512 443 1724  
Fax: 512-389-0943

5725 West Hwy 290, Suite 103  
Austin, Texas 78735

**217.066 ACRES  
S.V.R. EGGLESTON SURVEY NO. 3, ABS. NO. 5,  
HAYS COUNTY, TEXAS**

A DESCRIPTION OF 217.066 ACRES IN THE S.V.R. EGGLESTON SURVEY NO. 3, ABSTRACT NO. 5, HAYS COUNTY, TEXAS, BEING ALL OF A 217.17 ACRE TRACT DESCRIBED IN VOLUME 222, PAGE 163 OF THE DEED RECORDS OF HAYS COUNTY, TEXAS; SAID 217.066 ACRES BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

**BEGINNING** at a 3/8" rebar found in the north right-of-way line of F.M. 967 (right-of-way width varies), being the southeast corner of said 217.17 acre tract, also being the south termination of the agreed boundary line described in Volume 222, Page 163 of the Deed Records of Hays County, Texas and also being the southwest corner of Lot 1, Cimarron Professional Park Section One, a subdivision of record in Volume 7, Page 306 of the Plat Records of Hays County, Texas;

**THENCE** North 01°35'28" West, with said agreed boundary line, being the west line of the 217.17 acre tract, with the east lines of Lots 1 and 2, said Cimarron Professional Park, Section one, also with the east right-of-way line of Dove Drive (right-of-way width varies), described in Volume 4, Page 126, Volume 3, Page 99 and Volume 4, Page 363, all of the Plat Records of Hays County, Texas, also with the east lines of Coves of Cimarron, a subdivision of record in Volume 3, Page 99, corrected in Volume 4, Page 363, both of the Plat Records of Hays County, Texas, with the east line of Cimarron Park Section III, Phase III, a subdivision of record in Volume 3, Page 37 of the Plat Records of Hays County, Texas, distance of 5463.29 feet to a 1/2" iron pipe found for the northwest corner of the 217.17 acre tract, being the northeast corner of Lot 42, Block F, said Cimarron Park Section III, Phase III and also being in the south line of a 211.4 acre tract described in Volume 711, Page 598 and Volume 713, Page 536, both of the Deed Records of Travis County, Texas, from which an 18" Live Oak tree bears North 23°29'51" East, a distance of 36.52 feet and also from which a 9" Elm bears South 58°41'16" East, a distance of 49.77 feet, both trees having been referenced in Volume 222, Page 163 of the Deed Records of Hays County, Texas;

**THENCE** North 89°18'45" East, with the north line of the 217.17 acre tract, same being the south line of said 211.4 acre tract, a distance of 1898.75 feet to a 1/2" iron pipe found for the northeast corner of the 217.17 acre tract, being the southeast corner of the 211.4 acre tract and also being in the west line of a 248.277 acre tract, described in Document No. 21030465 of the Official Public Records of Hays County, Texas;

759-022-TR2



**THENCE** with the east line of the 217.17 acre tract, same being the west line of the 348.277 acre tract, the following seven (7) courses and distances:

1. South 01°45'39" East, a distance of 1178.74 feet to a 1/2" rebar with "Chaparral" cap set;
2. South 01°37'39" East, a distance of 790.58 feet to a 1/2" rebar with "Chaparral" cap set;
3. South 01°33'39" East, a distance of 674.64 feet to a 1/2" iron pipe found;
4. South 01°15'34" East, a distance of 788.84 feet to a 1/2" rebar found;
5. South 88°30'10" West, a distance of 150.63 feet to a 1/2" iron pipe found;
6. South 15°38'43" West, a distance of 240.66 feet to a 1/2" iron pipe found;
7. South 14°48'18" West, a distance of 1799.41 feet to a 1/2" rebar with "BGE" cap found for an angle point in the proposed north right-of-way line of F.M. 967, being the southeast corner of the 348.277 acre tract;

**THENCE** with the continuing with the east line of the 217.17 acre tract, same being the proposed north right-of-way line of F.M. 967, the following two (2) courses and distances:

1. South 14°59'24" West, a distance of 53.72 feet to a 1/2" iron pipe found;
2. South 12°21'43" West, a distance of 6.44 feet to a 1/2" rebar with "BGE" cap found for the southeast corner of 217.17 acre tract, being in the existing north right-of-way line of F.M. 967;

**THENCE** with the north right-of-way line of F.M. 967, same being the south line of the 217.17 acre tract, the following four (4) courses and distances:

1. South 88°34'15" West, a distance of 386.36 feet to a 1/2" rebar with "Chaparral" cap set;
2. With a curve to the left, having a radius of 560.87 feet, a delta angle of 14°40'07", an arc length of 143.59 feet, and a chord which bears North 84°21'53" West, a distance of 143.20 feet to a concrete highway monument found;
3. South 88°18'03" West, a distance of 333.04 feet to a concrete highway monument found;

4. South  $87^{\circ}19'41''$  West, a distance of 289.44 feet to the **POINT OF BEGINNING**, containing 217.066 acres of land, more or less.

Surveyed on the ground on November 12, 2021. Bearing Basis: The Texas Coordinate System of 1983 (NAD83), South Central Zone, based on GPS solutions from The National Geodetic Survey (RTN) on-line positioning user service (OPUS) for Chaparral control point "3". Attachments: Survey Drawing No. 759-022-TR2.

Steven P. Timberlake                      Date  
Registered Professional Land Surveyor  
State of Texas No. 6240  
TBPLS Firm No. 10124500

759-022-TR2

## EXHIBIT L-2 – IMPROVEMENT AREA #1 LEGAL DESCRIPTION

EXHIBIT \_\_\_\_

Persimmon PID Improvement Area #1  
117.502 Acres

### METES & BOUNDS DESCRIPTION

FIELD NOTES FOR 117.502 ACRES OF LAND OUT OF THE S.V.R. EGGLESTON SURVEY NUMBER 3, ABSTRACT NO. 5 OF HAYS COUNTY, TEXAS; BEING A PORTION OF A CALLED 348.277 ACRE TRACT OF LAND AS CONVEYED TO BAILEY LAND INVESTMENTS, LP BY SPECIAL WARRANTY DEED WITH VENDOR'S LIEN RECORDED IN DOCUMENT NUMBER 21030241 AND CORRECTED BY SPECIAL WARRANTY DEED WITH VENDOR'S LIEN RECORDED IN DOCUMENT NUMBER 21030465, BOTH OF THE OFFICIAL PUBLIC RECORDS OF HAYS COUNTY, TEXAS, AND SPECIAL WARRANTY DEED WITH VENDOR'S LIEN RECORDED IN DOCUMENT NUMBER 2021126135 AND CORRECTED BY SPECIAL WARRANTY DEED WITH VENDOR'S LIEN RECORDED IN DOCUMENT NUMBER 2021126836, BOTH OF THE OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY, TEXAS, AND BEING ALL OF THE REMAINDER OF LOT 1, BLOCK "T" OF THE WOODS OF BEAR CREEK, A SUBDIVISION RECORDED IN VOLUME 3, PAGE 347 OF THE PLAT RECORDS OF HAYS COUNTY, TEXAS; SAID 117.502 ACRES OF LAND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

**BEGINNING** at a calculated point on the east right-of-way line of RM 967 (variable width) as dedicated by Volume 146, Page 335 of the Deed Records of Hays County, Texas, and Document Numbers 21059955 and 21059958, both of the Official Public Records of Hays County, Texas, at the south corner of a called 0.062 acre tract of land described as Parcel 1, Part 1 as conveyed to the State of Texas by Deed recorded in said Document Number 21059955 of the Official Public Records of Hays County, Texas, at the northwest corner of CREEKSIDE PARK SECTION ONE P.U.D., a subdivision as recorded in Volume 8, Page 103 of the Plat Records of Hays County, Texas, and the southwest corner of the remainder of said Lot 1, Block "T" of THE WOODS OF BEAR CREEK, for the southwest corner and **POINT OF BEGINNING** of the herein described tract;

**THENCE**, with the east right-of-way line of said RM 967, the west line of said 348.277 acre tract and the west line of the remainder of said Lot 1, Block "T", N 00°22'18" E a distance of 263.17 feet to a 1/2-inch iron rod with cap stamped "BGE INC" set on the south line of a called 0.1337 acre tract of land as conveyed to The City of Buda, Texas, by Special Warranty Deed recorded in Document Number 14037969 of the Official Public Records of Hays County, Texas, at the northeast corner of said 0.062 acre tract, at an exterior corner of the remainder of said Lot 1, Block "T", and at an exterior corner of said 348.277 acre tract, for an exterior corner of the herein described tract, from which a 1/2-inch iron rod with cap stamped "BGE INC" set on the east right-of-way line of said RM 967, at the northwest corner of said 0.062 acre tract, and at the southwest corner of said 0.1337 acre tract, bears N 89°37'42" W a distance of 14.97 feet;



THENCE, departing the east right-of-way line of said RM 967 with a north line of said Lot 1, Block "T", a north line of said 348.277 acre tract, and the south line of said 0.1337 acre tract, S 89°37'42" E a distance of 85.03 feet to a 1/2-inch iron rod with cap stamped "BGE INC" set at an interior corner of said Lot 1, Block "T", and at an interior corner of said 348.277 acre tract, and at the southeast corner of said 0.1337 acre tract, for an interior corner of the herein described tract;

THENCE, with a west line of said Lot 1, Block "T" and the east line of said 0.1337 acre tract, N 00°22'18" E a distance of 65.00 feet to a 1/2-inch iron rod with cap stamped "BGE INC" set at an interior corner of said Lot 1, Block "T", and at an interior corner of said 348.277 acre tract, and at the northeast corner of said 0.1337 acre tract, for an interior corner of the herein described tract;

THENCE, with a south line of said Lot 1, Block "T", a south line of said 348.277 acre tract, a west line of said 348.277 acre tract, and a north line of said 0.1337 acre tract, N 89°37'42" W a distance of 71.90 feet to a calculated point on the east right-of-way line of said RM 967 at the beginning of a non-tangent curve to the left, at an exterior corner of a called 0.499 acre tract of land described as Parcel 1, Part 2 as conveyed to the State of Texas by said Deed recorded in Document Number 21059955 of the Official Public Records of Hays County, Texas, at an exterior corner of the remainder of said Lot 1, Block "T", and at an exterior corner of said 348.277 acre tract, for an exterior corner of the herein described tract;

THENCE, departing the north line of said 0.1337 acre tract, with the east right-of-way line of said RM 967, the west line of said 348.277 acre tract, and the west line of the remainder of said Lot 1, Block "T", along said curve to the left, an arc distance of 177.53 feet, having a radius of 127.00 feet, a central angle of 80°05'36" and a chord which bears N 21°02'27" E a distance of 163.43 feet to a 1/2-inch iron rod with cap stamped "BGE INC" set for a point of reverse curvature;

THENCE, continuing with the east right-of-way line of said RM 967, with the west line of said 348.277 acre tract, and partially with the west line of the remainder of said Lot 1, Block "T", along said curve to the right, an arc distance of 80.89 feet, having a radius of 168.00 feet, a central angle of 27°35'08" and a chord which bears N 05°12'47" W a distance of 80.11 feet to a 1/2-inch iron rod with cap stamped "BGE INC" set at the most easterly northeast corner of said 0.499 acre tract, and at an interior corner of said 348.277 acre tract, for an interior corner of the herein described tract;

THENCE, continuing with the east right-of-way line of said RM 967 and the west line of said 348.277 acre tract, S 88°30'13" W a distance of 16.72 feet to a 1/2-inch iron rod with cap stamped "BGE INC" set at the beginning of a non-tangent curve to the right, at an interior corner of said 0.499 acre tract, and at an exterior corner of said 348.277 acre tract, for an exterior corner of the herein described tract;

THENCE, continuing with the east right-of-way line of said RM 967 and the west line of said 348.277 acre tract, along said curve to the right, an arc distance of 30.82 feet, having a radius of 184.33 feet, a central angle of  $09^{\circ}34'51''$  and a chord which bears  $N 12^{\circ}22'05'' E$  a distance of 30.79 feet to a 1/2-inch iron rod with cap stamped "BGE INC" set at the intersection of the east right-of-way line of said RM 967 and the north right-of-way line of said RM 967, at the most northerly northeast corner of said 0.499 acre tract, and at an interior corner of said 348.277 acre tract, for an interior corner of the herein described tract, from which a 1/2-inch iron rod with a cap stamped "BGE INC" set on the east line of a called 79.000 acre tract of land as conveyed to Armbruster Land Investments, LP by General Warranty Deed with Vendor's Lien recorded in Document Number 21071113 of the Official Public Records of Hays County, Texas, at the northwest corner of a called 0.032 acre tract of land described as Parcel 2 as conveyed to the State of Texas by Deed recorded in Document Number 21059958 of the Official Public Records of Hays County, Texas, and at an exterior corner of said 348.277 acre tract, bears  $N 74^{\circ}14'59'' W$ , pass a 1/2-inch with cap stamped "BGE INC" set at the northwest corner of said 0.499 acre tract and at the northeast corner of said 0.032 acre tract at a distance of 68.21 feet and continuing on for a total distance of 93.22 feet;

THENCE, departing the north right-of-way line of said RM 967, over and across said 348.277 acre tract,  $N 17^{\circ}09'30'' E$  a distance of 69.89 feet to a calculated point at the point of curvature of a curve to the left;

THENCE, continuing over and across said 348.277 acre tract, along said curve to the left, an arc distance of 139.32 feet, having a radius of 1,060.00 feet, a central angle of  $07^{\circ}31'50''$  and a chord which bears  $N 13^{\circ}23'35'' E$  a distance of 139.22 feet to a calculated point of tangency;

THENCE, continuing over and across said 348.277 acre tract,  $N 09^{\circ}37'41'' E$  a distance of 321.64 feet to a calculated point at the point of curvature of a curve to the right;

THENCE, continuing over and across said 348.277 acre tract, along said curve to the right, an arc distance of 84.62 feet, having a radius of 940.00 feet, a central angle of  $05^{\circ}09'27''$  and a chord which bears  $N 12^{\circ}12'24'' E$  a distance of 84.59 feet to a calculated point of tangency;

THENCE, continuing over and across said 348.277 acre tract,  $N 14^{\circ}47'08'' E$  a distance of 777.95 feet to a calculated point at the point of curvature of a curve to the right;

THENCE, continuing over and across said 348.277 acre tract, along said curve to the right, an arc distance of 222.25 feet, having a radius of 940.00 feet, a central angle of  $13^{\circ}32'48''$  and a chord which bears  $N 21^{\circ}33'32'' E$  a distance of 221.73 feet to a calculated point of tangency;

THENCE, continuing over and across said 348.277 acre tract,  $N 28^{\circ}19'56'' E$  a distance of 291.15 feet to a calculated point at the point of curvature of a curve to the left;



THENCE, continuing over and across said 348.277 acre tract, along said curve to the left, an arc distance of 556.46 feet, having a radius of 1,060.00 feet, a central angle of 30°04'42" and a chord which bears N 13°17'35" E a distance of 550.10 feet to a calculated point of tangency;

THENCE, continuing over and across of said 348.277 acre tract, N 01°44'47" W a distance of 635.35 feet to a calculated point for the northwest corner of the herein described tract;

THENCE, continuing over and across said 348.277 acre tract, N 88°09'28" E a distance of 204.24 feet to a calculated angle point;

THENCE, continuing over and across said 348.277 acre tract, N 68°06'16" E a distance of 285.52 feet to a calculated angle point;

THENCE, continuing over and across said 348.277 acre tract, N 51°27'28" E a distance of 624.41 feet to a calculated point for the most northerly corner of the herein described tract;

THENCE, continuing over and across said 348.277 acre tract, S 50°13'25" E a distance of 427.53 feet to a calculated angle point;

THENCE, continuing over and across said 348.277 acre tract, S 83°07'31" E a distance of 265.05 feet to a calculated angle point;

THENCE, continuing over and across said 348.277 acre tract, N 61°39'25" E a distance of 67.24 feet to a calculated angle point;

THENCE, continuing over and across said 348.277 acre tract, N 88°29'20" E a distance of 114.19 feet to a calculated point on the east line of said 348.277 acre tract and the west line of a called 97.36 acre tract of land described as "First Tract" as conveyed to Gene Ledoux by Deed recorded in Volume 153, Page 490 of the Deed Records of Hays County, Texas, for the northeast corner of the herein described tract;

THENCE, generally along a fence, with the west line of said 97.36 acre tract and the east line of said 348.277 acre tract, the following two (2) courses:

- 1) S 01°45'49" W a distance of 120.95 feet to a 60d nail found in a dead tree for an angle point;
- and

- 2) S 01°50'33" E a distance of 288.45 feet to a 26-inch Live Oak found at a west corner of said 97.36 acre tract, and at the northwest corner of a called 98.01 acre tract of land described as "Second Tract" as conveyed to Gene Ledoux by Deed recorded in Volume 203, Page 527 of the Deed Records of Hays County, Texas, at an exterior corner of said 348.277 acre tract, for an exterior corner of the herein described tract, from which a 1/2-inch iron pipe bears S 19°11'27" E a distance of 28.07 feet;

THENCE, generally along a fence, with the east line of said 348.277 acre tract and the west line of said 98.01 acre tract, the following six (6) courses:

- 1) S 55°03'49" W a distance of 24.59 feet to a 1/2-inch iron rod found for an angle point;
- 2) S 56°08'39" W a distance of 85.68 feet to a 60d nail found in a fence post for an angle point;
- 3) S 14°07'00" W a distance of 239.07 feet to a 15-inch Cedar Elm for an angle point;
- 4) S 15°54'31" E a distance of 63.94 feet to a 60d nail found on the east side of a 21-inch Live Oak for an angle point;
- 5) S 08°18'35" W a distance of 463.00 feet to a 1/2-inch iron rod found for an angle point; and
- 6) S 07°22'38" W a distance of 455.90 feet to a 1/2-inch iron rod in concrete found at the apparent north corner of a graveyard as described in Volume 203, Page 527 of the Deed Records of Hays County, Texas, for an angle point;

THENCE, continuing generally along a fence, with the east line of said 348.277 acre tract, S 25°57'19" W a distance of 31.27 feet to a 60d nail found in the fence, for an angle point;

THENCE, continuing generally along a fence, with the east line of said 348.277 acre tract, S 39°05'02" W a distance of 272.60 feet to a 60d nail found at the most northerly northwest corner of a called 81.67 acre tract of land as conveyed to Robert Rembert Guinn and Nina Guinn by Deed recorded in Volume 1001, Page 24 of the Deed Records of Hays County, Texas, being further described in Volume 158, Page 362 of the Deed Records of Hays County, Texas, for an angle point;

THENCE, generally along a fence, with the northwest line of said 81.67 acre tract and the southeast line of said 348.277 acre tract, S 51°26'41" W a distance of 333.89 feet to a 1/2-inch iron pipe found for an angle point;



THENCE, continuing generally along a fence, with the northwest line of said 81.67 acre tract and the southeast line of said 348.277 acre tract, S 25°00'46" W a distance of 238.99 feet to a 1/2-inch iron rod found at the most northerly corner of CREEKSIDE PARK SECTION TWO P.U.D., a subdivision recorded in Volume 8, Page 283 of the Plat Records of Hays County, Texas, and at the most westerly northwest corner of said 81.67 acre tract, for an angle point;

THENCE, generally along a fence, with the northwest line of said CREEKSIDE PARK SECTION TWO P.U.D. and the southeast line of said 348.277 acre tract, S 24°36'19" W a distance of 35.08 feet to a 1/2-inch iron pipe found for an angle point;

THENCE, continuing generally along a fence, with the northwest line of said CREEKSIDE PARK SECTION TWO P.U.D. and the southeast line of said 348.277 acre tract, S 24°16'53" W a distance of 999.38 feet to a 1/2-inch iron rod found at an interior corner of said CREEKSIDE PARK SECTION TWO P.U.D., at the southeast corner of said 348.277 acre tract, for the southeast corner of the herein described tract;

THENCE, generally along a fence, with the north line of said CREEKSIDE PARK SECTION TWO P.U.D. and the south line of said 348.277 acre tract, N 87°58'40" W a distance of 9.41 feet to a 1/2-inch iron rod found at a westerly corner of said CREEKSIDE PARK SECTION TWO P.U.D., and at the northeast corner of CREEKSIDE PARK SECTION ONE P.U.D., a subdivision recorded in Volume 8, Page 103 of the Plat Records of Hays County, Texas, for an angle point;

THENCE, generally along a fence, with the north line of said CREEKSIDE PARK SECTION ONE P.U.D. and the south line of said 348.277 acre tract, S 89°22'26" W a distance of 182.09 feet to a 1/2-inch iron rod found for an angle point;

THENCE, continuing with the north line of said CREEKSIDE PARK SECTION ONE P.U.D. and the south line of said 348.277 acre tract, S 85°18'14" W a distance of 140.04 feet to a calculated point on the southeast line of said Lot 1, Block "T", lying in the center of Garlic Creek;

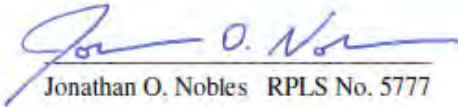
THENCE, with the northwest lines of said CREEKSIDE PARK SECTION ONE P.U.D., the southeast lines of said Lot 1, Block "T", the southeast lines of said 348.277 acre tract, and the meanders of Garlic Creek, the following seven (7) courses:

- 1) S 62°49'33" W a distance of 229.00 feet to a calculated angle point;
- 2) S 88°24'33" W a distance of 97.00 feet to a calculated angle point;
- 3) S 60°06'42" W a distance of 262.00 feet to a calculated angle point;
- 4) S 21°49'52" W a distance of 64.00 feet to a calculated angle point;




- 5) S 56°52'57" W a distance of 208.35 feet to a calculated angle point;
- 6) S 48°06'33" W a distance of 92.00 feet to a calculated angle point; and
- 7) S 62°01'33" W a distance of 88.26 feet to the **POINT OF BEGINNING** and containing 117.502 acres of land, more or less.

I hereby certify that these notes were prepared from a survey made on the ground by BGE, Inc, under my supervision on August 3, 2019 and are true and correct to the best of my knowledge. Bearing orientation is based on the Texas State Plane Coordinate System, NAD 83, South Central Zone 4204. This document was prepared under 22 Texas Administrative Code §138.95 and is not to be used to convey or establish interests in real property except those rights and interests implied or established by the creation or reconfiguration of the boundary of the political subdivision for which it was prepared. A sketch accompanies this description.



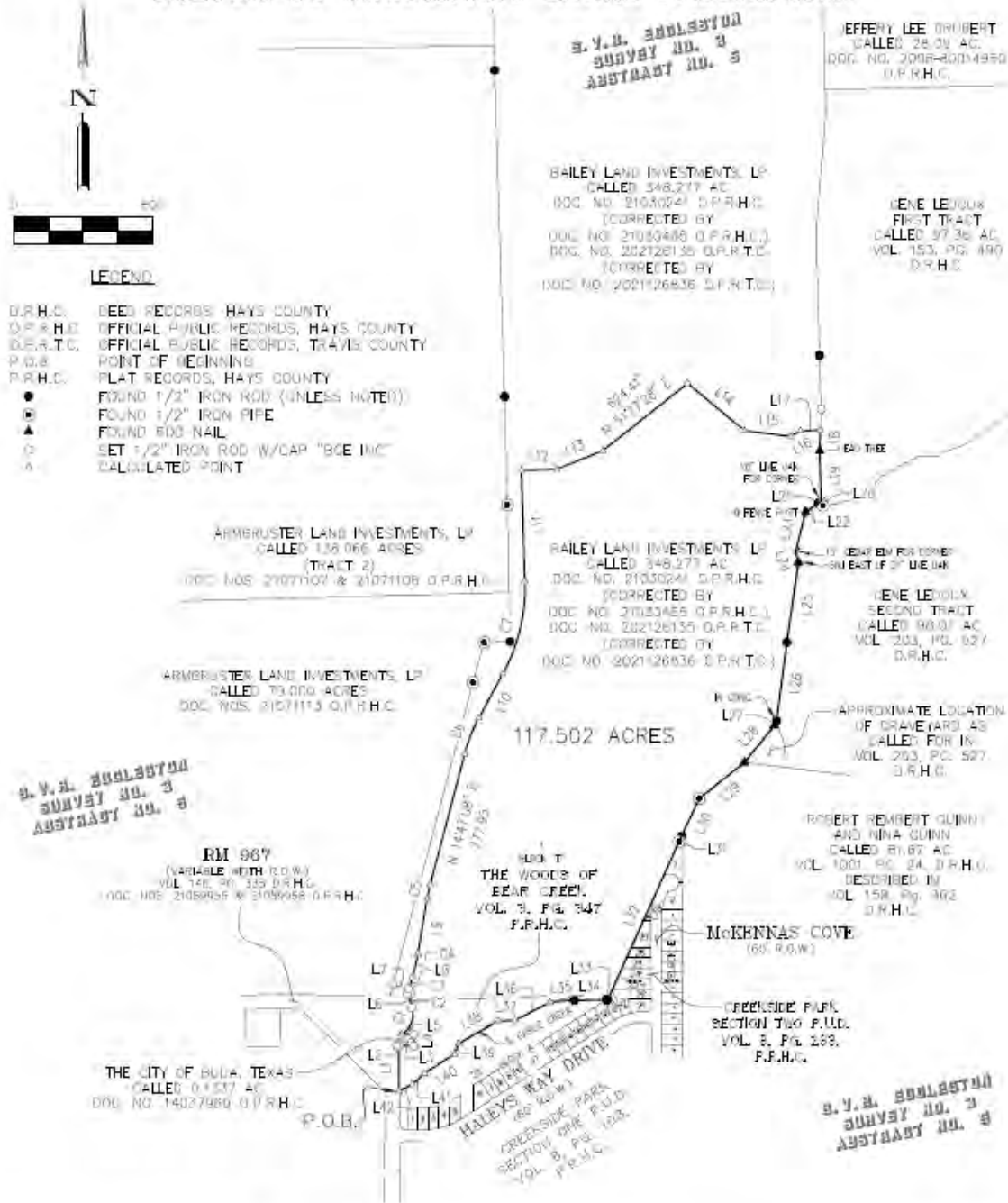
Jonathan O. Nobles RPLS No. 5777  
BGE, Inc.  
101 West Louis Henna Blvd, Suite 400  
Austin, Texas 78728  
Telephone: (512) 879-0400  
TBPLS Licensed Surveying Firm No. 10106502



07/23/2024  
Date

Date: July 23, 2024  
Job No: 5577-02

# SKETCH TO ACCOMPANY LEGAL DESCRIPTION



BEARING ORIENTATION IS BASED ON THE TEXAS STATE PLANE COORDINATE SYSTEM, SOUTH CENTRAL ZONE 4204, NAD83.



**BGE, Inc.**  
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TBPLS Licensed Surveying Firm No. 10106502

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SCALE 1"=800'

SHEET 8

OF 9

## SKETCH TO ACCOMPANY LEGAL DESCRIPTION

LINE TABLE		
NUMBER	BEARING	DISTANCE
L1	N 00°22'18" E	263.17'
L2	N 88°37'42" W	14.97'
L3	S 88°37'42" E	85.03'
L4	N 00°22'18" E	85.00'
L5	N 88°37'42" W	71.90'
L6	S 88°30'13" W	16.72'
L7	N 74°14'09" W	88.22'
L8	N 17°08'30" E	68.88'
L9	N 08°37'41" E	321.64'
L10	N 28°19'56" E	291.15'
L11	N 01°44'17" W	635.38'
L12	N 88°08'28" E	204.34'
L13	N 68°06'18" E	285.52'
L14	S 50°13'25" E	427.58'
L15	S 83°07'31" E	265.06'
L16	N 81°38'25" E	67.24'
L17	N 88°29'20" E	114.19'
L18	S 01°45'49" W	120.96'
L19	S 0°50'33" E	285.46'
L20	S 18°11'27" E	28.07'
L21	S 55°03'48" W	24.59'

LINE TABLE		
NUMBER	BEARING	DISTANCE
L22	S 56°08'38" W	85.68'
L23	S 14°17'00" W	239.07'
L24	S 15°54'31" E	63.94'
L25	S 08°18'35" W	463.06'
L26	S 37°22'38" W	465.90'
L27	S 25°57'19" W	51.27'
L28	S 34°05'02" W	272.80'
L29	S 51°25'41" W	353.80'
L30	S 25°00'36" W	238.98'
L31	S 24°36'18" W	35.08'
L32	S 24°16'53" W	888.38'
L33	N 87°58'40" W	8.41'
L34	S 89°22'26" W	182.09'
L35	S 85°18'14" W	140.06'
L36	S 82°49'33" W	229.00'
L37	S 88°24'32" W	97.00'
L38	S 60°06'42" W	262.00'
L39	S 31°49'52" W	64.00'
L40	S 56°52'57" W	205.35'
L41	S 48°06'33" W	92.00'
L42	S 62°01'33" W	88.75'

CURVE TABLE					
NUMBER	ARC LENGTH	RADIUS	DELTA	CHORD BEARING	CHORD DISTANCE
C1	177.54'	127.00'	80°05'36"	N 21°02'27" E	163.43'
C2	80.89'	168.00'	27°38'08"	N 05°12'47" W	80.11'
C3	30.62'	184.32'	9°34'51"	N 02°22'05" E	30.79'
C4	139.32'	1,000.00'	7°31'50"	N 13°23'35" E	139.23'
C5	84.62'	940.00'	5°09'27"	N 12°12'24" E	84.59'
C6	222.25'	940.00'	13°32'48"	N 21°33'32" E	221.73'
C7	556.46'	1,060.00'	30°04'42"	N 13°17'35" E	550.10'



**BGE, Inc.**  
 101 West Louis Henna Blvd, Suite 400, Austin, TX 78728  
 Tel: 512-879-0400 • [www.bgeinc.com](http://www.bgeinc.com)  
 TBPLS Licensed Surveying Firm No. 10106502

SCALE: 1"=800'

SHEET 9

OF 9

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### **EXHIBIT L-3 – MAJOR IMPROVEMENT AREA LEGAL DESCRIPTION**

The Major Improvement Area consists of 656.733 acres, which includes all of the property within the PID boundary SAVE AND EXCEPT the Improvement Area #1 property.

## **EXHIBIT M – DISTRICT BUYER DISCLOSURES**

This exhibit contains the following buyer disclosures:

- Improvement Area #1
  - Lot Type 1
  - Lot Type 2
  - Lot Type 3
  - Lot Type 4

**PERSIMMON PUBLIC IMPROVEMENT DISTRICT – IMPROVEMENT AREA #1 - LOT  
TYPE 1 BUYER DISCLOSURE**

**NOTICE OF OBLIGATIONS RELATED TO PUBLIC IMPROVEMENT DISTRICT**

A person who proposes to sell or otherwise convey real property that is located in a public improvement district established under Subchapter A, Chapter 372, Local Government Code (except for public improvement districts described under Section 372.0035), or Chapter 382, Local Government Code, shall first give to the purchaser of the property this written notice, signed by the seller.

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

This notice requirement does not apply to a transfer:

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

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

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

AFTER RECORDING<sup>1</sup> RETURN TO:

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

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PROPERTY ADDRESS

**LOT TYPE 1 PRINCIPAL ASSESSMENT: \$91,038.01**

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

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

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

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

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

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

DATE:

DATE:

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SIGNATURE OF PURCHASER

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SIGNATURE OF PURCHASER

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

DATE:

DATE:

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SIGNATURE OF SELLER

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SIGNATURE OF SELLER]<sup>2</sup>

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



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

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF PURCHASER

\_\_\_\_\_  
SIGNATURE OF PURCHASER

STATE OF TEXAS

§

§

COUNTY OF HAYS

§

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

Given under my hand and seal of office on this \_\_\_\_\_, 20\_\_.

Notary Public, State of Texas]<sup>3</sup>

\_\_\_\_\_  
<sup>3</sup> To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Hays County.

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

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF SELLER

\_\_\_\_\_  
SIGNATURE OF SELLER

STATE OF TEXAS

§

§

COUNTY OF HAYS

§

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

Given under my hand and seal of office on this \_\_\_\_\_, 20\_\_.

Notary Public, State of Texas]<sup>4</sup>

\_\_\_\_\_  
<sup>4</sup> To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Hays County.

## ANNUAL INSTALLMENTS - LOT TYPE 1

Annual Installments Due	Improvement Area #1 2025 Bonds				IA#1 Annual Collection Costs	TIRZ Annual Credit [c]	Total Annual Installment
	Principal	Interest [a]	Capitalized Interest	Additional Interest [b]			
1/31/2025	\$ -	\$ 2,874.20	\$ (2,874.20)	\$ -	\$ -	\$ -	\$ -
1/31/2026	-	5,417.34	(5,417.34)	455.19	105.56	-	560.75
1/31/2027	-	5,417.34	-	455.19	107.67	-	5,980.20
1/31/2028	-	5,417.34	-	455.19	109.82	-	5,982.35
1/31/2029	20.70	5,417.34	-	455.19	112.02	-	6,005.24
1/31/2030	144.88	5,416.30	-	455.09	114.26	-	6,130.53
1/31/2031	275.97	5,409.06	-	454.36	116.54	-	6,255.93
1/31/2032	417.40	5,395.26	-	452.98	118.87	-	6,384.52
1/31/2033	572.63	5,374.39	-	450.90	121.25	-	6,519.17
1/31/2034	734.76	5,345.76	-	448.03	123.68	-	6,652.23
1/31/2035	917.59	5,302.59	-	444.36	126.15	-	6,790.69
1/31/2036	1,114.22	5,248.68	-	439.77	128.67	-	6,931.34
1/31/2037	1,324.64	5,183.22	-	434.20	131.25	-	7,073.31
1/31/2038	1,552.31	5,105.40	-	427.58	133.87	-	7,219.16
1/31/2039	1,797.23	5,014.20	-	419.81	136.55	-	7,367.80
1/31/2040	2,059.40	4,908.61	-	410.83	139.28	-	7,518.12
1/31/2041	2,345.72	4,787.62	-	400.53	142.07	-	7,675.94
1/31/2042	2,649.28	4,649.81	-	388.80	144.91	-	7,832.80
1/31/2043	2,976.99	4,494.17	-	375.56	147.81	-	7,994.52
1/31/2044	3,325.40	4,319.27	-	360.67	150.76	-	8,156.10
1/31/2045	3,704.85	4,123.90	-	344.04	153.78	-	8,326.58
1/31/2046	4,108.46	3,906.24	-	325.52	156.85	-	8,497.07
1/31/2047	4,546.55	3,659.73	-	304.98	159.99	-	8,671.26
1/31/2048	5,015.70	3,386.94	-	282.25	163.19	-	8,848.07
1/31/2049	5,519.34	3,086.00	-	257.17	166.45	-	9,028.96
1/31/2050	6,060.92	2,754.84	-	229.57	169.78	-	9,215.11
1/31/2051	6,640.45	2,391.18	-	199.27	173.18	-	9,404.08
1/31/2052	7,257.93	1,992.76	-	166.06	176.64	-	9,593.39
1/31/2053	7,923.70	1,557.28	-	129.77	180.17	-	9,790.93
1/31/2054	8,634.31	1,081.86	-	90.15	183.78	-	9,990.10
1/31/2055	9,396.67	563.80	-	46.98	187.45	-	10,194.91
<b>Total</b>	<b>\$ 91,038.01</b>	<b>\$ 129,002.43</b>	<b>\$ (8,291.53)</b>	<b>\$ 10,559.99</b>	<b>\$ 4,282.26</b>	<b>\$ -</b>	<b>\$ 226,591.15</b>

[a] Interest is calculated at the actual rate of the PID Bonds.

[b] Additional Interest is calculated at the Additional Interest Rate.

[c] TIRZ No. 3 Annual Credit Amount will be calculated annually as described in Section V.F.

*Note: The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, reserve fund requirements, Interest earnings, or other available offsets could increase or decrease the amounts shown.*

### Annual Installment Schedule to Notice of Obligation to Pay Improvement District Assessment

**PERSIMMON PUBLIC IMPROVEMENT DISTRICT – IMPROVEMENT AREA #1 - LOT  
TYPE 2 BUYER DISCLOSURE**

**NOTICE OF OBLIGATIONS RELATED TO PUBLIC IMPROVEMENT DISTRICT**

A person who proposes to sell or otherwise convey real property that is located in a public improvement district established under Subchapter A, Chapter 372, Local Government Code (except for public improvement districts described under Section 372.0035), or Chapter 382, Local Government Code, shall first give to the purchaser of the property this written notice, signed by the seller.

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

This notice requirement does not apply to a transfer:

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

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

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

AFTER RECORDING<sup>1</sup> RETURN TO:

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

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PROPERTY ADDRESS

**LOT TYPE 2 PRINCIPAL ASSESSMENT: \$93,543.64**

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

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

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

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

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

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

DATE:

DATE:

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SIGNATURE OF PURCHASER

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SIGNATURE OF PURCHASER

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

DATE:

DATE:

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SIGNATURE OF SELLER

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SIGNATURE OF SELLER]<sup>2</sup>

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

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

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF PURCHASER

\_\_\_\_\_  
SIGNATURE OF PURCHASER

STATE OF TEXAS

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COUNTY OF HAYS

§

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

Given under my hand and seal of office on this \_\_\_\_\_, 20\_\_.

Notary Public, State of Texas]<sup>3</sup>

\_\_\_\_\_  
<sup>3</sup> To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Hays County.

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

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF SELLER

\_\_\_\_\_  
SIGNATURE OF SELLER

STATE OF TEXAS

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COUNTY OF HAYS

§

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

Given under my hand and seal of office on this \_\_\_\_\_, 20\_\_.

Notary Public, State of Texas]<sup>4</sup>

\_\_\_\_\_  
<sup>4</sup> To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Hays County.



## ANNUAL INSTALLMENTS - LOT TYPE 2

Improvement Area #1 2025 Bonds								
Annual Installments Due	Principal	Interest [a]	Capitalized Interest	Additional Interest [b]	IA#1 Annual Collection Costs	TIRZ Annual Credit [c]	Total Annual Installment	
1/31/2025	\$ -	\$ 2,953.30	\$ (2,953.30)	\$ -	\$ -	\$ -	\$ -	
1/31/2026	-	5,566.44	(5,566.44)	467.72	108.46	-	576.18	
1/31/2027	-	5,566.44	-	467.72	110.63	-	6,144.79	
1/31/2028	-	5,566.44	-	467.72	112.84	-	6,147.00	
1/31/2029	21.27	5,566.44	-	467.72	115.10	-	6,170.52	
1/31/2030	148.87	5,565.37	-	467.61	117.40	-	6,299.26	
1/31/2031	283.56	5,557.93	-	466.87	119.75	-	6,428.11	
1/31/2032	428.89	5,543.75	-	465.45	122.15	-	6,560.24	
1/31/2033	588.39	5,522.31	-	463.31	124.59	-	6,698.59	
1/31/2034	754.98	5,492.89	-	460.36	127.08	-	6,835.32	
1/31/2035	942.84	5,448.53	-	456.59	129.62	-	6,977.59	
1/31/2036	1,144.88	5,393.14	-	451.87	132.22	-	7,122.11	
1/31/2037	1,361.10	5,325.88	-	446.15	134.86	-	7,267.99	
1/31/2038	1,595.04	5,245.91	-	439.34	137.56	-	7,417.85	
1/31/2039	1,846.70	5,152.21	-	431.37	140.31	-	7,570.58	
1/31/2040	2,116.08	5,043.71	-	422.14	143.11	-	7,725.05	
1/31/2041	2,410.28	4,919.39	-	411.56	145.98	-	7,887.20	
1/31/2042	2,722.20	4,777.79	-	399.50	148.90	-	8,048.39	
1/31/2043	3,058.93	4,617.86	-	385.89	151.87	-	8,214.55	
1/31/2044	3,416.93	4,438.15	-	370.60	154.91	-	8,380.58	
1/31/2045	3,806.82	4,237.40	-	353.51	158.01	-	8,555.75	
1/31/2046	4,221.53	4,013.75	-	334.48	161.17	-	8,730.93	
1/31/2047	4,671.69	3,760.46	-	313.37	164.39	-	8,909.91	
1/31/2048	5,153.74	3,480.16	-	290.01	167.68	-	9,091.60	
1/31/2049	5,671.25	3,170.93	-	264.24	171.03	-	9,277.46	
1/31/2050	6,227.74	2,830.66	-	235.89	174.46	-	9,468.74	
1/31/2051	6,823.22	2,457.00	-	204.75	177.94	-	9,662.91	
1/31/2052	7,457.69	2,047.60	-	170.63	181.50	-	9,857.43	
1/31/2053	8,141.78	1,600.14	-	133.35	185.13	-	10,060.40	
1/31/2054	8,871.95	1,111.63	-	92.64	188.84	-	10,265.06	
1/31/2055	9,655.29	579.32	-	48.28	192.61	-	10,475.50	
<b>Total</b>	<b>\$ 93,543.64</b>	<b>\$ 132,552.95</b>	<b>\$ (8,519.74)</b>	<b>\$ 10,850.63</b>	<b>\$ 4,400.12</b>	<b>\$ -</b>	<b>\$ 232,827.61</b>	

[a] Interest is calculated at the actual rate of the PID Bonds.

[b] Additional Interest is calculated at the Additional Interest Rate.

[c] TIRZ No. 3 Annual Credit Amount will be calculated annually as described in Section V.F.

*Note: The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, reserve fund requirements, Interest earnings, or other available offsets could increase or decrease the amounts shown.*

Annual Installment Schedule to Notice  
of Obligation to Pay Improvement District Assessment

**PERSIMMON PUBLIC IMPROVEMENT DISTRICT – IMPROVEMENT AREA #1 - LOT  
TYPE 3 BUYER DISCLOSURE**

**NOTICE OF OBLIGATIONS RELATED TO PUBLIC IMPROVEMENT DISTRICT**

A person who proposes to sell or otherwise convey real property that is located in a public improvement district established under Subchapter A, Chapter 372, Local Government Code (except for public improvement districts described under Section 372.0035), or Chapter 382, Local Government Code, shall first give to the purchaser of the property this written notice, signed by the seller.

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

This notice requirement does not apply to a transfer:

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

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

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

AFTER RECORDING<sup>1</sup> RETURN TO:

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

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PROPERTY ADDRESS

**LOT TYPE 3 PRINCIPAL ASSESSMENT: \$109,412.65**

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

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

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

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

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

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

DATE:

DATE:

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SIGNATURE OF PURCHASER

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SIGNATURE OF PURCHASER

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

DATE:

DATE:

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SIGNATURE OF SELLER

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SIGNATURE OF SELLER]<sup>2</sup>

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

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

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF PURCHASER

\_\_\_\_\_  
SIGNATURE OF PURCHASER

STATE OF TEXAS

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COUNTY OF HAYS

§

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

Given under my hand and seal of office on this \_\_\_\_\_, 20\_\_.

Notary Public, State of Texas]<sup>3</sup>

\_\_\_\_\_  
<sup>3</sup> To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Hays County.

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

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF SELLER

\_\_\_\_\_  
SIGNATURE OF SELLER

STATE OF TEXAS

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COUNTY OF HAYS

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

Given under my hand and seal of office on this \_\_\_\_\_, 20\_\_.

Notary Public, State of Texas]<sup>4</sup>

\_\_\_\_\_  
<sup>4</sup> To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Hays County.

## ANNUAL INSTALLMENTS - LOT TYPE 3

Annual Installments Due	Improvement Area #1 2025 Bonds				IA#1 Annual Collection Costs	TIRZ Annual Credit [c]	Total Annual Installment
	Principal	Interest [a]	Capitalized Interest	Additional Interest [b]			
1/31/2025	\$ -	\$ 3,454.31	\$ (3,454.31)	\$ -	\$ -	\$ -	\$ -
1/31/2026	-	6,510.74	(6,510.74)	547.06	126.86	-	673.93
1/31/2027	-	6,510.74	-	547.06	129.40	-	7,187.21
1/31/2028	-	6,510.74	-	547.06	131.99	-	7,189.80
1/31/2029	24.87	6,510.74	-	547.06	134.63	-	7,217.31
1/31/2030	174.12	6,509.50	-	546.94	137.32	-	7,367.88
1/31/2031	331.67	6,500.79	-	546.07	140.07	-	7,518.60
1/31/2032	501.65	6,484.21	-	544.41	142.87	-	7,673.13
1/31/2033	688.21	6,459.13	-	541.90	145.73	-	7,834.96
1/31/2034	883.06	6,424.72	-	538.46	148.64	-	7,994.88
1/31/2035	1,102.79	6,372.84	-	534.05	151.61	-	8,161.29
1/31/2036	1,339.10	6,308.05	-	528.53	154.64	-	8,330.33
1/31/2037	1,592.00	6,229.38	-	521.84	157.74	-	8,500.95
1/31/2038	1,865.62	6,135.85	-	513.88	160.89	-	8,676.24
1/31/2039	2,159.98	6,026.24	-	504.55	164.11	-	8,854.88
1/31/2040	2,475.06	5,899.34	-	493.75	167.39	-	9,035.54
1/31/2041	2,819.17	5,753.93	-	481.37	170.74	-	9,225.21
1/31/2042	3,184.00	5,588.31	-	467.28	174.15	-	9,413.74
1/31/2043	3,577.85	5,401.25	-	451.36	177.64	-	9,608.09
1/31/2044	3,996.58	5,191.05	-	433.47	181.19	-	9,802.29
1/31/2045	4,452.62	4,956.25	-	413.48	184.81	-	10,007.17
1/31/2046	4,937.69	4,694.66	-	391.22	188.51	-	10,212.08
1/31/2047	5,464.21	4,398.40	-	366.53	192.28	-	10,421.42
1/31/2048	6,028.04	4,070.54	-	339.21	196.13	-	10,633.92
1/31/2049	6,633.33	3,708.86	-	309.07	200.05	-	10,851.31
1/31/2050	7,284.23	3,310.86	-	275.91	204.05	-	11,075.04
1/31/2051	7,980.73	2,873.81	-	239.48	208.13	-	11,302.15
1/31/2052	8,722.83	2,394.96	-	199.58	212.29	-	11,529.67
1/31/2053	9,522.98	1,871.59	-	155.97	216.54	-	11,767.08
1/31/2054	10,377.02	1,300.22	-	108.35	220.87	-	12,006.46
1/31/2055	11,293.25	677.59	-	56.47	225.29	-	12,252.60
<b>Total</b>	<b>\$ 109,412.65</b>	<b>\$ 155,039.62</b>	<b>\$ (9,965.06)</b>	<b>\$ 12,691.37</b>	<b>\$ 5,146.57</b>	<b>\$ -</b>	<b>\$ 272,325.15</b>

[a] Interest is calculated at the actual rate of the PID Bonds.

[b] Additional Interest is calculated at the Additional Interest Rate.

[c] TIRZ No. 3 Annual Credit Amount will be calculated annually as described in Section V.F.

*Note: The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, reserve fund requirements, Interest earnings, or other available offsets could increase or decrease the amounts shown.*

Annual Installment Schedule to Notice  
of Obligation to Pay Improvement District Assessment

**PERSIMMON PUBLIC IMPROVEMENT DISTRICT – IMPROVEMENT AREA #1 - LOT  
TYPE 4 BUYER DISCLOSURE**

**NOTICE OF OBLIGATIONS RELATED TO PUBLIC IMPROVEMENT DISTRICT**

A person who proposes to sell or otherwise convey real property that is located in a public improvement district established under Subchapter A, Chapter 372, Local Government Code (except for public improvement districts described under Section 372.0035), or Chapter 382, Local Government Code, shall first give to the purchaser of the property this written notice, signed by the seller.

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

This notice requirement does not apply to a transfer:

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

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

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



AFTER RECORDING<sup>1</sup> RETURN TO:

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

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PROPERTY ADDRESS

**LOT TYPE 4 PRINCIPAL ASSESSMENT: \$30.74 per Square Foot**

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

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

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

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

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

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

DATE:

DATE:

---

SIGNATURE OF PURCHASER

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SIGNATURE OF PURCHASER

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

DATE:

DATE:

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SIGNATURE OF SELLER

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SIGNATURE OF SELLER]<sup>2</sup>

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

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

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF PURCHASER

\_\_\_\_\_  
SIGNATURE OF PURCHASER

STATE OF TEXAS

§

§

COUNTY OF HAYS

§

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

Given under my hand and seal of office on this \_\_\_\_\_, 20\_\_.

Notary Public, State of Texas]<sup>3</sup>

\_\_\_\_\_  
<sup>3</sup> To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Hays County.

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

DATE:

DATE:

\_\_\_\_\_  
SIGNATURE OF SELLER

\_\_\_\_\_  
SIGNATURE OF SELLER

STATE OF TEXAS

§

§

COUNTY OF HAYS

§

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

Given under my hand and seal of office on this \_\_\_\_\_, 20\_\_.

Notary Public, State of Texas]<sup>4</sup>

\_\_\_\_\_  
<sup>4</sup> To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Hays County.

## ANNUAL INSTALLMENTS - LOT TYPE 4

Annual Installments Due	Improvement Area #1 2025 Bonds				IA#1 Annual Collection Costs	TIRZ Annual Credit [c]	Total Annual Installment
	Principal	Interest [a]	Capitalized Interest	Additional Interest [b]			
1/31/2025	\$ -	\$ 0.97	\$ (0.97)	\$ -	\$ -	\$ -	\$ -
1/31/2026	-	1.83	(1.83)	0.15	0.04	-	0.19
1/31/2027	-	1.83	-	0.15	0.04	-	2.02
1/31/2028	-	1.83	-	0.15	0.04	-	2.02
1/31/2029	0.01	1.83	-	0.15	0.04	-	2.03
1/31/2030	0.05	1.83	-	0.15	0.04	-	2.07
1/31/2031	0.09	1.83	-	0.15	0.04	-	2.11
1/31/2032	0.14	1.82	-	0.15	0.04	-	2.16
1/31/2033	0.19	1.81	-	0.15	0.04	-	2.20
1/31/2034	0.25	1.80	-	0.15	0.04	-	2.25
1/31/2035	0.31	1.79	-	0.15	0.04	-	2.29
1/31/2036	0.38	1.77	-	0.15	0.04	-	2.34
1/31/2037	0.45	1.75	-	0.15	0.04	-	2.39
1/31/2038	0.52	1.72	-	0.14	0.05	-	2.44
1/31/2039	0.61	1.69	-	0.14	0.05	-	2.49
1/31/2040	0.70	1.66	-	0.14	0.05	-	2.54
1/31/2041	0.79	1.62	-	0.14	0.05	-	2.59
1/31/2042	0.89	1.57	-	0.13	0.05	-	2.64
1/31/2043	1.01	1.52	-	0.13	0.05	-	2.70
1/31/2044	1.12	1.46	-	0.12	0.05	-	2.75
1/31/2045	1.25	1.39	-	0.12	0.05	-	2.81
1/31/2046	1.39	1.32	-	0.11	0.05	-	2.87
1/31/2047	1.53	1.24	-	0.10	0.05	-	2.93
1/31/2048	1.69	1.14	-	0.10	0.06	-	2.99
1/31/2049	1.86	1.04	-	0.09	0.06	-	3.05
1/31/2050	2.05	0.93	-	0.08	0.06	-	3.11
1/31/2051	2.24	0.81	-	0.07	0.06	-	3.17
1/31/2052	2.45	0.67	-	0.06	0.06	-	3.24
1/31/2053	2.68	0.53	-	0.04	0.06	-	3.31
1/31/2054	2.92	0.37	-	0.03	0.06	-	3.37
1/31/2055	3.17	0.19	-	0.02	0.06	-	3.44
<b>Total</b>	<b>\$ 30.74</b>	<b>\$ 43.55</b>	<b>\$ (2.80)</b>	<b>\$ 3.57</b>	<b>\$ 1.45</b>	<b>\$ -</b>	<b>\$ 76.50</b>

[a] Interest is calculated at the actual rate of the PID Bonds.

[b] Additional Interest is calculated at the Additional Interest Rate.

[c] TIRZ No. 3 Annual Credit Amount will be calculated annually as described in Section V.F.

*Note: The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, reserve fund requirements, Interest earnings, or other available offsets could increase or decrease the amounts shown.*

Annual Installment Schedule to Notice  
of Obligation to Pay Improvement District Assessment

## **EXHIBIT N – ENGINEERING REPORT**

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# Persimmon

Public Improvement District Engineer's Report – Improvement Area No. 1 and Major Improvement Area  
December 12, 2024

## Introduction

Persimmon is a proposed master planned subdivision community by Milestone Community Builders, Inc located in Buda, Texas with a total acreage of approximately 774 acres. The development allows approximately 2,300 single family residential lots, 21 acres of commercial use, 18.5 acres for Emergency Services Districts, and 40+ acres of public and private parks.

Improvement Area No. 1 incorporates the first two phases of development. Improvement Area No. 1 proposes 248 single-family residential lots, approximately 12.7 acres of commercial lots, and is located on approximately 117.502 acres in Hays County, Texas. The community will include an amenity center, ample green open space, hundreds of trees, and over 28 acres of natural park space and trails. Water and wastewater service for the development will be provided by the City of Buda, and the utility improvements are anticipated to be funded by the PID. Section 1 is approximately 72.26 acres and is located on the South side of the Bailey Tract directly east of future Marathon Road. Section 2 is approximately 45.24 acres and is directly north of Section 1. The Major Improvement Area consists of 656.73 acres and will benefit from the major improvements. It is anticipated that the Major Improvement Area will be separated into future improvement areas as development progresses.

This report includes the supporting documentation for the formation of the PID and the issuance of Improvement Area No. 1. And Major Improvement Area bonds by the City of Buda. The bonds are to be used to finance the public infrastructure items necessary for the buildout of the development as broken down below.

## Development Improvements

- Improvement Area No. 1 Improvements
  - Roadway Improvements
    - Improvements to include subgrade stabilization, roundabouts, concrete pavement with curb and gutter, mountable curbs, truck concrete aprons, concrete sidewalk with ADA ramps, signage, lighting, earthwork, excavation, erosion control, clear and grub, public easements and right of way, and testing.
  - Water Distribution System
    - Improvements to include trench excavation and embedment, trench safety, piping, valves, fire hydrant assemblies, service connections, testing, related earthwork, erosion control, and all necessary appurtenances constructed to City standards required to provide water service to Improvement Area No. 1.



- Wastewater Collection System
  - Improvements to include trench excavation and embedment, trench safety, piping, manholes, lift station, service connections, testing, related earthwork, erosion control, and all necessary appurtenances constructed to City standards required to provide wastewater service to Improvement Area No. 1.
- Drainage Improvements
  - Improvements to include trench excavation and embedment, trench safety, piping, manholes, inlets, headwalls, testing, related earthwork, and erosion control. Also included are water quality ponds, bypass culverts, clearing, excavation, piping for inbound and outbound drainage lines, outlet structures, and erosion control.
- Entries, Parks, and Landscaping
  - Improvements include irrigated planting beds and sod areas with enhanced paving at the Roundabout Entry; a main entry monument constructed from durable materials with lighting and landscaping; an urban trail system with irrigated sod, planting beds, and street trees; a secondary entry monument that is cohesive with the primary entry with lighting and landscaping. The frontage along Rankin Avenue and Marathon Road shall include a subdivision wall consisting of masonry or concrete within and along the ROW, trees, and other Open Space landscaping. Garlic Creek Park shall include a nature trail. The nature trail and urban trails shall include site furnishings and signage. Proposed landscape improvements shall also include irrigation meters as necessary.
- Soft Costs/Contingency/Construction Management
  - Costs related to designing, constructing, installing, and financing the Improvement Area No. 1 Improvements, including land planning and design, City fees, engineering, soil testing, survey, construction management (4%), legal fees, consultant fees, contingency, inspection fees, district formation costs, and other PID costs incurred and paid by the developer.
- Major Improvements
  - Roadway Improvements
    - Improvements to include subgrade stabilization, roundabouts, the 1626 connector, Marathon Road, concrete pavement with curb and gutter, mountable curbs, truck concrete aprons, concrete sidewalk with ADA ramps, signage, lighting, earthwork, excavation, erosion control, clear and grub, public easements and right of way, and testing. Includes FM 967 roundabout and all necessary offsite improvements to access the project.
  - Water Improvements
    - Improvements to include trench excavation and embedment, trench safety, piping, valves, fire hydrant assemblies, service connections, testing, related earthwork, erosion control, and all necessary appurtenances constructed to City standards required to provide water service to the PID. Improvements also include the Aquifer Storage and Recovery (ASR) #1 and associated design and appurtenances.





- Wastewater Improvements
  - Improvements to include trench excavation and embedment, trench safety, piping, manholes, lift station, service connections, testing, related earthwork, erosion control, and all necessary appurtenances constructed to City standards required to provide wastewater service to the PID.
- Drainage Improvements
  - Improvements to include trench excavation and embedment, trench safety, piping, manholes, inlets, headwalls, testing, related earthwork, and erosion control. Also included are water quality ponds, bypass culverts, clearing, excavation, piping for inbound and outbound drainage lines, outlet structures, and erosion control.
- Parks and Landscaping
  - Improvements include irrigated planting beds and sod at the entry, trail lighting, electrical, perimeter fencing, upgraded median landscaping along the entry road and at roundabouts, and right of way. Also to be included are a playground, amenity center and a parkway with trails, irrigation and meters, site furnishings, trees, sod, parkland, open space, and planting beds.
- Soft Costs/Contingency/Construction Management
  - Costs related to designing, constructing, installing, and financing the PID Improvements, including land planning and design, City fees, engineering, soil testing, survey, construction management (4%), legal fees, consultant fees, contingency, inspection fees, district formation costs, and other PID costs incurred and paid by the developer.

## Development Costs

An Engineer's Preliminary Opinion of Probable Construction Cost has been prepared for Improvement Area No. 1 and Major Improvement Areas described above and is included in the Public Improvement District Cost Estimate.

The Opinion of Probable Costs are preliminary in nature and are based on Gray Engineering Inc.'s reasonable professional judgement and experience and does not constitute a warranty, express or implied. We anticipate having actual costs prior to the levy of assessments.



## Development & Construction Schedule

### **Improvement Area # 1**

#### **Section 1:**

- Begin Construction: January 2025
- Complete Construction: November 2025

#### **Section 2:**

- Begin Construction: May 2025
- Complete Construction: February 2026

### **Major Improvements**

#### **FM 967 Roundabout:**

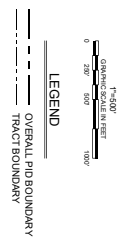
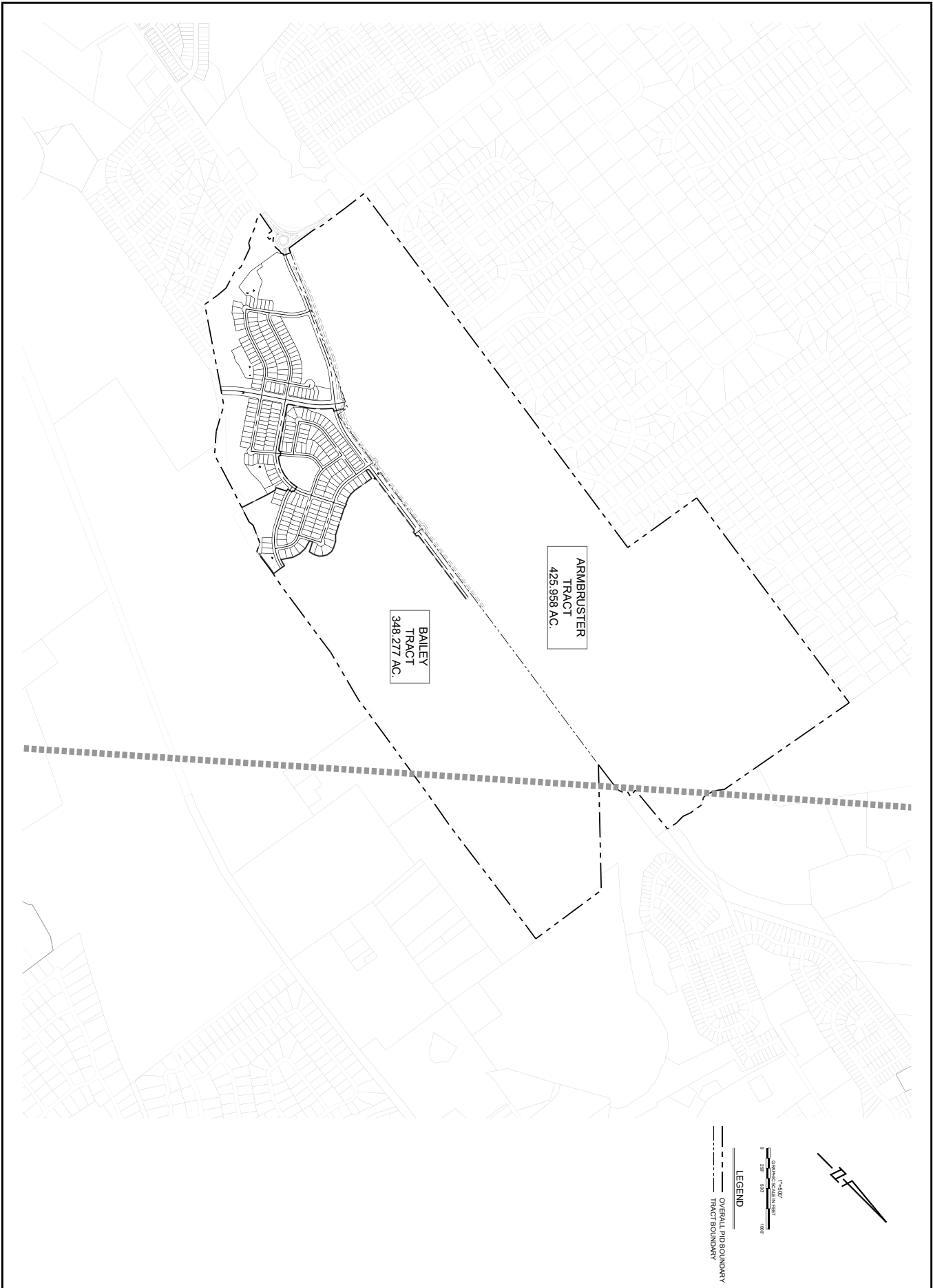
- Begin Construction: January 2025
- Complete Construction: May 2025


#### **Marathon (2 lane section):**

- Begin Construction: January 2025
- Complete Construction: August 2025

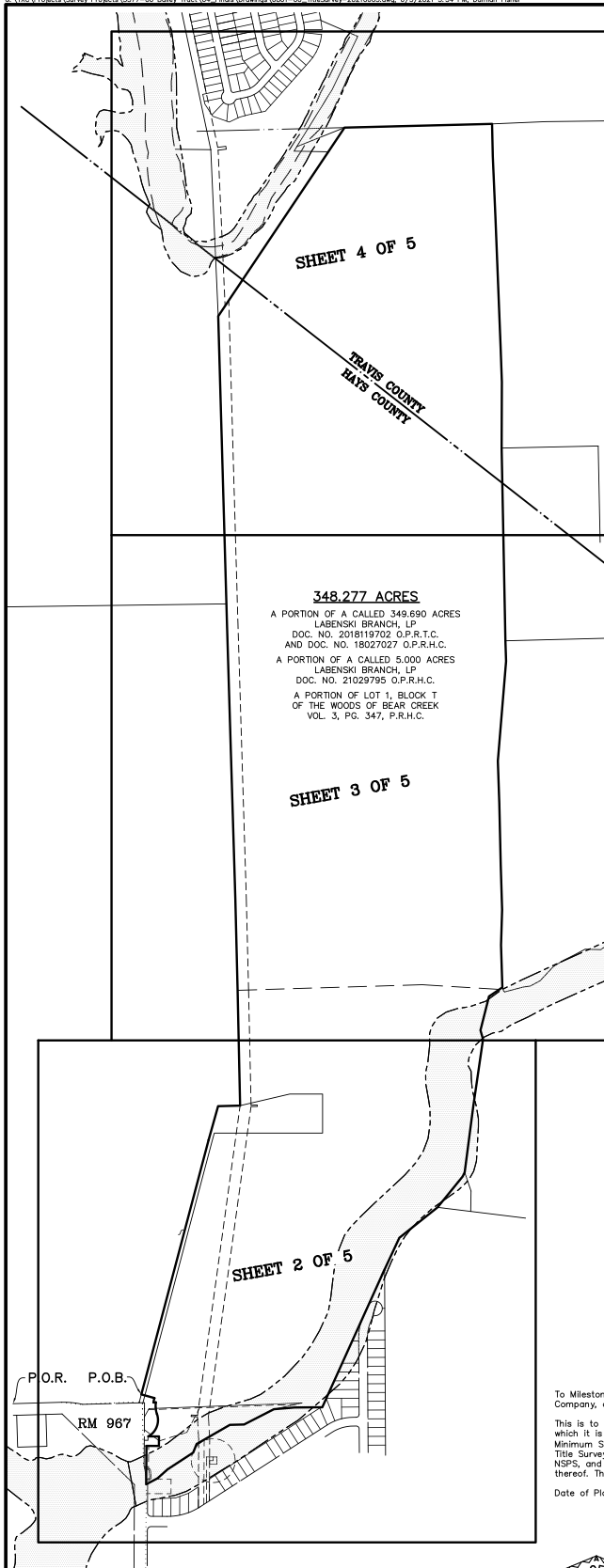
#### **1626 Connector:**

- Begin Construction: June 2025
- Complete Construction: December 2026



SHEET 1 OF 1	<p>PROJECT NO: 1610-1175</p> <p>DESIGNED BY: JMS</p> <p>DRAWN BY: JMS</p> <p>CHECKED BY: JMS</p> <p>NOTES:</p> <p>1. ALL INFORMATION IS BASED ON THE RECORD DRAWINGS AND FIELD SURVEY DATA.</p> <p>2. THE INFORMATION IS NOT TO BE USED FOR ANY OTHER PROJECTS WITHOUT THE WRITTEN CONSENT OF GRAY ENGINEERING.</p> <p>3. THE INFORMATION IS NOT TO BE USED FOR ANY OTHER PROJECTS WITHOUT THE WRITTEN CONSENT OF GRAY ENGINEERING.</p>	OVERALL PID BOUNDARY	PERSIMMON SUBDIVISION	BUDA, TEXAS	<table><tr><th>NO.</th><th>BY</th><th>DATE</th><th>REVISION DESCRIPTION</th></tr><tr><td> </td><td> </td><td> </td><td> </td></tr><tr><td> </td><td> </td><td> </td><td> </td></tr><tr><td> </td><td> </td><td> </td><td> </td></tr><tr><td> </td><td> </td><td> </td><td> </td></tr><tr><td> </td><td> </td><td> </td><td> </td></tr><tr><td> </td><td> </td><td> </td><td> </td></tr><tr><td> </td><td> </td><td> </td><td> </td></tr><tr><td> </td><td> </td><td> </td><td> </td></tr><tr><td> </td><td> </td><td> </td><td> </td></tr><tr><td> </td><td> </td><td> </td><td> </td></tr><tr><td> </td><td> </td><td> </td><td> </td></tr></table>	NO.	BY	DATE	REVISION DESCRIPTION																																													<div><div>8834 N. Capital of Texas Hwy. Suite 140 Austin, Texas 78759 (512) 452-0371 FAX (512) 454-9933 TBP&amp;S FIRM #2946</div></div>
					NO.	BY	DATE	REVISION DESCRIPTION																																														

# OVERALL PID BOUNDARY LEGAL DESCRIPTION



- LEGEND**
- BLDG. BUILDING
  - CONC. CONCRETE
  - D.E. DRAINAGE EASEMENT
  - DOC. DOCUMENT
  - D.R.H.C. DEED RECORDS HAYS COUNTY
  - E.C.R. ELECTRIC CONDUIT RISER
  - E.M.P. ELECTRIC METER POLE
  - ESMT. EASEMENT
  - F.H. FIRE HYDRANT
  - H.C. HANDICAP
  - M.H. MANHOLE
  - NO. NUMBER
  - O.P.R.H.C. OFFICIAL PUBLIC RECORDS OF HARRIS COUNTY
  - O.P.R.T.C. OFFICIAL PUBLIC RECORDS OF TRAVIS COUNTY
  - PED. PEDESTAL
  - PG. PAGE
  - P.O.B. POINT OF BEGINNING
  - P.O.R. POINT OF REFERENCE
  - P.P. POWER POLE
  - P.R.H.C. PLAT RECORDS HAYS COUNTY
  - P.U.E. PUBLIC UTILITY EASEMENT
  - RCP. REINFORCED CONCRETE PIPE
  - R.O.W. RIGHT-OF-WAY
  - SAN. SANITARY
  - SQ. FT. SQUARE FEET
  - ST.C. STONE COLUMN
  - S.V. SPRINKLER VALVE
  - TEL. TELEPHONE
  - TRANS. TRANSFORMER
  - U.C.M. UNDERGROUND CABLE MARKER
  - VOL. VOLUME
  - W.F. WATER FAUCET
  - W.V. WATER VALVE
  - ( ) RECORD INFORMATION, DOC. NO. 2018119702 O.P.R.T.C.
  - [ ] RECORD INFORMATION, VOL. 222, PG. 163 H.C.D.R.
  - < > RECORD INFORMATION, VOL. 158, PG. 362 H.C.D.R.
  - [ ] RECORD INFORMATION, VOL. 146, PG. 335 H.C.D.R.
  - (( )) RECORD INFORMATION, VOL. 8, PG. 283 P.R.H.C.
  - [ ] RECORD INFORMATION, DOC. NO. 14037969 O.P.R.H.C.
  - [ ] RECORD INFORMATION, VOL. 8, PG. 103, P.R.H.C.
  - / / RECORD INFORMATION, VOL. 153, PG. 490 H.C.D.R.
  - ~ ~ RECORD INFORMATION, DOC. NO. 201106800 O.P.R.T.C.
  - .. .. RECORD INFORMATION, VOL. 11125, PG. 875 R.P.R.T.C.
  - .. .. RECORD INFORMATION, VOL. 203, PG. 527 H.C.D.R.
  - (( (( )) ) RECORD INFORMATION, DOC. NO. 2011131371 O.P.R.T.C.
  - [ ] RECORD INFORMATION, DOC. NO. 201700120 P.R.T.C.
  - [ ] RECORD INFORMATION, DOC. NO. 2008-8004680 O.P.R.H.C.
  - << >> RECORD INFORMATION, VOL. 12391, PG. 348 R.P.R.T.C.
  - // // RECORD INFORMATION, DOC. NO. 21029795 O.P.R.H.C.
  - FOUND 1/2" IRON ROD (UNLESS OTHERWISE NOTED)
  - FOUND 1/2" IRON PIPE
  - FOUND 60D NAIL
  - FOUND 4X4 CONCRETE MONUMENT
  - SET 1/2" IRON ROD W/CAP "BGE INC"
  - CALCULATED POINT
  - EDGE OF ASPHALT
  - OVERHEAD UTILITIES
  - x- BARBED WIRE FENCE
  - (100) SCHEDULE B ITEM

**RESTRICTIVE COVENANT AND EASEMENT NOTES:**

1. THE FOLLOWING RESTRICTIVE COVENANTS OF RECORD IN VOLUME 472, PAGE 439 OF THE REAL PROPERTY RECORDS OF HAYS COUNTY, TEXAS AND THOSE SET OUT ON THE PLAT RECORDED IN VOLUME 3, PAGE 347 OF THE PLAT RECORDS OF HAYS COUNTY, TEXAS. **(PROPERTY IS SUBJECT TO THESE RESTRICTIVE COVENANTS)**
- 10B. PUBLIC UTILITY EASEMENT 7.5 FEET WIDE ALONG THE NORTHERLY PROPERTY LINE AS SHOWN ON PLAT RECORDED IN VOLUME 3, PAGE 347 OF THE PLAT RECORDS OF HAYS COUNTY, TEXAS. **(PROPERTY IS SUBJECT TO THIS EASEMENT, SHOWN HEREON)**
- 10C. EASEMENT AS SET OUT IN VOLUME 118, PAGE 515 OF THE DEED RECORDS, AND AS SHOWN ON PLAT RECORDED IN VOLUME 3, PAGE 347 OF THE PLAT RECORDS OF HAYS COUNTY, TEXAS. **(PROPERTY MAY BE SUBJECT TO THIS EASEMENT, BLANKET IN NATURE)**
- 10D. EASEMENT GRANTED TO UNITED PRODUCERS PIPE LINE COMPANY AS SET OUT IN VOLUME 97, PAGE 21 OF THE DEED RECORDS OF HAYS COUNTY, TEXAS. **(PROPERTY IS NOT SUBJECT TO THIS EASEMENT)**
- 10E. DRAINAGE EASEMENT AS SET OUT IN VOLUME 147, PAGE 380 OF THE DEED RECORDS, AND AS SHOWN ON PLAT RECORDED IN VOLUME 3, PAGE 347 OF THE PLAT RECORDS OF HAYS COUNTY, TEXAS. **(PROPERTY IS SUBJECT TO THIS EASEMENT, SHOWN HEREON)**
- 10F. EASEMENT GRANTED TO FEDERNALES ELECTRIC COOPERATIVE, INC. AS SET OUT IN VOLUME 348, PAGE 886 OF THE DEED RECORDS OF HAYS COUNTY, TEXAS. **(PROPERTY IS SUBJECT TO THIS EASEMENT, SHOWN HEREON)**
- 10G. EASEMENT, RIGHT OF WAY AND/OR AGREEMENT GRANTED TO THE CITY OF BUDA, BY INSTRUMENT DATED DECEMBER 8, 2014, RECORDED IN UNDER VOLUME 5102, PAGE 288 OF THE OFFICIAL RECORDS, HAYS COUNTY, TEXAS. **(PROPERTY IS SUBJECT TO THIS, SHOWN HEREON)**
- 10H. ALL TERMS, CONDITIONS AND STIPULATIONS OF THAT CERTAIN AGREEMENT FOR WASTEWATER EASEMENT GRANTED TO THE CITY OF BUDA AS SET OUT IN VOLUME 4849, PAGE 498 AND VOLUME 4850, PAGE 507 OF THE OFFICIAL PUBLIC RECORDS OF HAYS COUNTY, TEXAS. **(PROPERTY IS SUBJECT TO THIS EASEMENT, SHOWN HEREON)**

**GENERAL NOTES**

1. BEARING ORIENTATION IS BASED ON THE TEXAS STATE PLANE COORDINATE SYSTEM, SOUTH CENTRAL ZONE 4204, NAD83. COMBINED SCALE FACTOR = 0.9999247624
2. THE PROPERTY LIES IN UNSHADED ZONE "X" (AREAS DETERMINED TO BE OUTSIDE THE 0.2% ANNUAL CHANCE FLOODPLAIN), IN ZONE "A" AND ZONE "AE" (SPECIAL FLOOD HAZARD AREAS SUBJECT TO INUNDATION BY THE 1% ANNUAL CHANCE FLOOD EVENT - BASE FLOOD ELEVATIONS DETERMINED) AS DELINEATED ON THE FLOOD INSURANCE RATE MAP FOR HAYS COUNTY, TEXAS AND INCORPORATED AREAS, MAP NUMBER 48209C0280F, REVISED SEPTEMBER 2, 2005, AS DELINEATED ON THE FLOOD INSURANCE RATE MAP FOR TRAVIS COUNTY, TEXAS AND INCORPORATED AREAS, MAP NUMBER 48453C0680H, REVISED SEPTEMBER 26, 2008. ALL FLOODPLAIN BOUNDARIES SHOWN HEREON ARE APPROXIMATE AND ARE NOT DEPICTED AS A RESULT OF AN ON THE GROUND SURVEY.
3. THIS SURVEY WAS MADE IN RELIANCE UPON THAT CERTAIN COMMITMENT FOR TITLE INSURANCE ISSUED BY STEWART TITLE GUARANTY COMPANY AND COUNTERSIGNED BY GRAYSTONE TITLE COMPANY, LLC UNDER FILE NUMBER 1267957, DATED EFFECTIVE MAY 5, 2021 AND ISSUED ON MAY 26, 2021.

To Milestone Community Builders, Stewart Title Guaranty Company, and Graystone Title Company, LLC:

This is to certify that this map or plat and the survey on which it is based were made in accordance with the 2021 Minimum Standard Detail Requirements for ALTA/NSPS Land Title Surveys, jointly established and adopted by ALTA and NSPS, and includes items 1-4, 7a, 9, 14 & 16 of Table A thereof. The field work was completed on August 3, 2019.

Date of Plat or Map: June 3, 2021



JONATHAN O. NOBLES RPLS NO. 5777  
BGE, INC.  
101 WEST LOUIS HENNA BLVD., SUITE 400  
AUSTIN, TEXAS 78728  
TELEPHONE: (512) 879-0400

1420 RM 967 BUDA, TX 78610



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101 West Louis Henna Blvd, Suite 400, Austin, TX 78728  
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TBPELS Licensed Surveying Firm No. 10106502

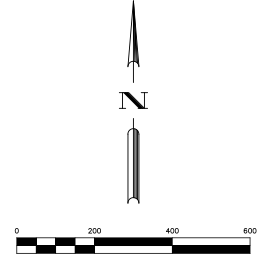
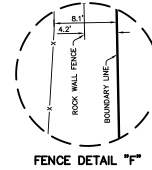
**ALTA/NSPS LAND TITLE SURVEY OF  
348.277 ACRES  
SITUATED IN THE  
S.V.R. EGGLESTON SURVEY NO. 3  
ABSTRACT NOS. 5 & 11  
HAYS AND TRAVIS COUNTY, TEXAS**

PARTY CHIEF:	M.G.	ISSUE DATE:	06/03/2021	SHEET <b>1</b> OF <u>5</u>
TECHNICIAN:	D.G.F.	SCALE:	1"=500'	
R.P.L.S.:	J.N.	JOB NUMBER:	6861-01	
FIELD BOOK NAME:		22/51		
BASE FILE: G:\TWC\Projects\Survey Projects\5577-00 Bailey Tract\01_Colce				



LINE TABLE		
NUMBER	BEARING	DISTANCE
L5	S 01°58'05" E	140.05'
L6	S 55°03'49" W	24.59'
L7	S 56°08'39" W	85.68'
L8	S 14°07'00" W	239.07'
L9	S 15°54'31" E	63.94'

RECORD LINE TABLE		
NUMBER	BEARING	DISTANCE
L5	/S 0°02' W/	/50.4 V/
L7	(S 03°30'46" W)	
	**S 48°00' 98**	**93.00**



MATCHLINE SEE SHEET 4 OF 5

CHANCE ARMBRUSTER  
CALLED 209.402 ACRES  
DOC. NO. 2011006800 O.P.R.T.C.

JEFFERY LEE GRUBERT  
CALLED 28.09 ACRES  
DOC. NO. 2008-80014950 O.P.R.H.C.T.

S.V.M. EGGLESTON SURVEY NO. 3  
ABSTRACT NO. 5

75' WIDE ELECTRIC UTILITY E.S.M.T.  
PEDERNALES ELECTRIC COOPERATIVE, INC.  
VOL. 348, PG. 886 D.R.H.C. (100')

**348.277 ACRES**

A PORTION OF A CALLED 349.690 ACRES  
LABENSKI BRANCH, LP  
DOC. NO. 201819702 O.P.R.T.C.  
AND DOC. NO. 19027027 O.P.R.H.C.

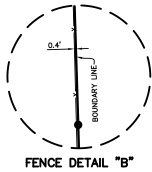
A PORTION OF A CALLED 5.000 ACRES  
LABENSKI BRANCH, LP  
DOC. NO. 21029795 O.P.R.H.C.

A PORTION OF LOT 1, BLOCK T  
OF THE WOODS OF BEAR CREEK  
VOL. 3, PG. 347, P.R.H.C.

HENRY CREWS ARMBRUSTER  
CALLED 217.17 ACRES  
BOUNDARY LINE AGREEMENT  
(VOL. 222, PG. 163 D.R.H.C.)

GENE LEDOUX  
FIRST TRACT  
CALLED 97.36 ACRES  
VOL. 153, PG. 490 D.R.H.C.

LABENSKI BRANCH, LP  
CALLED 349.690 ACRES  
DOC. NO. 201819702 O.P.R.T.C.  
DOC. NO. 18027027 O.P.R.H.C.



FENCE DETAIL "B"

CALLED 241.19 ACRES  
VOL. 472, PG. 439 D.R.H.C.

COMMON LINE OF A  
CALLED 241.19 ACRES  
VOL. 472, PG. 439 D.R.H.C.  
AND A CALLED 103.99 ACRES  
VOL. 472, PG. 439 D.R.H.C.

CALLED 103.99 ACRES  
VOL. 472, PG. 435 D.R.H.C.

UNGRAZED  
SAND

WOOD BLDG.  
CONC. TROUGH

FENCE POST

15" CEDAR ELM  
FOR CORNER

60' EAST OF  
21" LINE G.M.

DEAD TREE

28" LINE 04'  
FOR CORNER

19°11'27" W 28.07'

UNGRAZED ZONE "A"

UNGRAZED ZONE "X"

APPROXIMATE 100-YEAR  
FLOODPLAIN 100 YEAR  
MAP NO. 48209(2006)

GENE LEDOUX  
SECOND TRACT  
CALLED 88.01 ACRES  
VOL. 203, PG. 527 D.R.H.C.

MATCHLINE SEE SHEET 2 OF 5



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101 West Louis Henna Blvd, Suite 400, Austin, TX 78728  
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TBPELS Licensed Surveying Firm No. 10106502

SCALE: 1"=200'  
SHEET **3**  
OF **5**  
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SCALE: 1"=200'

SHEET 4

OF 5