

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 purposes of federal income taxation under existing law, 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.

\$16,408,000*

CITY OF CRANDALL, TEXAS,

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

SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025

(RIVER RIDGE PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #2 PROJECT)

Dated Date: March 1, 2025

Due: September 15, as shown on the inside cover

Interest to Accrue from Date of Delivery

The City of Crandall, Texas, Special Assessment Revenue Bonds, Series 2025 (River Ridge Public Improvement District Improvement Area #2 Project) (the “Bonds”), are being issued by the City of Crandall, Texas (the “City”). The Bonds will be issued in fully registered form, without coupons, in authorized denominations of \$25,000 of principal amount and any integral multiple of \$1,000 in excess thereof. The Bonds will bear interest at the rates set forth on the inside cover page hereof, and such interest will be calculated on the basis of a 360-day year of twelve 30-day months, and will be payable on each March 15 and September 15, commencing September 15, 2025, until maturity or earlier redemption. The Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York. No physical delivery of the Bonds will be made to the beneficial owners thereof. For so long as the book-entry only system is maintained, the principal of and interest on the Bonds will be paid from the sources described herein by Wilmington Trust, National Association, as trustee (the “Trustee”), to DTC as the registered owner thereof. See “BOOK-ENTRY ONLY SYSTEM.”

The Bonds are being issued by the City pursuant to the Public Improvement District Assessment Act, Subchapter A of Chapter 372, Texas Local Government Code, as amended (the “PID Act”), an ordinance expected to be adopted by the City Council of the City (the “City Council”) on February 18, 2025, and an Indenture of Trust, dated as of March 1, 2025 (the “Indenture”), to be 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 Improvement Area #2 Improvements (as defined herein), (ii) paying capitalized interest on the Bonds during the period of construction and acquisition of the Improvement Area #2 Improvements, (iii) funding a reserve fund for payment of principal and interest on the Bonds, (iv) paying a portion of the costs incidental to the organization and administration of the District, and (v) paying costs of issuance of the Bonds. See “THE IMPROVEMENT AREA #2 IMPROVEMENTS” and “APPENDIX A — Form of Indenture.”

The Bonds, when issued and delivered, will constitute valid and binding special, limited obligations of the City payable solely from and secured by the Pledged Revenues, consisting primarily of Assessments (as defined herein) levied against assessable properties in Improvement Area #2 of the District in accordance with a Service and Assessment Plan, and other funds comprising the Trust Estate, all to the extent and upon the conditions described herein. The Bonds are not payable from funds raised or to be raised from taxation. See “SECURITY FOR THE BONDS.”

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

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

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

The Bonds are offered for delivery when, as, and if issued by the City and accepted by the Underwriter, subject to, among other things, the approval of the Bonds by the Attorney General of Texas and the receipt of the opinion of Kelly Hart & Hallman 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, Greenberg Traurig LLP, and for the Fee Developer by its counsel, Coats Rose. It is expected that the Bonds will be delivered in book-entry form through the facilities of DTC on or about March 18, 2025 (“Date of Delivery”).

FMSbonds, Inc.

* Preliminary; subject to change.

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

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

CUSIP Prefix: _____ (a)

\$16,408,000*

CITY OF CRANDALL, TEXAS,

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

SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025

(RIVER RIDGE PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #2 PROJECT)

\$ _____ % Term Bonds, Due September 15, 20__ , Priced to Yield _____ %; CUSIP (a) (c)

\$ _____ % Term Bonds, Due September 15, 20__ , Priced to Yield _____ %; CUSIP (a) (b) (c)

\$ _____ % Term Bonds, Due September 15, 20__ , Priced to Yield _____ %; CUSIP (a) (b) (c)

\$ _____ % Term Bonds, Due September 15, 20__ , Priced to Yield _____ %; CUSIP (a) (b) (c)

* Preliminary; subject to change.

- (a) CUSIP numbers are included solely for the convenience of owners of the Bonds. CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. CUSIP numbers are provided for convenience of reference only. None of the City, the City's Financial Advisor or the Underwriter takes any responsibility for the accuracy of such numbers.
- (b) The Bonds maturing on or after September 15, 20__ , are subject to redemption, in whole or in part, prior to stated maturity, at the option of the City, on any date on or after September 15, 20__ , at the redemption price of 100% of the principal amount plus accrued interest to the date of redemption as described herein under "DESCRIPTION OF THE BONDS — Redemption Provisions."
- (c) The Bonds are also subject to mandatory sinking fund redemption and extraordinary optional redemption as described herein under "DESCRIPTION OF THE BONDS — Redemption Provisions."

**CITY OF CRANDALL, TEXAS
CITY COUNCIL**

<u>Council</u>	<u>Term Expires</u> <u>(May)</u>
David Lindsey, Mayor	2025
Scott Rodgers, Mayor Pro Tem	2026
Caleb Allen	2025
Tim Atkins	2026
Adam Holden	2026
Katy Vaughan	2025

CITY MANAGER
Jerry Dean

CITY SECRETARY
Sabrina Del Bosque

DIRECTOR OF PUBLIC WORKS
Brad Piland

ADMINISTRATOR
MuniCap, Inc.

FINANCIAL ADVISOR TO THE CITY
Hilltop Securities Inc.

BOND COUNSEL
Kelly Hart & Hallman LLP

UNDERWRITER'S COUNSEL
Greenberg Traurig LLP

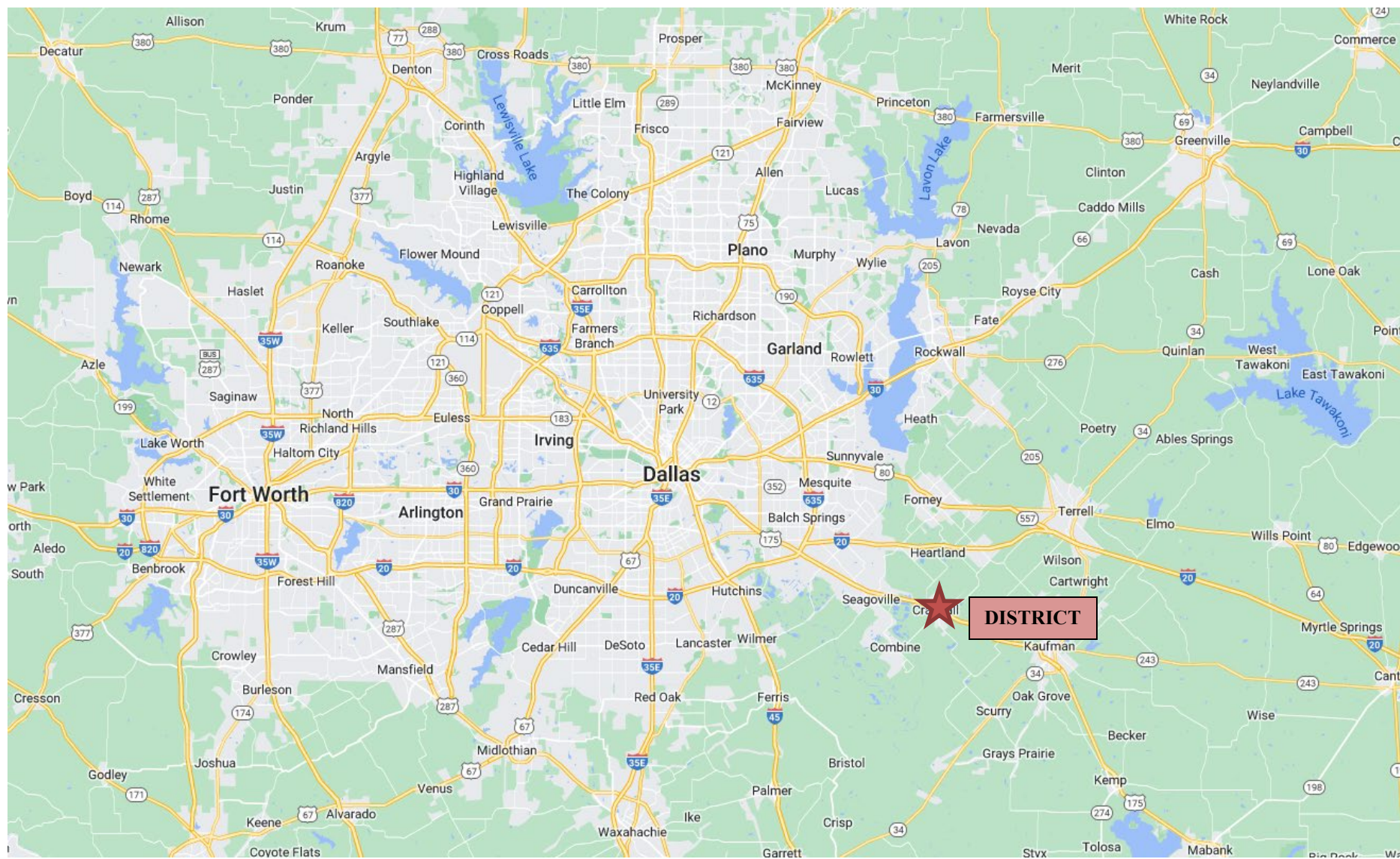
For additional information regarding the City, please contact:

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Crandall, Texas 75112
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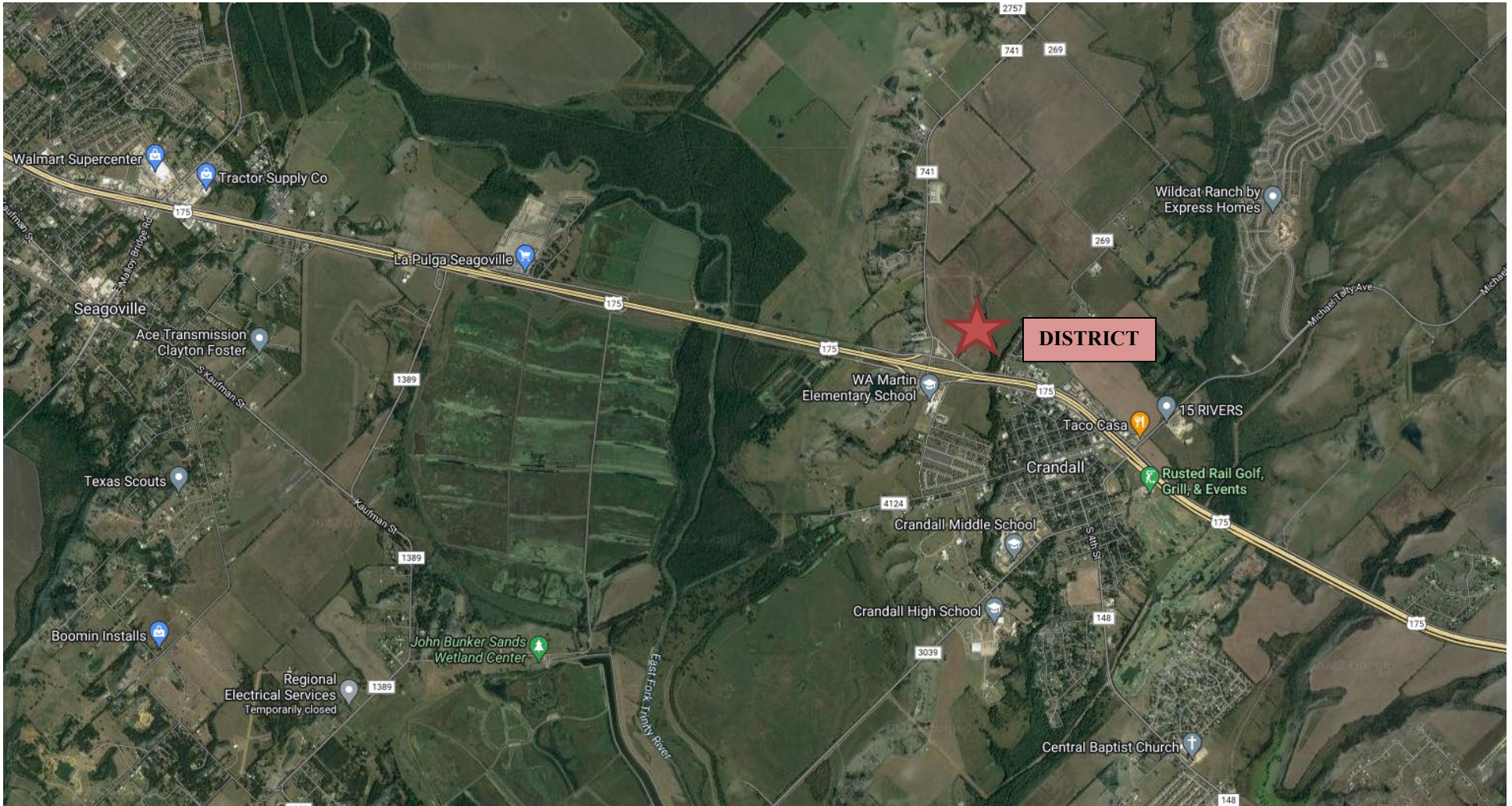
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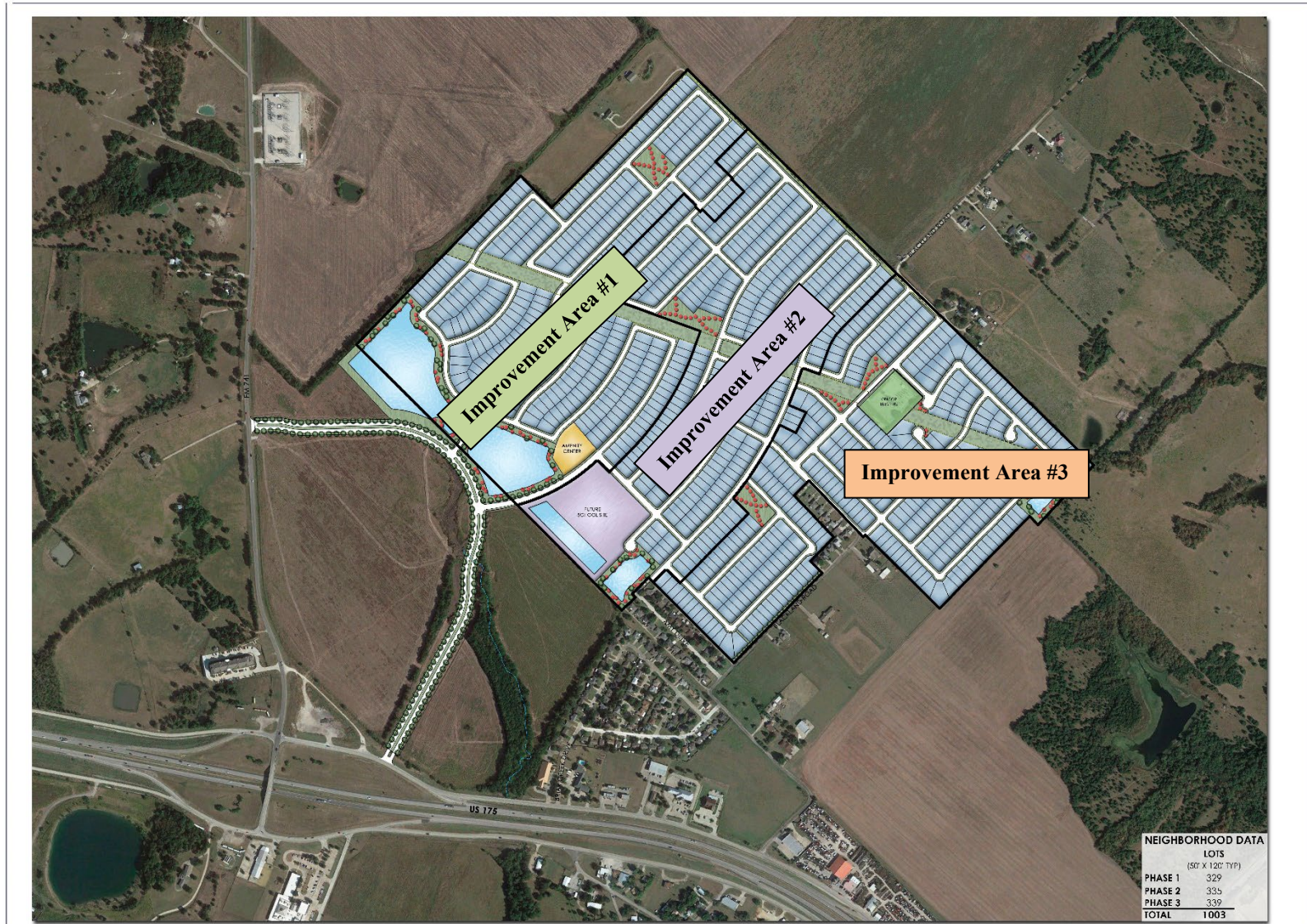
REGIONAL LOCATION MAP OF THE DISTRICT



AREA LOCATION MAP OF THE DISTRICT



MAP SHOWING BOUNDARIES OF THE DISTRICT AND IMPROVEMENT AREAS



0 100 200 400' MAR 10 2023
1"=400' ↑ P180001

RIVER RIDGE NORTH

CONCEPT PLAN **JB**
CRANDALL, TEXAS PARTNERS

FOR PURPOSES OF COMPLIANCE WITH RULE 15C2-12 OF THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (“RULE 15C2-12”), AS AMENDED AND IN EFFECT ON THE DATE OF THIS PRELIMINARY LIMITED OFFERING MEMORANDUM, THIS DOCUMENT CONSTITUTES AN “OFFICIAL STATEMENT” OF THE CITY WITH RESPECT TO THE BONDS THAT HAS BEEN “DEEMED FINAL” BY THE CITY AS OF ITS DATE EXCEPT FOR THE OMISSION NO MORE THAN THE INFORMATION PERMITTED BY RULE 15C2-12.

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 FEE DEVELOPER, WHICH ARE BELIEVED BY THE CITY AND THE UNDERWRITER TO BE RELIABLE, BUT IT IS NOT GUARANTEED AS TO ACCURACY OR COMPLETENESS, AND IS NOT TO BE CONSTRUED AS A REPRESENTATION OF THE UNDERWRITER. THE INFORMATION AND EXPRESSIONS OF OPINION HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE, AND NEITHER THE DELIVERY OF THIS LIMITED OFFERING MEMORANDUM, NOR ANY SALE MADE HEREUNDER, SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE CITY OR THE FEE DEVELOPER 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 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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PRELIMINARY LIMITED OFFERING MEMORANDUM

\$16,408,000*

CITY OF CRANDALL, TEXAS,

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

SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025

(RIVER RIDGE PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #2 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 Crandall, Texas (the “City”), of its \$16,408,000* aggregate principal amount of Special Assessment Revenue Bonds, Series 2025 (River Ridge Public Improvement District Improvement Area #2 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 expected to be enacted by the City Council of the City (the “City Council”) on February 18, 2025 (the “Bond Ordinance”), and an Indenture of Trust, dated as of March 1, 2025 (the “Indenture”), to be entered into by and between the City and Wilmington Trust, National Association, as trustee (the “Trustee”). The Bonds will be secured by the Pledged Revenues (as defined herein) and other funds comprising the Trust Estate, consisting primarily of assessments (“Assessments”) levied against the Improvement Area #2 Assessed Property (as defined herein) of the River Ridge Public Improvement District (the “District”) pursuant to a separate ordinance enacted by the City Council on February 18, 2025 (the “Assessment Ordinance”). The City created the District pursuant to a Resolution adopted by the City Council on June 1, 2020 (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 Administrator (as defined herein), the Assessment Ordinance, the Bond Ordinance, the Service and Assessment Plan (as defined herein), the TIRZ Creation Ordinance (as defined herein), the Omnibus Reimbursement Agreement (as defined herein), Taylor Morrison of Texas Inc., a Texas corporation (the “Landowner”), PMB Advisors, LLC, a Texas limited liability company (the “Fee Developer”), the River Ridge Development Agreement entered into between the City and JWS Land, Ltd., a Texas limited partnership (“JWS Land”), effective as of August 3, 2020 (the “Development Agreement”) as partially assigned to PMBS River Ridge LP (“PMBS River Ridge”) on May 26, 2021 pursuant to a Partial Assignment and Assumption of River Ridge Development Agreement and TIRZ No. 1 Reimbursement Agreement (Pod A - SF Residential Tract) (the “PMBS Partial Assignment”) and as further assigned by PMBS River Ridge to the Landowner on July 13, 2021 pursuant to a Partial Assignment and Assumption of River Ridge Development Agreement and TIRZ No. 1 Reimbursement Agreement (Pod A – SF Residential Tract) (the “Landowner Assignment”), and the Lot Development Agreement entered into between the Landowner and the Fee Developer, effective as of July 13, 2021

* Preliminary; subject to change.

(the “Lot Development Agreement”), 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 hereunder.

PLAN OF FINANCE

The District

The PID Act authorizes municipalities, such as the City, to create public improvement districts within their corporate limits 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 Improvement Area #2 Improvements (as defined herein), authorized by the PID Act and approved by the City Council that confer a special benefit on the District. The District is entirely within the corporate limits of the City.

Development Plan, Plan of Finance and Status of Development

The District is composed of approximately 441.793 acres which are being developed into a mixed use development consisting of approximately 253.78 acres of single-family residential development (the “Single-Family Residential Property”) and approximately 188.013 acres of commercial development (the “Commercial Property”). The Commercial Property is owned as described under “THE DEVELOPMENT – Overview.” PMBS River Ridge, an affiliate of the Fee Developer, acquired the Single-Family Residential Property from JWS Land on May 26, 2021 at a price of \$6,300,000. A portion of the purchase price was funded with a loan from Trez Capital (2015) Corporation and a portion was funded through an equity contribution from PMBS River Ridge. Such loan was paid off in connection with the Landowner’s purchase of the Single-Family Residential Property.

The Landowner purchased the Single-Family Residential Property from PMBS River Ridge on July 13, 2021 at a purchase price of \$10,610,290. The Landowner funded the acquisition of the Single-Family Residential Property within the District with cash, and expects to fund the development of the Single-Family Residential Property with cash. See “THE LANDOWNER AND THE FEE DEVELOPER – History and Financing of the District.”

The Landowner has engaged PMB Advisors, LLC as fee developer (the “Fee Developer”) for the Single-Family Residential Property pursuant to the Lot Development Agreement (as defined herein). See “THE LANDOWNER AND THE FEE DEVELOPER – The Lot Development Agreement.”

Development of the Single-Family Residential Property in the District is expected to include approximately 1,003 single-family homes and private amenities, including an amenity center, hiking and biking trails, and a park. The Landowner expects to develop the Single-Family Residential Property in three phases, designated as “Improvement Areas,” as part of a master-planned residential development. The Landowner has completed lot development of the initial phase of Single-Family Residential Property in the District, which consisted of 329 lots (“Improvement Area #1”) and the major improvements benefitting the Single Family Residential Property (the “Single Family Residential Major Improvements”). The Landowner is continuing development of the Single-Family Residential Property with development of local infrastructure to serve the area shown as “Improvement Area #2” on the map shown on page v. The Developer anticipates that it will continue development of the Single-Family Residential Property with the development of local infrastructure to serve the area shown as “Improvement Area #3” beginning in Q2 2025. Improvement Area #3 is sometimes referred to herein as the “Future Improvement Area.” The boundaries of the District and Improvement Area #1, Improvement Area #2 and Improvement Area #3 are shown in the “MAP SHOWING BOUNDARIES OF THE DISTRICT AND IMPROVEMENT AREAS” on page v. See “THE DEVELOPMENT — Development Plan for the Single-Family Residential Property.”

Improvement Area #2 consists of approximately 82.795 acres and is expected to include 335 single-family residential lots consisting of 291 50' lots and 44 60' lots. The Fee Developer, on behalf of the Landowner, began constructing improvements consisting of (i) certain roadway improvements, water improvements, sanitary sewer improvements, storm drainage improvements, and landscaping improvements that will benefit only Improvement Area #2 (the "Improvement Area #2 Improvements") in March 2024. The Fee Developer expects to complete the construction of the Improvement Area #2 Improvements in February 2025. Home construction in Improvement Area #2 is expected to begin in Q2 2025, and the first homes sales in Improvement Area #2 are expected to occur in Q4 2025. The Landowner, Taylor Morrison of Texas, Inc., is expected to be the sole homebuilder in Improvement Area #2.

The total cost of the Improvement Area #2 Improvements (exclusive of any costs of issuance of the Bonds) is expected to be approximately \$15,265,592*. As of January 1, 2025, the Landowner has spent approximately \$11,865,321 on construction of the Improvement Area #2 Improvements, which costs were funded with cash available to the Landowner.

The City has entered into an Agreement for the Construction of Authorized Improvements and Reimbursement of Advances with the Landowner and PMBS River Ridge (the "Omnibus Reimbursement Agreement") to finance a portion of the costs of Authorized Improvements (as such term is defined in the Service and Assessment Plan) including the Improvement Area #1 Projects (as defined herein), the Single-Family Residential Major Improvement Area Projects (as defined herein), the Improvement Area #2 Improvements, and any Future Improvement Area Improvements (as defined herein). The City will pay a portion of the project costs for the Improvement Area #2 Improvements from proceeds of the Bonds. The Landowner or the Fee Developer will submit payment requests on a monthly basis for costs actually incurred in developing and constructing the Improvement Area #2 Improvements and be paid in accordance with the Indenture and the Omnibus Reimbursement Agreement. See "THE IMPROVEMENT AREA #2 IMPROVEMENTS – General," "THE DEVELOPMENT – Development Plan for the Single-Family Residential Property" and "APPENDIX F – Omnibus Reimbursement Agreement."

The City expects to issue one or more series of bonds (collectively, the "Future Improvement Area Bonds") to finance the costs of local improvements (the "Future Improvement Area Improvements") benefitting the Future Improvement Area. The estimated costs of the Future Improvement Area Improvements will be determined as such Future Improvement Area is developed, and the Service and Assessment Plan will be updated to identify the improvements to be constructed within each Future Improvement Area 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. The Landowner anticipates that Future Improvement Area Bonds will be issued in 2026. See "THE DEVELOPMENT – Future Improvement Area Bonds."

The Bonds

Proceeds of the Bonds will be used to provide funds for (i) paying a portion of the Actual Costs of the Improvement Area #2 Improvements, (ii) paying capitalized interest on the Bonds during the period of construction and acquisition of the Improvement Area #2 Improvements, (iii) funding a reserve fund for payment of principal and interest on the Bonds, (iv) paying a portion of the costs incidental to the organization and administration of the District, and (v) paying costs of issuance of the Bonds. Not later than six months following the Closing Date, or upon a determination by the City Representative that all costs of issuance of the Bonds have been paid, any amounts remaining in the Costs of Issuance Account shall be transferred to the Improvement Area #2 Improvements Account in the Project Fund and used to pay Actual Costs or to the Principal and Interest Account of the Bond Fund and used to pay interest on the Bonds, as directed by the City in a City Certificate filed with the Trustee, and the Costs of Issuance Account shall be closed. See "APPENDIX A – Form of Indenture" and "SOURCES AND USES OF FUNDS."

Payment of the Bonds is secured by a pledge of and a first lien upon the Trust Estate, consisting primarily of Assessments expected to be levied against the assessable parcels or lots within Improvement Area #2 of the District,

* Preliminary; subject to change.

all to the extent and upon the conditions described herein and in the Indenture. See “SECURITY FOR THE BONDS,” “ASSESSMENT PROCEDURES” and “APPENDIX A - Form of Indenture.”

The Bonds, the Improvement Area #1 Bonds (as defined herein), the SFRMIA Bonds (as defined herein) 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, the SFRMIA Bonds and any Future Improvement Area Bonds to be issued by the City are not offered pursuant to this Limited Offering Memorandum.

Prior Bonds

To finance a portion of the costs of certain improvements (the “Improvement Area No. 1 Projects”) that (i) benefitted only Improvement Area # 1 and (ii) the pro rata portion of the Single-Family Residential Major Improvements benefitting Improvement Area #1, the City previously issued its \$17,205,000 City of Crandall, Texas, Special Assessment Revenue Bonds, Series 2022 (River Ridge Public Improvement District Improvement Area #1 Project) (the “Improvement Area #1 Bonds”). The Improvement Area #1 Bonds are outstanding in the amount of \$16,594,000. The Improvement Area #1 Bonds are secured by a pledge of and a lien upon certain pledged revenues, consisting primarily of the assessments levied on Improvement Area #1 of the District (the “Improvement Area #1 Assessments”). The Improvement Area #1 Assessments are not pledged to and do not secure the Bonds.

Concurrently with the issuance of the Improvement Area #1 Bonds, the City issued its \$5,453,000 City of Crandall, Texas, Special Assessment Revenue Bonds, Series 2022 (River Ridge Public Improvement District Single-Family Residential Major Improvement Area Project) (the “SFRMIA Bonds”) to finance a portion of certain improvements (the “Single-Family Residential Major Improvement Area Projects”) benefitting the property within the District excluding Improvement Area #1 and the non-Single Family Residential Area of the District (the “SFRMIA”). The SFRMIA Bonds are outstanding in the amount of \$5,258,000. The SFRMIA Bonds are secured by a pledge of and a lien upon certain pledged revenues, consisting primarily of the assessments levied on the areas outside of Improvement Area #1 of the District (the “SFRMIA Assessments”). The SFRMIA Assessments are not pledged to and do not secure the Bonds.

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 15 and September 15, commencing September 15, 2025 (each an “Interest Payment Date”), until maturity or prior redemption. Wilmington Trust, 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 multiple 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 City reserves the right and option to redeem Bonds maturing on or after September 15, 20__, before their respective scheduled maturity dates, in whole or in part, on any date on or after

September 15, 20__, such redemption date or dates to be fixed by the City, at the redemption price of par plus accrued interest to the date of redemption (the “Redemption Price”).

Extraordinary Optional Redemption. Notwithstanding any other provision in the Indenture to the contrary, the Indenture provides that the City reserves the right and option to redeem Bonds before their scheduled maturity dates, in whole or in part and in an amount specified in a City Certificate, 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 made pursuant to the terms of the Indenture). No redemption shall be made which results in a Bond remaining outstanding in a principal amount less than an Authorized Denomination. 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 are subject to mandatory sinking fund redemption prior to their stated maturity and will be redeemed by the City 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:

<u>\$ Term Bonds Maturing September 15, 20</u>	
<u>Redemption Date</u>	<u>Sinking Fund Installment</u>
September 15, 20__	\$
September 15, 20__†	

<u>\$ Term Bonds Maturing September 15, 20</u>	
<u>Redemption Date</u>	<u>Sinking Fund Installment</u>
September 15, 20__	\$
September 15, 20__†	

† Stated maturity.

At least forty-five (45) days prior to each mandatory sinking fund redemption date, subject to any prior reduction as described in the two next succeeding paragraphs, the Trustee shall select a principal amount of Bonds (in accordance with the Indenture) of such maturity equal to the Sinking Fund Installment amount of such Bonds to be redeemed, shall call such Bonds for redemption on such scheduled mandatory sinking fund redemption date, and shall give notice of such redemption, as provided in the Indenture.

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

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

Notice of Redemption. The Trustee shall give notice of any redemption of Bonds by sending notice by United States mail, first-class, postage prepaid, not less than 30 days before the date fixed for redemption, to the Owner of each Bond or portion thereof to be redeemed, at the address shown in the Register. So long as the Bonds are in book-entry-only form and held by DTC as security depository, references to Owner in the Indenture means Cede & Co., as nominee for DTC. Any such notice shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice. The notice shall state the redemption date, the Redemption Price, the place at which the Bonds are to be surrendered for payment, and, if less than all the Outstanding Bonds are to be redeemed, then subject to the

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

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

The City has the right to rescind any optional redemption or extraordinary optional redemption 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.

Additional Provisions with Respect to Redemption. If less than all of the Bonds are to be redeemed pursuant to a mandatory sinking fund redemption, an optional redemption or an extraordinary optional redemption, Bonds shall be redeemed in minimum principal amounts of \$1,000 or any integral thereof. Each Bond shall be treated as representing the number of Bonds that is obtained by dividing the principal amount of such Bond by \$1,000. No redemption shall result in a Bond in a denomination of less than the Authorized Denomination in effect at that time; provided, however, if the amount of the Outstanding Bond is less than an Authorized Denomination after giving effect to such partial redemption, a Bond in the principal amount equal to the unredeemed portion, but not less than \$1,000 may be issued.

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

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

If less than all of the Bonds are called for extraordinary optional redemption pursuant to the Indenture, the Bonds or portion of a Bond to be redeemed shall be selected on a pro rata basis among all Outstanding Bonds.

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

BOOK-ENTRY ONLY SYSTEM

This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited 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 Standard & Poor's rating of "AA+". The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices 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, 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 Improvement Area #2 Improvements, the Bonds, the security therefor, and such other information as the Investor has deemed necessary or desirable in connection with its decision to purchase the Bonds (collectively, the “Investor Information”). The Investor has received a copy of this Limited Offering Memorandum relating to the Bonds. The Investor acknowledges that it has assumed responsibility for its review of the Investor Information and it has not relied upon any advice, counsel, representation or information from the City in connection with the Investor’s purchase of the Bonds. The Investor agrees that none of the City, its councilmembers, officers, or employees shall have any liability to the Investor whatsoever for, or in connection with the Investor’s decision to purchase the Bonds except for 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 by the City pursuant to the terms of the Indenture and the City shall not be directly or indirectly or contingently or morally obligated to use any other moneys or assets of the City for amounts due under the Indenture. The Investor understands that the Bonds are not secured by any pledge of any moneys received or to be received from taxation by the City, the State or any political subdivision or taxing district thereof; that the Bonds will never represent or constitute a general obligation or a pledge of the faith and credit of the City, the State or any political subdivision thereof; that no right will exist to have taxes levied by the State or any political subdivision thereof for the payment of principal and interest on the Bonds; and that the liability of the City and the State with respect to the Bonds is subject to further limitations as set forth in the 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

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

General

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

NOTWITHSTANDING THE FOREGOING, THE CITY HAS CREATED “REINVESTMENT ZONE NUMBER ONE, CITY OF CRANDALL, TEXAS” (THE “TIRZ”) WHICH IS COTERMINOUS WITH THE BOUNDARIES OF THE DISTRICT AND INTENDS TO USE CERTAIN ANNUAL TAX INCREMENT REVENUES COLLECTED, WHICH TAX INCREMENT REVENUES WILL CONSIST OF AN AMOUNT EQUAL TO (I) 65% OF ALL REAL PROPERTY TAX INCREMENT ATTRIBUTABLE TO THE TIRZ LEVIED, ASSESSED AND COLLECTED BY THE CITY WITHIN THE TIRZ ON ALL REAL PROPERTY UTILIZED FOR SINGLE-FAMILY DEVELOPMENT IN THE TIRZ TAXABLE BY THE CITY THEREIN AND (II) 50% OF ALL REAL PROPERTY TAX INCREMENT GENERATED FROM THE COUNTY’S M&O RATE ATTRIBUTABLE TO THE TIRZ LEVIED, ASSESSED AND COLLECTED BY KAUFMAN COUNTY (THE “COUNTY”) WITHIN THE TIRZ ON ALL REAL PROPERTY IN THE TIRZ TAXABLE BY THE COUNTY THEREIN AND, TO PAY THAT PORTION OF THE COSTS OF THE INFRASTRUCTURE BENEFITTING THE DISTRICT, INCLUDING IMPROVEMENT AREA #2 OF THE DISTRICT, ON A PARCEL-BY-PARCEL BASIS. SUCH TAX INCREMENT REVENUE, TO THE EXTENT AVAILABLE, IS EXPECTED TO BE USED BY THE CITY TO OFFSET ASSESSMENTS USED TO PAY PRINCIPAL OF AND INTEREST ON THE BONDS. ANY AMOUNT OF SUCH TAX INCREMENT REVENUE USED TO PAY PRINCIPAL OF AND INTEREST ON THE BONDS WILL RESULT IN A REDUCTION IN ANNUAL INSTALLMENTS OF ASSESSMENTS RELATED TO THE BONDS BY A CORRESPONDING AMOUNT. SUCH TAX INCREMENT REVENUE IS NOT PLEDGED TO THE BONDS UNDER THE INDENTURE. SEE “TIRZ 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, which consist primarily of Assessments expected to be levied against the assessable parcels or lots within Improvement Area #2 of the District 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 Improvement Area #2 of the District, provides the basis and justification for the determination of special benefit on such property, establishes the methodology for the levy of Assessments and provides for the

allocation of Pledged Revenues for payment of principal of, premium, if any, and interest on the Bonds. The Service and Assessment Plan is reviewed and updated annually for the purpose of determining the annual budget for improvements and the Annual Installments (as defined below) of Assessments due in a given year. The determination by the City of the assessment methodology set forth in the Service and Assessment Plan is the result of the discretionary exercise by the City Council of its legislative authority and governmental powers and is conclusive and binding on all current and future landowners within the District. See “APPENDIX 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 Improvement Area #2 Improvements by levying Assessments upon properties in Improvement Area #2 of the District benefitted thereby. For a description of the assessment methodology and the amounts of Assessments levied in Improvement Area #2 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 Revenue less the Administrative Expenses and (ii) any additional revenues that the City may pledge to the payment of Bonds. “Assessment Revenue” means monies collected by or on behalf of the City from any one or more of the following: (i) an Assessment levied against the parcels of land located within Improvement Area #2 of the District by the Improvement Area #2 Assessment Ordinance in accordance with the Service and Assessment Plan (“Improvement Area #2 Assessed Property”), or Annual Installment payment thereof, including any interest on such Assessment or Annual Installment thereof during any period of delinquency, (ii) a Prepayment, and (iii) Foreclosure Proceeds. “Annual Installments” means, with respect to each parcel of Improvement Area #2 Assessed Property, each annual payment of the Assessments as shown on the Assessment Roll and related to the Improvement Area #2 Improvements; which annual payment includes Administrative Expenses and the 0.50% additional interest rate (the “Additional Interest”) collected on each annual payment of the Assessments as described in the Indenture and as defined and calculated in the Service and Assessment Plan or in any Annual Service Plan Update. The City will covenant in the Indenture that it will take and pursue all actions permissible under Applicable Laws to cause the Assessments to be collected and the liens thereof to be enforced continuously. See “SECURITY FOR THE BONDS — Pledged Revenue Fund,” “APPENDIX A — Form of Indenture” and “APPENDIX B — Form of Service and Assessment Plan.”

The PID Act provides that the Assessments (including any reassessment, with interest, the expense of collection and reasonable attorney’s fees, if incurred) are a first and prior lien (the “Assessment Lien”) against the 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 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 Revenues May Reduce Assessments

The Assessments expected to be levied by the City according to the Assessment Ordinance and described in the Service and Assessment Plan are set at a level sufficient to fund a portion of the costs of the Improvement Area #2 Improvements.

Pursuant to Chapter 311 of the Texas Tax Code (the “TIRZ Act”), on June 1, 2020, the City held a public hearing on the creation of the TIRZ and the preliminary project and financing plan. Pursuant to an ordinance adopted by the City Council on June 1, 2020 (the “TIRZ Creation Ordinance”), the City created the TIRZ and was presented with the Reinvestment Zone Number One, City of Crandall Preliminary Project and Financing Plan (“Preliminary TIRZ Project and Finance Plan”).

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"). Consistent with Section 311.012(b) of the TIRZ Act, the Captured Appraised Value of real property taxable by the City or County, as applicable, for a year is the total appraised value of all real property taxable by the City or County, as applicable, and located in the TIRZ for that year less the Tax Increment Base (the "Captured Appraised Value").

The boundary of the TIRZ is coterminous with the District. The City approved a final project and finance plan (the "Final Plan") for the TIRZ on August 17, 2020. The Final Plan authorizes the use of TIRZ revenues for project costs under the TIRZ Act, relating to the Authorized Improvements. The Final Plan obligated the City to deposit into the TIRZ Fund each year for the duration of the TIRZ an amount equal to (i) sixty-five percent (65%) of the City's ad valorem tax increment attributable to the TIRZ, based on the City's tax rate each year and as authorized by law and (ii) fifty percent (50%) of the City's one percent (1%) general sales tax rate, as defined in Section 311.0123(b) of the TIRZ Act. The term of the TIRZ is thirty-six (36) years or until such time as all project costs within the TIRZ are paid.

The County has agreed to participate in the TIRZ and is contributing 50% of the Captured Appraised Value, less road and bridge and debt service taxes, for a period of thirty-six (36) years, or until the amount of the County ad valorem TIRZ increment placed into the TIRZ Fund totals \$46,492,479, whichever comes first.

Monies collected in the TIRZ Fund from (i) City ad valorem TIRZ increment on the Single-Family Residential Property and (ii) County ad valorem TIRZ increment on all property in the TIRZ, including Single-Family Residential Property and Commercial Property, shall be used to offset or pay a portion of any Assessments levied on the Single-Family Residential Property ((i) and (ii) collectively referred to herein as "TIRZ Revenues") for the costs of Authorized Improvements and shall qualify as projects under the TIRZ Act, paid in accordance with the Final Plan and the Service and Assessment Plan. The application of such revenues shall be as further described under "THE DEVELOPMENT – The Development Agreement and the TIRZ Reimbursement Agreement." The City expects to use the annual tax increment revenues collected in the TIRZ and described in the foregoing, on a parcel-by-parcel basis, to offset the costs of Authorized Improvements, including the Improvement Area #2 Improvements. The City has agreed to transfer from the tax increment fund a portion of tax increment revenue collected each year up to the percentages described above to the Principal and Interest Account of the Bond Fund for the payment of debt service on the Bonds. Such tax increment revenue, if and when collected and transferred by the City, will result in a reduction in Annual Installments of Assessments by a corresponding amount.

Monies collected in the TIRZ Fund from City sales tax TIRZ increment and from City ad valorem TIRZ increment on the Commercial Property shall be used to provide certain grants as described under "THE DEVELOPMENT – The Development Agreement and the TIRZ Reimbursement Agreement."

THE TIRZ REVENUES, IF AVAILABLE, WILL NOT BE PLEDGED TO THE PAYMENT OF THE BONDS, AND THERE IS NO GUARANTEE THAT THERE WILL EVER BE SUFFICIENT TIRZ REVENUES TO GENERATE THE TIRZ ANNUAL CREDIT AMOUNT (AS DEFINED IN THE SERVICE AND ASSESSMENT PLAN). THE TIRZ ANNUAL CREDIT AMOUNT WILL NOT BE APPLIED IN ANY MANNER THAT WOULD AFFECT THE COLLECTION AND CONTINUOUS ENFORCEMENT OF ASSESSMENTS COLLECTED FOR THE PAYMENT OF DEBT SERVICE ON THE BONDS AND ADMINISTRATIVE EXPENSES AND THE FUNDING OF THE DELINQUENCY AND PREPAYMENT RESERVE ACCOUNT REQUIREMENT, IN THE MANNER AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAWS. THE FULL TIRZ ANNUAL CREDIT AMOUNT IS NOT EXPECTED TO BE AVAILABLE TO REDUCE THE ANNUAL INSTALLMENT FOR ANY IMPROVEMENT AREA #2 ASSESSED PROPERTY UNTIL THE SECOND YEAR THAT A HOME ON SUCH LOT IS ASSESSED. TIRZ REVENUES WILL NOT BE APPLIED TO REDUCE ASSESSMENTS DURING BUILDOUT AND SHALL ONLY BE APPLIED, ON A PARCEL BY PARCEL BASIS, ONCE A FINAL BUILDING INSPECTION HAS BEEN COMPLETED FOR SUCH LOT OR PARCEL IN THE DISTRICT. MOREOVER, THE TIRZ ANNUAL CREDIT AMOUNT IS NOT EXPECTED TO BE SUFFICIENT TO PROVIDE FOR THE TARGETED NET AVERAGE ANNUAL INSTALLMENT UNTIL THE SECOND YEAR THAT A HOME ON SUCH LOT IS ASSESSED. SEE "OVERLAPPING TAXES AND DEBT."

Collection and Deposit of Assessments

The Assessments shown on the 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 Assessments assessed to pay debt service on the Bonds, together with interest thereon, are payable in Annual Installments established by the Assessment Ordinance and the Service and Assessment Plan to correspond, as nearly as practicable, to the debt service requirements for the Bonds. An Annual Installment of an Assessment 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 Assessments in the Service and Assessment Plan. Each Annual Installment is payable as provided in the Service and Assessment Plan and the Assessment Ordinance.

A record of the Assessments on each parcel, tract or lot which are to be collected in each year during the term of the Bonds is shown on the Assessment Roll. Sums received from the collection of the Assessments to pay the debt service requirements (including delinquent installments, Foreclosure Proceeds and penalties) and of the interest thereon shall be deposited into the Bond Pledged Revenue Account of the Pledged Revenue Fund. Notwithstanding the foregoing, the Trustee shall deposit Foreclosure Proceeds to the Pledged Revenue Fund and as soon as practicable after such deposit shall transfer Foreclosure Proceeds first to the Reserve Fund to restore any transfers from the Reserve Fund made with respect to the parcel(s) of Improvement Area #2 Assessed Property to which the Foreclosure Proceeds relate, and second, to the Redemption Fund. The Trustee shall deposit Prepayments to the Pledged Revenue Fund and as soon as practicable after such deposit shall transfer such Prepayments to the Redemption Fund. See “SECURITY FOR THE BONDS — Pledged Revenue Fund” and APPENDIX A — Form of Indenture.

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

Unconditional Levy of Assessments

The City will impose Assessments on the property within Improvement Area #2 of the District to pay the principal of and interest on the Bonds scheduled for payment from Pledged Revenues as described in the Indenture and in the Service and Assessment Plan and coming due during each Fiscal Year. The Assessments shall be effective on the date of, and strictly in accordance with the terms of, the Assessment Ordinance. Each Assessment may be paid immediately in full or in periodic Annual Installments over a period of time equal to the term of the Bonds, which installments shall include interest on the Assessments. Pursuant to the Assessment Ordinance, interest on the Assessments will be calculated at the rate of interest on the Bonds plus 0.50%, calculated on the basis of a 360-day year of twelve 30-day months. Such rate may be adjusted as described in the Service and Assessment Plan. Each Annual Installment, including the interest on the unpaid amount of an Assessment, shall be calculated on September 1 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 October 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 are Outstanding and unpaid, an assessment to pay the Administrative Expenses incurred by the City in the administration and operation of the District. The portion of each Annual Installment used to pay such annual costs shall remain in effect from year to year until all Bonds are finally paid or until the City adjusts the amount of the levy after an annual review in any year pursuant to Section 372.013 of the PID Act. The assessments to pay Administrative Expenses 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 portions of the Assessments to pay Administrative Expenses do not secure repayment of the Bonds.**

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

Assessments, together with interest, penalties, and expense of collection and reasonable attorneys’ fees, as permitted by the Texas Tax Code, shall be a first and prior lien against the 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 Assessments and penalties and interest begins on the effective date of the Assessment Ordinance and continues until the Assessments are paid or until all Bonds are finally paid.

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

Perfect 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. 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

The City has created under the Indenture a Pledged Revenue Fund to be held by the Trustee. On or before February 15 of each year while the Bonds are Outstanding and beginning February 15, 2026, the City shall deposit or cause to be deposited the Pledged Revenues into the Pledged Revenue Fund. From amounts deposited to the Pledged Revenue Fund, the City shall deposit or cause to be deposited Pledged Revenues as follows: (i) first, to the Bond Pledged Revenue Account of the Pledged Revenue Fund in an amount sufficient to pay debt service on the Bonds next coming due, (ii) second, to the Reserve Account of the Reserve Fund in an amount to cause the amount in the Reserve Account to equal the Reserve Account Requirement, (iii) third, to the Additional Interest Reserve Account of the Reserve Fund in an amount equal to Additional Interest collected, in accordance with the next succeeding paragraph, (iv) fourth, to the Improvement Area #2 Improvements Account to pay other Actual Costs of the Improvement Area #2 Improvements, and (v) fifth, to pay other costs permitted by the PID Act. In addition, in the event the City owes any rebate to the Federal Government, the City shall provide a City Certificate to the Trustee to transfer to the Rebate Fund in accordance with the Indenture, prior to any other transfer, the required rebate amount.

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

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

Notwithstanding the deposits described in (i) first through (iv) fourth above, the Trustee shall deposit Prepayments to the Pledged Revenue Fund and as soon as practical after shall transfer such Prepayments to the Redemption Fund.

Notwithstanding the deposits described in (i) first through (iv) fourth above, the Trustee shall deposit Foreclosure Proceeds to the Pledged Revenue Fund and as soon as practicable after such deposit shall transfer Foreclosure Proceeds first, to the Reserve Fund to restore any transfers from the Reserve Fund made with respect to the parcel(s) of Improvement Area #2 Assessed Property to which the Foreclosure Proceeds relate, second, to the Additional Interest Reserve Account to restore any transfers from the Additional Interest Reserve Account made with respect to the Assessed Parcel(s) of the Improvement Area #2 Assessed Property to which the Foreclosure Proceeds relate, and third, to the Redemption Fund.

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

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

Bond Fund

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

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

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

<u>Date</u>	<u>Amount</u>
September 15, 2025	\$

Any amounts on deposit in the Capitalized Interest Account after the payment of interest on the dates and in the amounts listed above shall be transferred to the Improvement Area #2 Improvements Account of the Project Fund, pursuant to directions provided in a City Certificate, or if the Improvement Area #2 Improvements Account of the Project Fund has been closed as provided herein, such amounts shall be transferred to the Redemption Fund to be used to redeem Bonds and the Capitalized Interest Account shall be closed.

Project Fund

Money on deposit in the Project Fund shall be used for the purposes as 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 pursuant to one or more Closing Disbursement Requests or City Certificates. Disbursements from the Improvement Area #2 Improvements Account of the Project Fund to pay Actual Costs of the Improvement Area #2 Improvements shall be made by the Trustee upon receipt by the Trustee of either a properly executed and completed Certificate for Payment or written direction from the City or its designee in a City Certificate approving the disbursement to the Fee Developer as the Landowner’s designee. The disbursement of funds from the Improvement Area #2 Improvements Account pursuant to a Certificate for Payment shall be pursuant to and in accordance with the disbursement procedures described in the Omnibus Reimbursement Agreement or as provided in such written direction from the City. The disbursement of funds from the Improvement Area #2 Improvements Account and the Costs of Issuance Account of the Project Fund pursuant to a Closing Disbursement Request shall be

pursuant to and accordance with the disbursement procedures described in the Omnibus Reimbursement Agreement or as provided in such written direction from the City.

If the City Representative determines in his or her sole discretion that amounts then on deposit in the Improvement Area #2 Improvements Account of the Project Fund are not expected to be expended for purposes of such Account due to the abandonment, or constructive abandonment of the Improvement Area #2 Improvements, such that, in the opinion of the City Representative, it is unlikely that the amounts in the Improvement Area #2 Improvements Account will ever be expended for the purposes of such Account, the City Representative shall file a City Certificate with the Trustee which identifies the amounts then on deposit in the Improvement Area #2 Improvements Account that are not expected to be used for purposes of such Account. If such City Certificate is filed, (i) the amounts on deposit in the Improvement Area #2 Improvements Account shall be transferred to the Redemption Fund to redeem Bonds on the earliest practicable date after notice of redemption has been provided in accordance with the Indenture and (ii) such Account shall be closed.

Upon the filing of a City Certificate stating that all Improvement Area #2 Improvements have been completed and that all Actual Costs of the Improvement Area #2 Improvements have been paid, or that any such Actual Costs of the Improvement Area #2 Improvements are not required to be paid from the Improvement Area #2 Improvements Account of the Project Fund pursuant to a Certificate for Payment or written direction from the City or its designee, the Trustee (i) shall transfer the amount, if any, remaining within the Improvement Area #2 Improvements Account of the Project Fund to the Bond Fund and (ii) shall close the Improvement Area #2 Improvements Account. If the Improvement Area #2 Improvements Account has been closed pursuant to the provisions of the Indenture, and the Cost of Issuance Account has been closed pursuant to the provisions of the Indenture, then the Project Fund shall be closed.

Not later than six months following the Closing Date, or upon a determination by the City Representative that all costs of issuance of the Bonds have been paid, any amounts remaining in the Costs of Issuance Account shall be transferred to the Improvement Area #2 Improvements Account in the Project Fund and used to pay Actual Costs or to the Principal and Interest Account of the Bond Fund and used to pay interest on the Bonds, as directed by the City in a City Certificate filed with the Trustee, and the Costs of Issuance Account shall be closed.

Reserve Account of the Reserve Fund

Reserve Account will be created within the Reserve Fund for the benefit of the Bonds 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 means 100% of the average Annual Debt Service on the Bonds; provided, however, that the Reserve Account Requirement will be recalculated in compliance with the foregoing upon any transfers made pursuant to a mandatory sinking fund redemption, an optional redemption, or an extraordinary optional redemption. As of the date of delivery of the Bonds, the Reserve Account Requirement is \$_____.

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

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

transfer from the Reserve Account under the Indenture, the Trustee shall transfer an amount equal to the shortfall, and/or any additional amounts necessary to permit the Bonds to be redeemed in minimum principal amounts of \$1,000, from the Additional Interest Reserve Account to the Redemption Fund to be applied to the redemption of the Bonds.

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

Additional Interest Account of the Reserve Fund

Pursuant to the Indenture, an Additional Interest Reserve Account has been created within the Reserve Fund and held by the Trustee for the benefit of the Bonds. The Trustee will transfer from the Bond Pledged Revenue Account of the Pledged Revenue Fund to the Additional Interest Reserve Account on March 15 of each year, commencing March 15, 2026, an amount equal to the Additional Interest until the Additional Interest Reserve Requirement has been accumulated in the Additional Interest Reserve Account. When the amount on deposit in the Additional Interest Reserve Account exceeds the Additional Interest Reserve Requirement, the Trustee shall provide written notice of such excess to the City and shall transfer an amount equal to the Additional Interest from the Bond Pledged Revenue Account of the Pledged Revenue Fund (i) first, if necessary, to the Reserve Account of the Reserve Fund, an amount to cause the amount in the Reserve Account to equal the Reserve Account Requirement, and (ii) second, at the written request of the City, to the Administrative Fund to pay Administrative Expenses, and (iii) at the written request of the City, to the Redemption Fund. If the City does not provide written instructions to the Trustee to deposit any such excess to the Administrative Fund pursuant to clause (ii) above within forty-five (45) days of receiving notice from the Trustee of such excess, then the Trustee shall proceed to deposit such excess to the Redemption Fund pursuant to clause (iii) above. If the amount on deposit in the Additional Interest Reserve Account shall at any time be less than the Additional Interest Reserve Requirement, the Trustee shall notify the City, in writing, of the amount of such shortfall, and the Trustee shall resume depositing the Additional Interest from the Bond Pledged Revenue Account of the Pledged Revenue Fund into the Additional Interest Reserve Account until the Additional Interest Reserve Requirement has been accumulated in the Additional Interest Reserve Account; provided, however, that the City shall not be required to replenish the Additional Interest Reserve Account in the event funds are transferred from the Additional Interest Reserve Account to the Redemption Fund as a result of an extraordinary optional redemption of Bonds from the proceeds of a Prepayment pursuant to the Indenture. In the event the amount on deposit in the Additional Interest Reserve Account is less than the Additional Interest Reserve Requirement then the deposits described in the immediately preceding sentence shall continue until the Additional Interest Reserve Account has been fully replenished.

The Additional Interest Reserve Requirement is an amount equal to 2.56% of the principal amount of the Outstanding Bonds to be funded from Assessment Revenues to be deposited to the Pledged Revenue Fund and transferred to the Additional Interest Reserve Account. See “APPENDIX A — Form of Indenture” and “APPENDIX B — Form of Service and Assessment Plan.”

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

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

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

Administrative Fund

The City has created under the Indenture an Administrative Fund held by the Trustee and in the Administrative Fund, the District Administration Account. The City shall deposit or cause to be deposited to the District Administration Account of the Administrative Fund the amounts collected each year to pay Administrative Expenses and Delinquent Collection Costs. Moneys in the District Administration Account of the Administrative Fund shall be held by the Trustee separate and apart from the other Funds and Accounts created and administered under the Indenture and used as directed by a City Certificate solely for the purposes set forth in the Service and Assessment Plan. See “APPENDIX B — Form of Service and Assessment Plan.”

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

Defeasance

All Outstanding Bonds shall, prior to the Stated Maturity or redemption date thereof be deemed to have been paid and to no longer be deemed Outstanding if (i) in case any such Bonds are to be redeemed on any date prior to their Stated Maturity, the Trustee shall have given notice of redemption on said date as provided in the Indenture, (ii) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Defeasance Securities the principal of and the interest on which when due will provide moneys which, together with any moneys deposited with the Trustee for such purpose, shall be sufficient to pay when due the principal of and interest on of the Bonds to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be, (iii) the Trustee shall have received a report by an independent certified public accountant selected by the City verifying the sufficiency of the moneys and/or Defeasance Securities deposited with the Trustee to pay when due the principal of and interest on of the Bonds to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (iv) if the Bonds are then rated, the Trustee shall have received written confirmation from each rating agency then publishing a rating on such Bonds that such deposit will not result in the reduction or withdrawal of the rating on such Bonds. Neither Defeasance Securities nor moneys deposited with the Trustee pursuant to the Indenture nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on the Bonds. Any cash received from such principal of and interest on such Defeasance Securities deposited with the Trustee, if not then needed for such purpose, shall, be reinvested in Defeasance Securities as directed in writing by the City maturing at times and in amounts sufficient to pay when due the principal of and interest on the Bonds on and prior to such redemption date or maturity date thereof, as the case may be. Any payment for Defeasance Securities purchased for the purpose of reinvesting cash as aforesaid shall be made only against delivery of such Defeasance Securities. “Defeasance Securities” means Investment Securities then authorized by applicable law for the investment of funds to defease public securities. “Investment Securities” means those authorized investments described in the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended (the “PFIA”); and provided further such investments and are, at the time made, included in and authorized by the City’s official investment policy as approved by the City Council from time to time. Under current State law, Investment Securities that are authorized for the investment of funds to defease public securities are (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America; (b) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality, and that, on the date the governing body of the City adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent; and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the City adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent.

There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds. Because the Indenture does not contractually limit such investments, Owners may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law. 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 Bond Pledged Revenue Account of the Pledged Revenue Fund;
2. The failure of the City to enforce the collection of the Assessments including the prosecution of foreclosure proceedings;
3. The failure to make payment of the principal of or interest on any of the Bonds when the same becomes due and payable and such failure is not remedied within thirty (30) days; provided, however, that the payments are to be made only from Pledged Revenues or other funds currently available in the Pledged Funds and available to the City to make the payments; and
4. Default in the performance or observance of any covenant, agreement or obligation of the City under the Indenture and the continuation thereof for a period of ninety (90) days after written notice to the City by the Trustee, or by the Owners of at least 25% of the aggregate outstanding principal of the Bonds with a copy to the Trustee, specifying such default and requesting that the failure be remedied.

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

Remedies in Event of Default

Upon the happening and continuance of any Event of Default, the Trustee may, and at the written direction of the Owners of at least 25% of the Bonds then Outstanding, shall proceed against the City for the purpose of protecting and enforcing the rights of the Owners under the Indenture, by action seeking mandamus or by other suit, action, or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief to the extent permitted by Applicable Laws, including, but not limited to, the specific performance of any covenant or agreement contained in the Indenture, or injunction; provided, however, that no action for money damages against the City may be sought or shall be permitted.

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

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

Whenever moneys are to be applied 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 of the Indenture. Upon such sale, the Trustee may make and deliver to the purchaser or purchasers a good and sufficient

assignment or conveyance for the same, which sale shall be a perpetual bar both at law and in equity against the City, and all other Persons claiming such properties. No purchaser at any sale shall be bound to see to the application of the purchase money proceeds thereof or to inquire as to the authorization, necessity, expediency, or regularity of any such sale. Nevertheless, if so requested by the Trustee, the City shall ratify and confirm any sale or sales by executing and delivering to the Trustee or to such purchaser or purchasers all such instruments as may be necessary or proper for the purpose which may be designated in such request.

Restriction on Owner's Actions

No Owner shall have any right to institute any action, suit or proceeding at law or in equity for the enforcement of the Indenture or for the execution of any trust thereof or any other remedy thereunder, unless (i) a default has occurred and is continuing of which the Trustee has been notified in writing, (ii) such default has become an Event of Default and the Owners of not less than 25% of the aggregate principal amount of the Bonds then Outstanding have made written request to the Trustee and offered it reasonable opportunity either to proceed to exercise the powers granted in the Indenture or to institute such action, suit or proceeding in its own name, (iii) the Owners have furnished to the Trustee indemnity as provided in the Indenture, (iv) the Trustee has for ninety (90) days after such notice failed or refused to exercise the powers granted in the Indenture, or to institute such action, suit, or proceeding in its own name, (v) no direction inconsistent with such written request has been given to the Trustee during such 90-day period by the Owners of a majority of the aggregate principal amount of the Bonds then Outstanding, and (vi) notice of such action, suit, or proceeding is given to the Trustee; however, no one or more Owners of the Bonds shall have any right in any manner whatsoever to affect, disturb, or prejudice the Indenture by its, his or their action or to enforce any right under the Indenture except in the manner provided therein, and that all proceedings at law or in equity shall be instituted and maintained in the manner provided therein and for the equal benefit of the Owners of all Bonds then Outstanding. The notification, request and furnishing of indemnity set forth above shall 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 the Indenture, nothing in the Indenture shall affect or impair the right of any Owner to enforce, by action at law, payment of any Bond at and after the maturity thereof, or on the date fixed for redemption or the obligation of the City to pay each Bond issued thereunder to the respective Owners thereof at the time and place, from the source and in the manner expressed in the Indenture and in the Bonds.

In case the Trustee or any Owners shall have proceeded to enforce any right under the Indenture and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or any Owners, then and in every such case the City, the Trustee and the Owners shall be restored to their former positions and rights 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 with respect to Events of Default shall, after payment of the cost and expenses of the proceedings resulting in the collection of such amounts, the expenses (including Trustee's counsel), liabilities, and advances incurred or made by the Trustee, and the fees of the Trustee in carrying out the Indenture, shall be applied by the Trustee, on behalf of the City, to the payment of interest and principal or Redemption Price then due on Bonds, as follows:

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

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

Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal due and to the Owners entitled thereto, without any discrimination or preference.

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

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

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

Investment or Deposit of Funds

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

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

Against Encumbrances

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

So long as Bonds are Outstanding, and except as set forth in the Indenture, the City shall not issue any bonds, notes or other evidences of indebtedness other than the Bonds and Refunding Bonds issued to refund all or a portion of the Bonds secured by any pledge of or other lien or charge on the Trust Estate, other than a lien or pledge subordinate to the lien and pledge of such property related to the Bonds.

Additional Obligation or Other Liens

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

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

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

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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	\$
Total Sources	\$
Uses of Funds:	
Deposit to Improvement Area #2 Improvements Account of the Project Fund	\$
Deposit to Reserve Account of the Reserve Fund	
Deposit to Capitalized Interest Account of the Bond Fund	
Deposit to District Administration Account of the Administrative Fund	
Deposit to Cost of Issuance Account of the Project Fund	
Underwriter's Discount ⁽¹⁾	
Total Uses	\$

⁽¹⁾ Includes Underwriter's Counsel's fee of \$_____.

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DEBT SERVICE REQUIREMENTS

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

<u>Year Ending</u> <u>(September 15)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$	\$	\$
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
2051			
2052			
2053			
2054			
2055			
Total	150	150	150

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OVERLAPPING TAXES AND DEBT

Overlapping Taxes and Debt

The land within Improvement Area #2 of the District has been, and is expected to continue to be, subject to taxes and assessments imposed by taxing entities other than the City. Such taxes are payable in addition to the Assessments levied by the City.

In addition to the City, the County, Trinity Valley Community College, and the Crandall Independent School District may each levy ad valorem taxes upon land in Improvement Area #2 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 boundaries of the City, Crandall Independent School District, and the County.

The following tables reflect the estimated overlapping ad valorem tax rates and overlapping indebtedness payable from ad valorem taxes with respect to property within Improvement Area #2 of the District, as well as City debt secured by the Assessments, after delivery of the Bonds.

OVERLAPPING TAX RATES

<u>Taxing Entity</u>	<u>Tax Year 2024 Ad Valorem Tax Rate⁽¹⁾</u>
City of Crandall	\$0.650000
Kaufman County, Texas ⁽²⁾	0.415113
Trinity Valley Community College District	0.113660
Crandall Independent School District	<u>1.169200</u>
Total Existing Tax Rate	<u>\$2.347973</u>
 Estimated Average Annual Installment in Improvement Area #2 of the District as tax rate equivalent per Equivalent Unit ⁽³⁾	 <u>\$1.066854</u>
 Estimated Average Annual Installment in Major Improvement Area of the District as tax rate equivalent per Equivalent Unit ⁽³⁾	 <u>\$0.196339</u>
 Less Projected TIRZ Credit per parcel as tax rate equivalent	 <u>(\$0.562295)</u>
 Targeted Net Average Annual Installment as tax rate equivalent per Equivalent Unit⁽³⁾	 <u>\$0.700898</u>
 Net Estimated Total Tax Rate and Average Annual Installment in Improvement Area #2 of the District as tax rate equivalent per Equivalent Unit	 <u>\$3.048871</u>

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

⁽²⁾ Includes County Road and Bridge tax rate of \$0.082500.

⁽³⁾ Source: MuniCap. Derived from information presented in the Service and Assessment Plan. Includes Assessments initially levied for payment of the Bonds. See "SECURITY FOR THE BONDS — TIRZ Revenues May Reduce Assessments." Projected full TIRZ Credit to Assessments is not expected to be available until the second year a home is built on an Assessed Parcel. Preliminary, subject to change.

Source: Kaufman Central Appraisal District and the City.

As noted above, Improvement Area #2 of the District includes territory located in other governmental entities that may issue or incur debt secured by the levy and collection of ad valorem taxes or assessments. Set forth below is an overlapping debt table showing the outstanding indebtedness payable from ad valorem taxes with respect to the property within Improvement Area #2 of the District and City debt secured by the Assessments:

OVERLAPPING DEBT

<u>Taxing or Assessing Entity</u> ⁽²⁾	Gross Outstanding Debt as of 2/1/2025	Estimated Percentage Applicable ⁽¹⁾	Direct and Estimated Overlapping Debt ^{(1),(3)}
The City (Assessments – The Bonds) ⁽³⁾	\$ 16,408,000	100.000%	\$ 16,408,000
The City (Assessments – SFRMIA Bonds) ⁽⁴⁾	2,608,190	100.000%	2,608,190
The City (Ad Valorem Taxes)	5,915,000	5.791%	342,540
Kaufman County, Texas	175,490,000	0.117%	205,294
Crandall Independent School District	<u>238,300,000</u>	1.063%	<u>2,533,306</u>
TOTAL	<u>\$438,721,190</u>		<u>\$22,097,330</u>

⁽¹⁾ Based on the Appraisal for Improvement Area #2 of the District and on the Tax Year 2024 Taxable Assessed Valuations for the taxing entities.

⁽²⁾ Trinity Valley Community College District does not have outstanding debt.

⁽³⁾ Preliminary, subject to change.

⁽⁴⁾ Represents the portion of the SFRMIA Bonds allocable to Improvement Area #2.

Sources: Kaufman Central Appraisal District and Municipal Advisory Council of Texas

Homeowner’s Association

In addition to the Assessments described above, the Landowner anticipates that each homeowner in the District will pay a maintenance and operation fee and/or an association fee to a homeowner’s association (the “HOA”), of \$500/year.

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 Improvement Area #2 Improvements through Assessments, it adopted a resolution generally describing the Improvement Area #2 Improvements and the land within Improvement Area #2 of the District to be subject to Assessments to pay the cost therefor. The City has caused an assessment roll to be prepared (the “Assessment Roll”), which Assessment Roll shows the land within Improvement Area #2 of the District to be assessed, the amount of the benefit to and the Assessment against each lot or parcel of land and the number of Annual Installments in which the Assessment is divided. The Assessment Roll was filed with the City Secretary and made available for public inspection. Statutory notice was given to the owners of the property to be assessed and a public hearing will be conducted to hear testimony from affected property owners as to the propriety and advisability of undertaking the Improvement Area #2 Improvements and funding the same with the Assessments. The City expects to levy the Assessments and adopt the Assessment Ordinance immediately prior to adopting the Bond Ordinance. After such adoption, the Assessments will become legal, valid and binding liens upon the property against which the Assessments have been made.

Under the PID Act, the Actual Costs of the Improvement Area #2 Improvements may be assessed by the City against the assessable property in Improvement Area #2 of the District so long as the special benefit conferred upon the Improvement Area #2 Assessed Property by the Improvement Area #2 Improvements equals or exceeds the Assessments. The costs of the Improvement Area #2 Improvements may be assessed using any methodology that results in the imposition of equal shares of cost on Improvement Area #2 Assessed Property similarly benefited. The allocation of benefits and assessments to the benefitted land within the District, including land in Improvement Area #2, 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 Improvement Area #2 Assessed Property as a result of the Improvement Area #2 Improvements, provides the basis and justification for the determination that such special benefit exceeds the Assessments being levied, and establishes the methodology by which the City allocates the special benefit of the Improvement Area #2 Improvements to parcels in a manner that results in equal shares of costs being apportioned to parcels similarly benefited. As described in the Service and Assessment Plan, a portion of the costs of the Improvement Area #2 Improvements 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 associated with the Improvement Area #2 Improvements will be allocated to the parcels against which the Assessments are levied (the “Assessed Parcels”) by spreading the entire Assessment across all Parcels and Lots within Improvement Area #2 of the District on the ratio of estimated Equivalent Units of each Parcel or Lot to the estimated Equivalent Units for all Parcels or Lots within Improvement Area #2 of the District.

The following table provides additional analysis with respect to special assessment methodology, including the value to assessment burden ratio per unit (lot), equivalent tax rate per unit, and leverage per unit related to the Assessments and the SFRMIA Assessments. The information in the tables were obtained from and calculated using information provided in the Service and Assessment Plan and the Appraisal. See “APPENDIX B — Form of Service and Assessment Plan” and “APPENDIX E — Appraisal.”

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LIEN TO VALUE ANALYSIS, ASSESSMENT ALLOCATION, EQUIVALENT TAX RATE AND LEVERAGE PER UNIT IN IMPROVEMENT AREA #2 OF THE DISTRICT*

Lot type	Planned No. of Units	Estimated Finished Lot Value per unit ⁽¹⁾	Projected Average Home Value per unit ⁽²⁾	Assessment per unit	Average Annual Installment of Total Assessment per unit	Tax Rate Equivalent of Average Annual Installment of Total Assessment (per \$100 lot Value) ⁽³⁾	Tax Rate Equivalent of Average Annual Installment of Total Assessment (per \$100 Home Value) ⁽³⁾	Ratio of Estimated Lot Value to Assessment Applicable to the Bonds	Ratio of Projected Average Home Value to Total Assessment
60'	44	\$103,800	\$385,000	\$50,742.21	\$4,107.39	\$3.96	\$1.07	2.05	7.59
50'	291	\$88,000	\$355,000	\$48,712.52	\$3,943.09	\$4.48	\$1.11	1.81	7.29

Source: MuniCap, Inc. and information presented in the Service and Assessment Plan

⁽¹⁾ Per the Appraisal. See "APPRAISAL."

⁽²⁾ Values provided by the Landowner.

⁽³⁾ Tax rate equivalent prior to the application of the TIRZ Annual Credit Amount, if any. See "SECURITY FOR THE BONDS – TIRZ Revenues May Reduce Assessments."

LIEN TO VALUE ANALYSIS, ASSESSMENT ALLOCATION, MAJOR IMPROVEMENT AREA ASSESSMENT ALLOCATION, EQUIVALENT TAX RATE AND LEVERAGE PER UNIT IN IMPROVEMENT AREA #2 OF THE DISTRICT*

Lot type	Planned No. of Units	Estimated Finished Lot Value per unit ⁽¹⁾	Projected Average Home Value per unit ⁽²⁾	Assessment per unit	Major Improvement Area Outstanding Assessment per unit	Total Outstanding Assessment per unit	Average Annual Installment of Total Assessment per unit ⁽⁴⁾	Tax Rate Equivalent of Average Annual Installment of Total Assessment (per \$100 lot Value) ⁽³⁾⁽⁴⁾	Tax Rate Equivalent of Average Annual Installment of Total Assessment (per \$100 Home Value) ⁽³⁾⁽⁴⁾	Ratio of Estimated Lot Value to Assessment Applicable to the Bonds	Ratio of Projected Average Home Value to Total Assessment
60'	44	\$103,800	\$385,000	\$50,742.21	\$8,065.90	\$58,808.11	\$4,863.25	\$4.69	\$1.26	1.77	6.55
50'	291	\$88,000	\$355,000	\$48,712.52	\$7,743.27	\$56,455.78 ⁽⁵⁾	\$4,668.72	\$5.31	\$1.32	1.56	6.29

Source: MuniCap, Inc. and information presented in the Service and Assessment Plan

⁽¹⁾ Per the Appraisal. See "APPRAISAL."

⁽²⁾ Values provided by the Landowner.

⁽³⁾ Tax rate equivalent prior to the application of the TIRZ Annual Credit Amount, if any. See "SECURITY FOR THE BONDS – TIRZ Revenues May Reduce Assessments."

⁽⁴⁾ Includes Improvement Area #2 Annual Installments and the SFRMIA Annual Installments.

⁽⁵⁾ Total may not sum due to rounding.

* Preliminary; subject to change.

The City has created the TIRZ and adopted the TIRZ Project and Finance Plan providing for the TIRZ Credit to offset a portion of the Annual Installment attributable to the costs of Authorized Improvements within Improvement Area #2 on any Parcel within Improvement Area #2 of the District. The Annual Installment for each Assessed Parcel shall be calculated by taking into consideration any TIRZ Credit applicable to the 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 Assessments on parcels similarly situated within Improvement Area #2 of the District. The Assessments and interest thereon are expected to be paid in Annual Installments as described above. The determination by the City of the assessment methodology set forth in the Service and Assessment Plan is the result of the discretionary exercise by the City Council of its legislative authority and governmental powers and is conclusive and binding on the Landowner 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 Assessments may be enforced by the City in the same manner that an ad valorem tax lien against real property is enforced. Delinquent installments of the Assessments incur interest, penalties and attorney’s fees in the same manner as delinquent ad valorem taxes. Under the PID Act, the Assessment Lien is a first and prior lien against the property assessed, superior to all other liens and claims except liens or claims for State, county, school district or municipality ad valorem taxes. See “BONDHOLDERS’ RISKS — Assessment Limitations” herein.

In the Indenture, the City will covenant to collect, or cause to be collected, Assessments as provided in the Assessment Ordinance. No less frequently than annually, City staff or a designee of the City shall prepare, and the City Council shall approve, an Annual Service Plan Update to allow for the billing and collection of Annual Installments. Each Annual Service Plan Update shall include an updated Assessment Roll and a calculation of the Annual Installment for each Assessed Parcel. Administrative Expenses 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 will covenant, agree and warrant that, for so long as any Bonds are Outstanding, that it will take and pursue all actions permissible under Applicable Laws to cause the Assessments to be collected and the liens thereof enforced continuously, in the manner and to the maximum extent permitted by Applicable Laws, and, to the extent permitted by Applicable Laws, to cause no reduction, abatement or exemption in the Assessments. Notwithstanding the foregoing, the City shall be permitted to reduce the Assessments by the TIRZ Credit amount pursuant to the Development Agreement, the Final 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 Administrative Expenses.

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

to comply therewith to the extent that the City reasonably determines that such compliance is the most appropriate timeline and procedures for enforcing the payment of delinquent Assessments.

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

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

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

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

Assessment Amounts

Assessment Amounts. The maximum amounts of the Assessments will be established by the methodology described in the Service and Assessment Plan. The Assessment Roll sets forth for each year the Annual Installment for each Assessed Parcel consisting of the annual payment allocable to the Bonds and the Improvement Area #2 Improvements for each Assessed Parcel, which amount includes (i) principal and interest on the Bonds, (ii) Additional Interest Component designated for the Additional Interest Reserve described in the Service and Assessment Plan, and (iii) Administrative Expenses. The Annual Installments for the Assessments may not exceed the amounts shown on the Assessment Roll. The Assessments will be levied against the parcels comprising the Improvement Area #2 Assessed Property as indicated on the Assessment Roll. See “APPENDIX B — Form of Service and Assessment Plan”

The Annual Installments shown on the Assessment Roll will be reduced to equal the actual costs of repaying the Bonds (which amount will include Additional Interest Component of the interest costs) and actual Administrative Expenses (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 offset or credit of applicable TIRZ Credit.

TIRZ Credit. The City has agreed to use TIRZ Revenues generated from each Assessed Parcel to offset a portion of the Assessments due as part of the Annual Installment on a parcel-by-parcel basis (the “TIRZ Credit”). The Annual Installment for each Assessed Parcel shall be calculated by taking into consideration any TIRZ Credit applicable to such Assessed Parcel. The TIRZ Credit applicable to each Assessed Parcel shall be calculated as described under “SECURITY FOR THE BONDS — TIRZ Revenues May Reduce Assessments” and in “APPENDIX B — Form of Service and Assessment Plan.” The TIRZ Revenues are generated only from ad valorem taxes levied and collected on the Captured Appraised Value by the City on the Single-Family Residential Property and the County on all property in the TIRZ in any year. Consequently, TIRZ Revenues are generated only if the appraised value of real property in the TIRZ in any year is greater than the base value. Any delay or failure of the Landowner to develop

the Single-Family Residential Property in the District, or the owner of the Commercial Property to develop such property may result in a reduced amount of the TIRZ Revenue being available to credit the Assessments. **TIRZ Revenues generated from the Captured Appraised Value for each parcel in Improvement Area #2 during the development of such parcel will result in a TIRZ Credit which is not sufficient to achieve the Targeted Net Average Annual Installment. The TIRZ Credit is not expected to be sufficient to provide for the Targeted Net Average Annual Installment until the second year that a home on such parcel is assessed. See “OVERLAPPING TAXES AND DEBT.” Such TIRZ Revenues, if available, are not pledged as security for the Bonds under the Indenture.**

Method of Apportionment of Assessments. For purposes of the Service and Assessment Plan, the City Council has determined that the Assessments shall be initially allocated to the Assessed Parcels based on the ratio of estimated Equivalent Units of each Assessed Parcel to estimated Equivalent Units of all Assessed Parcels.

For purpose of the Service and Assessment Plan, the City Council has determined that the Actual Costs of the Improvement Area #2 Improvements shall be allocated to the Improvement Area #2 Assessed Property by spreading the entire Assessment across the Assessed Parcels based on the estimated number of Equivalent Units (as defined in the Service and Assessment Plan) calculated using the average home price of each lot type anticipated to be developed on each Assessed Parcel. Upon subsequent divisions of any Parcel in Improvement Area #2, the Assessment applicable to it will then be apportioned pro rata based on the estimated Equivalent Units of each newly created Parcel. For residential Lots, when final residential building sites are platted, Assessments will be apportioned proportionately among each Parcel based on the ratio of the estimated Equivalent Units at the time residential Lots are platted to the total estimated Equivalent Units for Lots in the platted Parcel, as determined by the Administrator and confirmed by the City Council. See “APPENDIX B — Form of Service and Assessment Plan.” See “ASSESSMENT PROCEDURES — Assessment Methodology.”

If a Parcel subject to Assessments is transferred to a party that is exempt from the payment of the Assessment under applicable law, or if an owner causes a Parcel subject to Assessments to become Non-Benefited Property, the owner of such Parcel shall pay to the City the full amount of the principal portion of the Assessment on such Parcel, plus all Prepayment Costs, prior to any such transfer or act. If at any time the Assessment per Unit on a Parcel exceeds the Improvement Area #2 Maximum Assessment per Unit calculated in the Service and Assessment Plan as a result of any changes in land use, subdivision, consolidation or reallocation of the Assessment authorized by the Service and Assessment Plan and initiated by the owner of the Parcel, then such owner shall pay to the City prior to the recordation of the document subdividing the Parcel the amount calculated by the Administrator by which the Assessment per Unit for the Parcel exceeds the Improvement Area #2 Maximum Assessment per Unit calculated in the Service and Assessment Plan.

Maximum Assessment. The Service and Assessment Plan establishes that the Maximum Assessment per Unit in Improvement Area #2 the District with respect to the Bonds is \$48,712.52 for each 50’ lot, and \$50,742.21 for each 60’ lot. See “ASSESSMENT PROCEDURES — Assessment Methodology.” The Bonds are secured by a first lien on and pledge of Pledged Revenues, including the Assessments. See “SECURITY FOR THE BONDS” and “APPENDIX B — Form of Service and Assessment Plan.”

Upon the consolidation of two or more Parcels, the Assessment for the consolidated Parcel shall be the sum of the Assessments for the Parcels prior to consolidation. The reallocation of an Assessment for a Parcel that is a homestead under Texas law may not exceed the Assessment prior to the reallocation and to the extent the reallocation would exceed such amount, it shall be prepaid by such amount by the party requesting the consolidation of the Parcels. Any reallocation pursuant to this section shall be reflected in an Annual Service Plan Update approved by the City Council.

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 Assessment is prepaid, the lien on real property associated with such Assessment prepayment shall be released and any rights of the Trustee and the bond owners to request the District 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 Assessment levied against any lot or parcel, together with accrued interest to the date of payment, at any time. Upon receipt of such prepayment, such amounts will be applied towards the redemption or payment of the Bonds. Amounts received at the time of a prepayment which represent a payment of principal, interest, or penalties on a delinquent installment of an Assessment are not to be considered a prepayment, but rather are to be treated as payment of regularly scheduled Assessments.

Mandatory Prepayment of Assessments. The Service and Assessment Plan establishes a “Maximum Assessment Per Unit” for Improvement Area #2 as described above. See “APPENDIX B — Form of Service and Assessment Plan.” If at any time the Assessment per Unit on a Parcel exceeds the Maximum Assessment Per Unit calculated in the Service and Assessment Plan as a result of any changes in land use, subdivision, consolidation or reallocation of the Assessments and initiated by the owner of the Parcel, then such owner shall pay to the District prior to the recordation of the document subdividing the Parcel a prepayment in the amount calculated by the District Administrator by which the Assessment per Unit for the Parcel exceeds the Maximum Assessment Per Unit calculated in the Service and Assessment Plan.

Priority of Lien

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

Foreclosure Proceedings

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

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

In the Indenture, the City will covenant to take and pursue all actions permissible under Applicable Laws to cause the Assessments to be collected and the liens thereof enforced continuously, in the manner and to the maximum extent permitted by Applicable Laws, and to cause no reduction, abatement or exemption in the Assessments, provided that the City is not required to expend any funds for collection and enforcement of Assessments other than funds on deposit in the Administrative Fund. Pursuant to the Indenture, Foreclosure Proceeds (excluding Delinquent Collection Costs) constitute Pledged Revenues to be deposited into the Pledged Revenue Fund upon receipt by the City and distributed in accordance with the Indenture. See “APPENDIX 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 Assessments.

In the Indenture, the City creates the Additional Interest Reserve Account under the Reserve Fund and will fund such account as provided in the Indenture. The City will not be obligated to fund foreclosure proceedings out of any funds other than in the Administrative Fund. If 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 – Additional Interest Reserve Account of the Reserve Fund,” “APPENDIX A – Form of Indenture” and “APPENDIX B – Form of Service and Assessment Plan.”

ASSESSMENT AND COLLECTION DATA FOR THE DISTRICT

Collection and Delinquency History in Improvement Area #1 of the District

THE FOLLOWING SUBSECTIONS SET FORTH, FOR INFORMATIONAL PURPOSES ONLY, INFORMATION REGARDING COLLECTION HISTORY FOR IMPROVEMENT AREA #1 OF THE DISTRICT RELATING TO THE IMPROVEMENT AREA #1 ASSESSMENTS. THE IMPROVEMENT AREA #1 ASSESSMENTS ARE NOT PLEDGED TO AND WILL NOT BE AVAILABLE FOR PAYMENT OF THE BONDS. NO ASSURANCES CAN BE MADE THAT COLLECTION OF THE ASSESSMENTS WILL REFLECT THE HISTORICAL COLLECTION OF THE IMPROVEMENT AREA #1 ASSESSMENTS.

The following table shows the collection and delinquency history of the Improvement Area #1 Assessments in the District:

COLLECTION AND DELINQUENCY HISTORY OF IMPROVEMENT AREA #1 ASSESSMENTS

Fiscal Year Ending 9/30	Tax Year Billed	Annual Installment Billed	Delinquent Amount as of 2/1 (following year)	Delinquent Percentage as of 2/1 (following year)	Delinquent Amount as of 8/1 (following year)	Delinquent Percentage as of 8/1 (following year)	Annual Installments Collected
2024	2023	\$1,346,011	\$1,346,011 ⁽¹⁾	100% ⁽¹⁾	\$0	0%	\$1,346,011
2025	2024	\$1,326,860	N/A ⁽²⁾	N/A ⁽²⁾	N/A	N/A	\$1,326,860 ⁽²⁾

⁽¹⁾ Due to an administrative error, the Landowner did not receive the tax statement for Improvement Area #1 until after the due date for the Improvement Area #1 Assessments. After notice of the delinquency, the Landowner paid the delinquent annual installments on March 22, 2024.

⁽²⁾ As of January 15, 2025. Collection data as of February 1, 2025 is not yet available from the Kaufman County Tax Assessor Collector.

Delinquency and Foreclosure History of Improvement Area #1 Assessments

As of January 15, 2025, Annual Installment delinquencies of the Improvement Area #1 Assessments were as follows: (i) delinquent for greater than six months: \$0; (ii) delinquent for greater than one year: \$0; (iii) delinquent for greater than two years: \$0.

As of January 15, 2025, there has been no foreclosure sales of the assessed property within Improvement Area #1 of the District for non-payment of Improvement Area #1 Assessments.

Prepayment History of Improvement Area #1 Assessments

As of January 15, 2025, there have been no prepayments of the Improvement Area #1 Assessments.

Collection and Delinquency History in the SFRMIA of the District

THE FOLLOWING SUBSECTIONS SET FORTH, FOR INFORMATIONAL PURPOSES ONLY, INFORMATION REGARDING COLLECTION HISTORY FOR THE SFRMIA OF THE DISTRICT RELATING TO THE SFRMIA ASSESSMENTS. THE SFRMIA ASSESSMENTS ARE NOT PLEDGED TO AND WILL NOT BE AVAILABLE FOR PAYMENT OF THE BONDS. NO ASSURANCES CAN BE MADE THAT COLLECTION OF THE ASSESSMENTS WILL REFLECT THE HISTORICAL COLLECTION OF THE SFRMIA ASSESSMENTS.

The following table shows the collection and delinquency history of the SFRMIA Assessments in the District:

COLLECTION AND DELINQUENCY HISTORY OF THE SFRMIA ASSESSMENTS

Fiscal Year Ending 9/30	Tax Year Billed	Annual Installment Billed	Delinquent Amount as of 2/1 (following year)	Delinquent Percentage as of 2/1 (following year)	Delinquent Amount as of 8/1 (following year)	Delinquent Percentage as of 8/1 (following year)	Annual Installments Collected
2024	2023	\$493,194	\$0	0%	\$0	0%	\$493,194
2025	2024	\$474,121	N/A ⁽¹⁾	N/A ⁽¹⁾	N/A	N/A	\$474,121 ⁽¹⁾

⁽¹⁾ As of January 15, 2025. Collection data as of February 1, 2025 is not yet available from the Kaufman County Tax Assessor Collector.

Delinquency and Foreclosure History of the SFRMIA Assessments

As of January 15, 2025, Annual Installment delinquencies of the SFRMIA Assessments were as follows: (i) delinquent for greater than six months: \$0; (ii) delinquent for greater than one year: \$0; (iii) delinquent for greater than two years: \$0.

As of January 15, 2025, there has been no foreclosure sales of the assessed property within the SFRMIA of the District for non-payment of SFRMIA Assessments.

Prepayment History of the SFRMIA Assessments

As of January 15, 2025, there have been no prepayments of the SFRMIA Assessments in the SFRMIA of the District.

THE CITY

Background

The City is located in western Kaufman County, 24 miles southeast of Dallas and 9 miles northwest of the City of Kaufman. Access to the City is provided by U.S. Highway 175 on the north side of the City. The City covers approximately 3.2 square miles. The City’s location as part of the growing Dallas-Fort Worth Metroplex has resulted in rapid growth over the last several years. Some of the services that the City provides are public safety (police and fire protection), streets, water and sanitary sewer utilities, planning and zoning, and general administrative services. The 2020 Census population for the City was 3,860, while the estimated current population is 5,100.

City Government

The City is a political subdivision and is a Type A General Law Municipality of the State, duly organized and existing under the laws of the State. The City operates under a Council/Manager form of government with a City Council comprised of the Mayor and five Council members who are elected for two-year terms. The City Council formulates operating policy for the City while the City Manager is the chief administrative officer. The current members of the City Council and principal administrators of the City are listed on page ii hereof.

City Water and Wastewater Services

The City provides water and wastewater service to all areas within the corporate limits of the City and certain other areas outside of the City limits. The City will provide water and wastewater services to the Development. The City contracts for its water supply and sewer services from the North Texas Municipal Water District (“NTMWD”). The City has a take or pay contract with NTMWD for water supply, and the supplies available under such contract are sufficient to serve the Development. The City maintains its own water distribution. NTMWD provides sewer services through its system.

The City is currently expanding its water system with the construction of an additional water source and pump station which will provide an additional 2.5 MGD. The City expects to complete construction in 4Q 2025. In addition, the City is expected to expand its wastewater system to provide an additional 500,000 average gallons per day capacity. Expansion of the City’s wastewater system is currently in the design phase.

Major Employers

The City is located in Kaufman County, Texas. The major employers in Kaufman County are set forth in the table below.

<u>Employer</u>	<u>Product or Service</u>	<u>Employees</u>
Deen Implement Co.	Equipment	1,000-4,999
Auto Zone Distribution Center	Warehouse	500-999
Burnishoem	Manufacturing	500-999
Madix Corporate HQ-Terrell	Manufacturing	500-999
Oldcastle Building Envelope	Manufacturing	500-999
Terrell State Hospital	Health Care	500-999
Trinity Valley Electric	Utility Provider	500-999
Walmart Distribution Center	Warehouse	500-999
Crandall ISD	Education	250-499
Intex Electrical Construction Inc.	Construction	250-499

Source: Municipal Advisory Council of Texas

Historical Employment in Kaufman County

	Average Annual ⁽¹⁾				
	2024 ⁽¹⁾	2023	2022	2021	2020
Civilian Labor Force	80,187	77,440	75,163	72,056	69,207
Total Employed	76,622	74,279	72,313	68,507	64,784
Total Unemployed	3,565	3,161	2,850	3,549	4,423
Unemployment Rate	4.4%	4.1%	3.8%	4.9%	6.4%

⁽¹⁾ Through November 2024.

Source: Texas Workforce Commission.

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Surrounding Economic Activity

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

City of Dallas		City of Mesquite		City of Waxahachie	
Approximately 24 miles from the City		Approximately 16 miles from the City		Approximately 36 miles from the City	
Employer	Employees	Employer	Employees	Employer	Employees
UT Southwestern Medical Center	23,817	Mesquite ISD	5,487	Waxahachie ISD	1,650
Dallas ISD	23,271	Town East Mall	2,750	Baylor Medical Center at Waxahachie	1,650
City of Dallas	16,000	United Parcel Service Inc.	2,300	Walgreens Co.	850
Southwest Airlines Co.	14,618	Candadian Solar	1,500	Ellis County	620
Parkland Health & Hosp System	13,000	City of Mesquite	1,440	Dart Container Corp.	600
Medical City Dallas	10,974	Pepsi Beverages Co.	1,000	City of Waxahachie	425
Dallas County Community College	8,230	Eastfield College	950	Owens Corning Fiberglass	350
Texas Instruments, Inc.	7,722	Dallas Regional Medical Center	900	Kinro (Lippert Components)	315
Dallas County	6,500	Wal-Mart Supercenter	850	Cardinal IG	290
Methodist Dallas Medical Center	6,452	Ashley Furniture	785	Berry Plastics	215

City of Kaufman	
Approximately 10 miles from the City	
Employer	Employees
Kaufman County	650
Kaufman ISD	600
Walmart	294
Texas Health Presbyterian	215
Numo Manufacturing	200
Advanced Tabco/Tables Mfg. Inc.	187
Trinity Valley Electric Cooperative	124
Brookshire's Grocery Company	102
Mica Steelworks, Inc./Falcon Steel Inc.	86
City of Kaufman	75

City of Terrell	
Approximately 15 miles from the City	
Employer	Employees
Madix Inc.	827
AutoZone Distribution Center	800
Terrell State Hospital	750
Terrell ISD	658
Oldcastle BuildingEnvelope	600
WalMart Distribution	575
J.S. Helwig & Son LLC	460
NUCOR Building Systems	366
Buc-ee's	315
American National Bank	250

Source: Municipal Advisory Council of Texas

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 Improvement Area #2 Improvements, 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 entirely within the City limits.

See “THE DEVELOPMENT – The Development Agreement and The TIRZ Reimbursement Agreement” and “THE LANDOWNER AND THE FEE DEVELOPER – History and Financing of the District.” 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 Improvement Area #2 Improvements. See “THE IMPROVEMENT AREA #2 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, and drainage public improvements within Improvement Area #2 of the District and outside of the District comprising the Improvement Area #2 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 IMPROVEMENT AREA #2 IMPROVEMENTS

General

The Improvement Area #2 Improvements consist of certain public improvements benefitting only Improvement Area #2. A portion of the costs of the Improvement Area #2 Improvements will be funded with proceeds of the Bonds. The balance of the costs of the Improvement Area #2 Improvements will be paid by the Landowner under the terms of the Omnibus Reimbursement Agreement. See “SOURCES AND USES OF FUNDS.” The Improvement Area #2 Improvements will be dedicated to the City. The Landowner is responsible for the completion of the construction, acquisition or purchase of the Improvement Area #2 Improvements, and the Fee Developer or its designee will act as construction manager. The City will pay project costs for the Improvement Area #2 Improvements from proceeds of the Bonds. The Landowner or Fee Developer will submit payment requests on a monthly basis for costs actually incurred in developing and constructing the Improvement Area #2 Improvements and be paid in accordance with the Indenture and the Omnibus Reimbursement Agreement. See “THE DEVELOPMENT – Development Plan for the Single-Family Residential Property.”

Improvement Area #2 Improvements. The Improvement Area #2 Improvements, a portion of which are being financed with proceeds of the Bonds, include road, landscaping, water, sanitary sewer, and storm drainage improvements benefitting only Improvement Area #2 of the District.

Roadway Improvements: The road improvement portion of the Improvement Area #2 Improvements consists of the construction of road improvements, including related paving, drainage, curbs, gutters, sidewalks, signage, traffic control devices, and right of way acquisition, which benefit the Improvement Area #2 Assessed Property. All roadway projects will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

Water Improvements: The water improvement portion of the Improvement Area #2 Improvements consists of construction and installation of a looped water main network, which includes waterlines, valves, fire hydrants, and appurtenances, necessary for the portion of the water distribution system that will service the Improvement Area #2 Assessed Property. The water improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

Sanitary Sewer Improvements: The sanitary sewer improvement portion of the Improvement Area #2 Improvements consists of construction and installation of various sized sanitary sewer pipes, service lines, manholes, encasements, and appurtenances necessary to provide sanitary sewer service to the Improvement Area #2 Assessed Property. The sanitary sewer improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

Storm Drainage Improvements: The storm drainage improvement portion of the Improvement Area #2 Improvements consist of reinforced concrete pipes, reinforced concrete boxes, multi-reinforced box culverts, junction boxes, inlets, headwalls, and appurtenances necessary to provide adequate drainage to the

Improvement Area #2 Assessed Property. The storm drainage collection system improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

Landscaping Improvements: The landscaping improvement portion of Improvement Area #2 improvements consist of irrigation, seeding, and revegetation of all disturbed areas within the public right of way.

Other Soft and Miscellaneous Costs: The soft and miscellaneous costs portion of the Improvement Area #2 Improvements consists of engineering and surveying, project management fees, city inspection fees, contingency, and other soft and miscellaneous costs.

The cost of the Improvement Area #2 Improvements (including costs of issuance of the Bonds) is expected to be approximately \$18,378,592*. A portion of such costs in the amount of \$16,408,000* is expected to be paid with proceeds of the Bonds. The balance of such costs has been paid or will be paid by the Landowner through available cash on hand.

The following table reflects the total expected costs of the Improvement Area #2 Improvements.

<u>Type of Improvement</u>	<u>Costs*</u>
Roadway Improvements	\$4,581,419
Water Improvements	2,064,989
Sanitary Sewer Improvements	1,654,263
Storm Drainage Improvements	3,253,699
Landscaping	400,000
Other Soft and Miscellaneous Costs	<u>3,311,222</u>
Subtotal	<u>\$15,265,592</u>
Bond Issuance Costs	<u>\$3,113,000</u>
Total	<u>\$18,378,592</u>

Ownership and Maintenance of Improvements

The Improvement Area #2 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 Improvement Area #2 Improvements constructed and conveyed, as outlined in the Service and Assessment Plan. The Private Improvements (as defined herein) will be dedicated to and accepted by the HOA. The HOA will provide for the ongoing operation, maintenance and repair of the Private Improvements 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 Single-Family Residential Property in the District.

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* Preliminary; subject to change.

THE DEVELOPMENT

The following information has been provided by the Landowner and the Fee Developer. 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 "River Ridge North" (the "Development"). The Development is composed of approximately 441.793 acres which are being developed into a mixed-use development consisting of the Single-Family Residential Property (approximately 253.78 acres) and the Commercial Property (approximately 188.013 acres). JWS Land previously owned all the Commercial Property in the District and has sold two sites to commercial users including (i) a 15-acre site to ONML Cottages for a multifamily development (the "ONML Site") and (ii) a 3-acre site to Quick Trip (the "Quick Trip Site"). Horizontal construction of the ONML Site has been completed and vertical construction is expected to commence mid-year 2025. The Quick Trip Site is expected to be completed in early 2025. The Commercial Property in the District is not currently expected to be assessed. JWS Land has not participated in the preparation of this Limited Offering Memorandum.

The Development is located within the corporate limits of the City, northeast of U.S. Highway 175 between FM 148 and County Road 260. The City, located in the southeastern region of the Dallas-Fort Worth-Arlington, Texas Metropolitan Statistical Area (the "DFW MSA"), is poised for significant growth as the overall DFW MSA continues its growth trajectory. The Development is located approximately 25 miles southeast of the City of Dallas, and approximately 32 miles from Dallas Love Field Airport and approximately 46 miles from Dallas-Fort Worth International Airport.

Development Plan for the Single-Family Residential Property

The Landowner expects to develop the Single-Family Residential Property in three phases, designated as "Improvement Areas," as part of a master-planned residential development. Development of the Single-Family Residential Property in the District is expected to include approximately 1,003 single-family homes and private amenities, including an amenity center, hiking and biking trails, and a park. The Landowner expects the Fee Developer to develop lots on the Single-Family Residential Property in the District pursuant to the Lot Development Agreement, and the Landowner will construct single-family homes on such completed lots.

The Fee Developer, on behalf of the Landowner, is developing the Single-Family Residential Property in the District. Such development began with the concurrent development of the major infrastructure to serve the Single-Family Residential Property in the District, as well as the Improvement Area #1 Improvements, all of which have been completed. See "— Update on Improvement Area #1."

The Fee Developer is continuing development of the Single Family Residential Property with the construction of the Improvement Area #2 Improvements. Construction of the Improvement Area #2 Improvements began in Q1 2024 and is expected to be completed in February 2025. See "— Status of Development in Improvement Area #2."

The Fee Developer expects to continue development of the Single-Family Residential Property with local improvements to serve Improvement Area #3, which is expected to be the final phase of development of the Single-Family Residential Property. The Fee Developer expects to complete development of the infrastructure serving the Single-Family Residential Property by Q1 2026.

The Landowner has funded and will fund development of the Single-Family Residential Property with cash. The Landowner does not expect to obtain any financing in connection with the development of the Single-Family Residential Property. See "THE LANDOWNER AND THE FEE DEVELOPER – History and Financing of the District."

Proceeds of the Bonds will pay for a portion of the costs of the Improvement Area #2 Improvements. The

Landowner has financed or will finance the balance of the Improvement Area #2 Improvements not paid with proceeds of the Bonds with cash. See “SOURCES AND USES OF FUNDS.”

Photographs of Completed Development in the District

Photographs of completed development in Improvement Area #1 and Improvement Area #2 of the District as of December 6, 2024 are shown in Appendix G hereto.

Concept Plan

Below is the current concept plan of the Development as approved by the City. The concept plan is conceptual and subject to change consistent with the City’s zoning and subdivision regulations.

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RIVER RIDGE NORTH

CONCEPT PLAN **JB**I
CRANDALL, TEXAS PARTNERS

Update on Improvement Area #1

Improvement Area #1 includes 329 single-family residential lots. The Fee Developer completed development of the land in Improvement Area #1 for the Landowner pursuant to the Lot Development Agreement. In 2024, the Landowner conveyed 148 lots in Improvement Area #1 to Meritage Homes of Texas, LLC (“Meritage”). The Landowner and Meritage are the homebuilders in Improvement Area #1.

Set forth below is the status of lot ownership and home sales in Improvement Area #1 of the District as of January 1, 2025.

Lot Type	Qty.	Completed Lots	Lots Owned by Taylor Morrison	Lots Owned by Meritage	Homes Under Construction	Completed Homes	Homes Closed to End Users	Average Home Price
50'	282	282	80	117	47	53	85	\$289,245
60'	47	47	10	22	5	18	15	\$344,211
TOTAL	329	329	90	139	52	71	100	

Status of Development in Improvement Area #2

Improvement Area #2 consists of approximately 82.795 acres and is expected to include 335 single-family residential lots consisting of 291 50’ lots and 44 60’ lots. The Fee Developer, on behalf of the Landowner, began development of the Improvement Area #2 Improvements in March 2024 and expects to complete the construction of the Improvement Area #2 Improvements in February 2025. Home construction in Improvement Area #2 is expected to begin in Q2 2025. The first home sales in Improvement Area #2 are expected to occur in Q4 2025. The Landowner, Taylor Morrison of Texas, Inc., is expected to be the sole homebuilder in Improvement Area #2.

The total cost of the Improvement Area #2 Improvements (exclusive of any costs of issuance of the Bonds) is expected to be approximately \$15,265,592*. As of January 1, 2025, the Landowner has spent approximately \$11,865,321 on construction of the Improvement Area #2 Improvements, which costs were funded with cash available to the Landowner. See “THE LANDOWNER AND THE FEE DEVELOPER – History and Financing of the District.”

Expected Build-Out and Home Prices in the Development

The Landowner’s current expectations regarding estimated home prices in the Development are as follows:

ESTIMATED HOME PRICES

Improvement Area	Lot Size (Width in Ft.)	Quantity	Average Base Home Price*
1	50'	282	\$286,636
	60'	47	\$343,688
2	50'	291	\$355,000
	60'	44	\$385,000
3	50'	262	\$375,000
	60'	77	\$395,000

* For Improvement Area #2 and Improvement Area #3, Landowner estimates.

The Landowner expects development of the Single-Family Residential Property to be completed in multiple phases over a three year period. The following tables provide the Landowner’s expected build-out schedule of the Single-Family Residential Property and absorption schedule of homes in the Development.

* Preliminary; subject to change.

<u>Improvement Area</u>	<u>Single-Family Lots</u>	<u>Expected Infrastructure Start Date</u>	<u>Expected Infrastructure Completion Date</u>	<u>Expected Final Home Sale Date</u>
1	329	Q3 2021	Q2 2023	Q3 2026
2	335	Q1 2024	Q1 2025	Q4 2027
3	<u>339</u>	Q2 2025	Q2 2026	Q4 2028
Total	<u>1,003</u>			

ACTUAL AND EXPECTED ABSORPTION OF HOMES IN THE SINGLE-FAMILY RESIDENTIAL PROPERTY IN THE DISTRICT

<u>Improvement Area #1</u>		<u>Improvement Area #2</u>		<u>Improvement Area #3</u>	
<u>Actual/Expected Final Sale Date</u>	<u>Total Homes</u>	<u>Expected Final Sale Date</u>	<u>Total Homes</u>	<u>Expected Final Sale Date</u>	<u>Total Homes</u>
Q4 2023	14	Q4 2025	35	Q4 2026	35
Q1 2024	25	Q1 2026	35	Q1 2027	35
Q2 2024	22	Q2 2026	35	Q2 2027	35
Q3 2024	25	Q3 2026	35	Q3 2027	35
Q4 2024	30	Q4 2026	35	Q4 2027	35
Q1 2025	30	Q1 2027	40	Q1 2028	50
Q2 2025	30	Q2 2027	40	Q2 2028	50
Q3 2025	35	Q3 2027	40	Q3 2028	35
Q4 2025	35	Q4 2027	<u>40</u>	Q4 2028	<u>29</u>
Q1 2026	35	Total	<u>335</u>	Total	<u>339</u>
Q2 2026	35				
Q3 2026	<u>13</u>				
Total	<u>329</u>				

Future Improvement Area Bonds

Future Improvement Area Bonds to finance the cost of local improvements benefitting Future Improvement Areas are anticipated to be issued in the future. The estimated costs of the local improvements benefitting the Future Improvement Areas will be determined at the same time such Future Improvement Areas are developed, and the Service and Assessment Plan will be updated to identify the improvements to be constructed within Future Improvement Areas 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 Future Improvement Areas, as applicable. The Landowner anticipates that Future Improvement Area Bonds will be issued in 2026.

The Bonds, the Improvement Area #1 Bonds, the SFRMIA 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.

The Development Agreement and the TIRZ Reimbursement Agreement

The Development Agreement was originally entered into by and between the City and JWS Land, in August 2020. The Development Agreement sets forth certain agreements between the City and JWS Land relating to the development of all property within the District, including JWS Land’s and the City’s respective contributions to the Development, the issuance of public improvement district bonds for development in the District in an amount up to \$70,000,000 and agreements relating to the TIRZ. Under the Development Agreement, JWS Land is obligated, inter alia, to construct the Authorized Improvements to benefit the District.

The Development Agreement was partially assigned to PMBS River Ridge in connection with its purchase of the Single-Family Residential Property pursuant to the PMBS Assignment in May 2021.

The PMBS Assignment provided, inter alia, that PMBS River Ridge as “the Developer” shall within 24 months after PMBS River Ridge’s purchase of the Single-Family Residential Property (as extended on a day for day basis for each day of delay arising from force majeure, the “Outside Completion Date”) complete construction of the following work (the “Development Work”) in compliance with all applicable governmental requirements:

- the initial divided, four-lane access drive approximately described as the Entry Thoroughfare and South Road connecting County Road 741 to the service road along U.S. Highway 175 (the “Access Drive”);
- a water line from Pod C under U.S. Highway 175 to Pod A (the “Water Line”), provided, however, subject to the City’s approval, the point of connection for such Water Line is subject change;
- a sewer from Pod C under U.S. Highway 175 to Pod A (the “Sewer Line”).

The Access Drive, the Water Line and the Sewer Line were completed in April 2023. The PMBS Assignment provided that as soon as is possible after the completion of the Access Drive, the Developer shall receive from that portion of TIRZ Funds attributable to the Pod B Tract (except for any portion thereof attributable to the City’s general sales tax revenue) an amount equal to the lesser of (with such lesser amount referred to as the “Access Road Reimbursement”) (a) \$1,700,000.00; or (b) the actual cost of constructing the Access Drive, with PMBS River Ridge in first priority position (other than TIRZ administrative expenses), entitled to receive all disbursements of such monies in the TIRZ Fund until it has received the Access Road Reimbursement. As of January 1, 2025, the Developer has not been reimbursed for costs expended relating to constructing the Access Drive.

In connection with the request to form the TIRZ pursuant to the Development Agreement, the City has formed the TIRZ. The TIRZ is coterminous with the District. The City has entered into a TIRZ No. 1 Reimbursement Agreement with JWS Land (as amended, the “TIRZ Reimbursement Agreement”) to provide a grant to JWS Land for construction of the Authorized Improvements. JWS Land partially assigned its rights to the TIRZ Reimbursement Agreement to PMBS River Ridge pursuant to the PMBS Assignment.

The TIRZ Reimbursement Agreement was amended in October 2022 pursuant to a First Amendment to TIRZ No. 1 Reimbursement Agreement among PMBS River Ridge, JWS Land, the City and the Board of Directors of the TIRZ (the “Board”).

As used in the TIRZ Reimbursement Agreement, the following terms have the following meanings:

“City Ad Valorem Increment” means sixty-five percent (65%) of the City’s ad valorem tax increment attributable to the TIRZ, based on the City’s tax rate each year and as authorized by law, until December 31, 2056, or until the amount of City ad valorem TIRZ increment placed into the TIRZ Fund (as defined in the Project and Financing Plan) totals One Hundred Fifty Million Seven Hundred Ninety-Seven Thousand Seven Hundred Ninety-Nine Dollars (\$150,797,799), whichever comes first.

“City Residential Ad Valorem Increment” means that portion of the TIRZ revenues collected from the Residential Property.

“City Residential and County Ad Valorem Increment” means the (i) City Residential Ad Valorem Increment, and (ii) the County Ad Valorem Increment (from both the Residential and Commercial Property).

“City Sales Tax Increment” means fifty percent (50%) of the City’s one percent (1%) general sales tax rate, as defined in Section 311.0123(b) of the TIRZ Act, based on the total sales generated in the TIRZ each year and as authorized by law, until the earlier of December 31, 2056, or until the amount of City sales tax increment placed into the TIRZ Fund totals Eighteen Million Two Hundred Seventy-Five Thousand One Hundred Forty-Four Dollars (\$18,275,144.00), whichever comes first.

“County Ad Valorem Increment” means fifty percent (50%) of the County's ad valorem tax increment attributable to the TIRZ, based on the County's tax rate each year, for a period of thirty-six (36) years, or until the amount of the County ad valorem TIRZ increment placed into the TIRZ Fund totals Forty-Six Million Four Hundred Ninety-Two Thousand, Four Hundred Seventy-Nine Dollars (\$46,492,479), whichever comes first.

“PID Residential Assessment Paydown Rate” means the amount of City Residential and County Ad Valorem Increment used each year to reduce or pay down the PID Assessments levied on the Residential Property in the TIRZ so that the total ad valorem tax rate (including all applicable ad valorem taxes and assessments) for each owner of the Residential Property is, to the extent sufficient, equal to a rate which is intended to be \$3.0737 per \$100.00 of ad valorem taxable value, if feasible.

“Residential Property” means the Single-Family Residential Property.

“Term” means the period between August 17, 2020 until expiration of the term of the TIRZ and the distribution of all monies in the TIRZ Fund

The TIRZ Reimbursement Agreement provides that the City and the Board will allocate or dedicate the City Residential and County Ad Valorem Increment to pay all or a portion of the assessments levied on the Residential Property so that the total ad valorem tax rate (including all applicable ad valorem taxes and assessments, including those levied and assessed by any other taxing units) for owners of the Residential Property is reduced to the PID Residential Assessment Paydown Rate. Notwithstanding the foregoing, the City and the Board make no representations or warranties as to the sufficiency of the City Residential and County Ad Valorem Increment and nothing in TIRZ Reimbursement Agreement, as amended, shall require the City or the Board to contribute more than the City Residential and County Ad Valorem Increment in the event that the City Residential and County Ad Valorem Increment is insufficient to reduce the total ad valorem tax rate (including all applicable ad valorem taxes and assessments, including those levied and assessed by any other taxing units) to the PID Residential Assessment Paydown Rate. The City Residential and County Ad Valorem Increment shall be paid to or transferred to the City each year on or before August 1 and shall be applied to reduce the Assessments levied in that year on the Residential Property. The application and allocation of the City Residential and County Ad Valorem Increment to the Residential Property shall be made on an equitable basis, as set forth in the Service and Assessment Plan, so that the owner of each lot or parcel subject to an Assessment has its total ad valorem tax and Assessment burden reduced pro-rata until the total burden on each lot or parcel equals, as nearly as possible, the PID Residential Assessment Paydown Rate or the amount of money then available in the TIRZ Fund is exhausted. The application and allocation of the City Residential and County Ad Valorem Increment shall be made each year until the expiration of the Term. These monies shall be paid to PMBS River Ridge on or before August 1 each year.

PMBS River Ridge and the Landowner executed the Landowner Assignment in connection with the Landowner's purchase of the Single-Family Residential Property from PMBS River Ridge on July 13, 2021. Pursuant to the Landowner Assignment, the Landowner assumed all rights and obligations of the “Developer” under the PMBS Assignment, except that PMBS River Ridge retained the right to any reimbursements for Authorized Improvements, including those received pursuant to the TIRZ Reimbursement Agreement.

Zoning

Development in the District is currently by the standards set forth in certain ordinances adopted by the City Council as such ordinances were amended by various ordinances adopted by the City Council on November 2, 2020. Development of the Single-Family Residential Property is governed by Ordinance No. 101603, as amended by Ordinance No. 110220 adopted by the City Council on November 2, 2020, which establishes a Planned Development District, allows certain residential uses, and establishes development guidelines pertaining to purpose, height, area, setbacks, landscaping and the like consistent with the Concept Plan and the Development Agreement.

Private Improvements

The Fee Developer, on behalf of the Landowner, plans to construct or fund certain private improvements to serve the Single-Family Residential Property over a one year period consisting of grading, landscaping, amenities, and miscellaneous items related thereto (collectively, the “Private Improvements”). The Private Improvements are

complete. The total costs to complete the Private Improvements benefitting Improvement Area #2 in the District was approximately \$2,243,189, which costs were paid entirely by the Landowner in cash, without reimbursement by the City.

Amenities

The Fee Developer, on behalf of the Landowner, will construct certain amenities within the development as part of the costs of the Private Improvements to serve the Single-Family Residential Property, including an amenity center, hike and bike trails, a playground and various parks. The amenity center consists of an in-ground swimming pool, play area, air conditioned facilities, and restrooms. Construction of the amenity center, including the play area and playground, was completed in January 2024 at a cost of \$1,518,404, which was funded in cash by the Landowner.

In addition to the amenity center, the Fee Developer, on behalf of the Landowner, has constructed and will construct hike and bike trails and various parks with each phase of the development of the Single-Family Residential Property (the “Additional Amenities”). The expected cost of the Additional Amenities allocable to Improvement Area #2 is \$400,000. The Fee Developer expects to begin construction of the Additional Amenities allocable to Improvement Area #2 in Q2 2025 and complete such Additional Amenities in Q3 2025. The Landowner has funded and expects to fund future construction of such Additional Amenities using cash.

A photograph of the amenity center is shown below:



Education

Crandall Independent School District (“CISD”) encompasses approximately 84 square miles and serves a portion of Kaufman County. CISD enrolls over 6,000 students in one high school, one middle school, one alternative school, and six elementary schools. Children in the Development desiring to attend public school will attend Noble-Reed Elementary School (3.2 miles from the District), Crandall Middle School (2.9 miles from the District) and Crandall High School (3 miles from the District). According to the Texas Education Agency (“TEA”), CISD and Crandall High School each received an accountability rating of “B,” and Crandall Middle School and Noble-Reed Elementary School each received an accountability rating of “C” from the TEA for the 2021-2022 school year, the

latest date for which ratings are available. Greatschools.org rated Crandall High School 5/10, Noble-Reed Elementary School 4/10 and Crandall Middle School 3/10.

The Development will also include an elementary school to be located in Improvement Area #2 of the Development. The Landowner expects that it will dedicate an approximately 9-acre site to CISD for the school in December 2025. Children in the development will attend the future elementary school upon completion of construction thereof.

Existing Mineral Rights, Easements and Other Third Party Property Rights

Third parties hold title to certain rights applicable to real property within and around the District (the “Mineral Owners”), including reservations of mineral rights and royalty interests and easements (collectively, the “Third Party Property Rights”) pursuant to various instruments in the chain of title for various tracts of land within and immediately adjacent to the District. Some of these reservations of mineral rights include a waiver by the Mineral Owners of their right to enter onto the surface of the property to explore, develop, drill, produce or extract minerals within the District. If the waiver is applicable, such Mineral Owners may only develop such mineral interests by means of wells drilled on land outside of the property of the District.

The Landowner is not aware of any ongoing mineral rights development or exploration on or adjacent to the property within the District. The Landowner is not aware of any interest in real property (including mineral rights) owned by the Mineral Owners adjacent to the District. Certain rules and regulations of the Texas Railroad Commission may also restrict the ability of the Mineral Owners to explore or develop the property due to well density, acreage, or location issues.

Although the Landowner does not expect the above-described Third Party Property Rights, or the exercise of such rights or any other third party 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, the Landowner 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 (a “Phase One ESA”) of the Single-Family Residential Property, was completed on April 29, 2021 by Alpha Testing. Based on the information presented in the Phase One ESA, there was no evidence that the Single-Family Residential Property was under environmental regulatory review or enforcement action. The site reconnaissance, regulatory database review and historical source review revealed no evidence of recognized environmental conditions involving the site.

Endangered Species. According to the website for the United States Fish and Wildlife Service, the whooping crane is an endangered species in Kaufman County. The Landowner is not aware of any endangered species located on District property.

Flood Designation

According to Federal Emergency Management Agency (“FEMA”) Flood Insurance Rate Panel Map No. 48257C0165E, effective January 12, 2023 (the “FIRM Map”), a portion of property in the District lies in a special flood hazard area. According to the FIRM Map, a portion of the southern portion of the Commercial Property in the District is within the 100 year flood plain. No such flood plain is in Improvement Area #2 or located on the Single-Family Residential Property.

Geotechnical Report

Alpha Testing prepared a Geotechnical Exploration Report (the “Geotechnical Report”) dated October 19, 2021 relating to the Single-Family Residential Property in the District. The Geotechnical Report indicated that a portion of the lots in the Single-Family Residential Property are located in “Zone I”, with potential seasonal movements provided for slab foundations within normally accepted industry standards (4½ inches). Other portions of

the Single-Family Residential Property in the District are located in “Zone II” and “Zone III,” with potential seasonal movements provided for slab foundations in excess of normally accepted industry standards (5½ inches and in excess of 5½ inches, respectively). For the portions of the lots located in Zone II and Zone III, the Geotechnical Report indicated that certain subgrade improvements consisting of moisture conditioning and water pressure injection is required for slab-on-grade foundation systems constructed on lots within such Zones. The Fee Developer indicates that the Single-Family Residential Property was graded and moisture conditioned per the recommendation of the Geotechnical Report to provide that all portions of the lots within the Single-Family Property adhere to the normally accepted industry standard of 4 ½ inches of potential seasonal movements.

Utilities

Water and Wastewater. The City will provide water and wastewater service to the District. The Fee Developer, on behalf of the Landowner, will construct water and wastewater improvements as part of the Improvement Area #2 Improvements to facilitate connections to the City’s water and wastewater systems. See “THE CITY – Water and Wastewater Services.”

Other Utilities. Additional utilities in the District are provided by: (1) Phone/Data - AT&T; (2) Electric – Oncor; (3) Cable – AT&T; and (4) Natural Gas – Atmos Energy.

THE LANDOWNER AND THE FEE DEVELOPER

The following information has been provided by the Landowner and the Fee Developer. 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 Development include 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 to homebuilders 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 bonds, such as the Bonds, issued by a municipality for a public improvement district. A developer is generally under no obligation to develop the property that it owns in a development. Furthermore, there is no restriction on the developer's right to sell any or all of the land that 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 Fee Developer

PMB Advisors, LLC serves as the Fee Developer for the Single-Family Residential Property. The sole member of the Fee Developer is PMB Capital Investments, LP (“PMB”), a privately held real estate investment and development company based in Dallas, Texas. PMB principals, Peter Pincoffs, Matt Mildren, and Taylor Baird, have over 50 years of combined real estate and capital markets experience including the development of over 7,000 residential lots and over \$1 billion in direct real estate acquisitions. Currently, PMB controls and manages development projects of more than 12,000 acres of land in the Metroplex, representing approximately 40,000 residential units and more than 2,000 acres of land for commercial development. In addition, PMB Lending has committed over \$80 million in non-recourse construction financing to third-party residential lot developers in major Texas markets.

PMB’s expertise and experience is wide-ranging and includes land entitlement, construction management, development financing, district formation, district management, project accounting and fee development. Of the total lots currently controlled by PMB, over 90% are within the boundaries of a municipal utility district, water control and improvement district, freshwater supply district, or public improvement district.

Executive Biographies of Principals of the Fee Developer

Taylor Baird: Taylor Baird is a Founder and Managing Partner of PMB. As a Managing Partner, Taylor is responsible for strategic leadership, business planning, investor relations and accounting/finance oversight. Since its inception in 2013, Taylor has taken an active role in project management, government approvals, acquisitions, dispositions, and managing banking relationships. Prior to founding PMB, Taylor spent 6 years at J.P. Morgan in the Corporate & Investment Bank. While at J.P. Morgan, Taylor worked in the firm's Consumer & Retail coverage group in Dallas. During his tenure at J.P. Morgan, Taylor worked on over 50 M&A, debt and equity capital transactions representing \$30+ billion. Taylor holds a Bachelor's Degree in Finance and Accounting and a Master's in Accountancy from the University of Texas at Austin.

Matt Mildren: Matt Mildren is a Founder and Managing Partner of PMB. As a Managing Partner, Matt is responsible for strategic leadership, business planning and business development. During his tenure at PMB, Matt has taken an active role in project management, district formation and operations, government approvals, acquisitions, and managing builder relationships. Prior to joining PMB, Matt was a development partner at Provident Realty. Matt has developed over 5,000 residential lots throughout the United States and has created or managed numerous municipal utility districts, fresh water supply districts and public improvement districts. Matt was responsible for the acquisition and development of over \$250 million in real estate projects which included several large retail centers in California and Colorado that were purchased in partnership with The Kroenke Group. Matt holds a Bachelor's Degree in Finance from the University of Oklahoma.

Peter Pincoffs: Peter Pincoffs is a Founder and Managing Partner of PMB. As a Managing Partner, Peter is responsible for strategic leadership, investor relations, business development and business planning. Since inception, Peter has taken an active role in project management, acquisitions, capital raising, and managing builder relationships. Prior to founding PMB, Peter was a Director in the Southwest Region at Hines. Peter has developed over 3,000 residential lots in Texas, created and managed multiple public improvement districts, and has actively participated in over \$750 million of commercial real estate acquisitions and development projects. Peter holds a Bachelor's Degree in History from the University of Texas at Austin and a Master's in Real Estate Finance and Construction Management from the University of Denver.

Description of the Landowner

The Landowner is a wholly owned subsidiary of Taylor Morrison Home Corporation ("Taylor Morrison"). Taylor Morrison stock trades on the NASDAQ under the symbol TMHC. Taylor Morrison is subject to the informational requirements of the Securities and Exchange Act of 1934, as amended, and in accordance therewith files reports, proxy statements, and other information with the SEC. Such reports, proxy statements, and other information filed by Taylor Morrison can be inspected and copied at the Public Reference Section of the SEC, Room 100 F Street, N.E., Washington D.C. 20549 and at the SEC's internet website at <http://www.sec.gov>. Copies of such materials can be obtained by mail from the Public Reference Section of the SEC at prescribed rates. Copies of the above reports, proxy statements and other information may also be inspected at the offices of the NASDAQ, 1 Liberty Street, New York, New York 10006. All documents subsequently filed by Taylor Morrison pursuant to the requirements of the Securities and Exchange Act of 1934 after the date of this Limited Offering Memorandum will be available for inspection in the same manner as described above.

In addition, Taylor Morrison makes available on its web site <http://taylormorrison.com> its annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports from Form 8-K (and any amendments to those reports) filed pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as soon as practicable after they have electronically filed with the SEC as well as other financial institutions. Unless otherwise specified, information contained on Taylor Morrison's website, available by hyperlink from Taylor Morrison's website or on the SEC's website, is not incorporated into this Limited Offering Memorandum.

Taylor Morrison is "America's Most Trusted Homebuilder" (as awarded by Lifestory Research) and one of the largest public homebuilders in the United States. Taylor Morrison is also a land developer, with a portfolio of lifestyle and master-planned communities. Taylor Morrison provides an assortment of homes across a wide range of price points to appeal to an array of consumer groups. Taylor Morrison designs, builds, and sells single and multi-family detached and attached homes in traditionally high growth markets for first time, move-up, luxury, and active

adult buyers. Taylor Morrison operates under the Taylor Morrison and Darling Homes brand names. Taylor Morrison currently has operations in Arizona, California, Colorado, Florida, Georgia, Illinois (phasing out), Nevada, North Carolina, Oregon, South Carolina, Texas, and Washington.

The Landowner was created by Taylor Morrison for the purpose of acquiring, owning, holding, managing, operating, investing, reinvesting, accumulating, improving, and developing residential housing upon property located in the State, including developing, managing and ultimately conveying property to third parties. The Landowner currently owns and is developing multiple projects in Texas, including Wildcat Ranch, a neighboring community to the Development. The Landowner reports that the average absorption of homes in Wildcat Ranch is approximately 400 units per year as of 2024, and approximately 460 homes were sold in Wildcat Ranch during calendar year 2024.

History and Financing of the District

PMBS River Ridge, an affiliate of the Fee Developer acquired the Single-Family Residential Property from JWS Land on May 26, 2021 at a price of \$6,300,000. A portion of the purchase price was funded with a loan from Trez Capital (2015) Corporation and a portion was funded with an equity contribution from PMBS River Ridge. Such loan was paid off in connection with the Landowner's purchase of the Single-Family Residential Property.

The Landowner purchased the Single-Family Residential Property on July 13, 2021 from PMBS River Ridge, LP at a purchase price of approximately \$10,610,290. The Landowner's purchase of the Single-Family Residential Property within the District was financed with cash. On May 21, 2024, the Landowner sold 148 completed lots in Improvement Area #1 to Meritage at a sale price of \$9,216,000, which sale price was paid in cash by Meritage.

The Landowner did not acquire loans for its purchase of the Single-Family Residential Property within the District or development of the Improvement Area #1 Projects and Single-Family Residential Major Improvement Area Projects and does not expect to acquire loans or other financing secured by the Single-Family Residential Property for current or future lot development of the Single-Family Residential Property, including development of the Improvement Area #2 Improvements.

Lot Development Agreement

The Fee Developer is developing the Single-Family Residential Property into single-family lots in accordance with the Lot Development Agreement. The Landowner is paying the costs of the Authorized Improvements (including the Improvement Area #2 Improvements, Improvement Area #1 Projects and the Single-Family Residential Major Improvement Area Projects) and the Private Improvements as invoices become due. Pursuant to the Lot Development Agreement, the Fee Developer will be paid a one-time fee of \$1,500.00 per Developed Lot (the "Lot Fee") within the Single-Family Residential Property, which Lot Fee shall be paid on a phase by phase basis and installments based on certain milestones set forth in the Lot Development Agreement.

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 MuniCap, Inc. ("MuniCap") as the initial Administrator for the District. MuniCap is a public finance consulting firm with a specialized consulting practice providing services related to the formation and administration of special tax and special assessment districts. MuniCap currently acts as the administrator for over 275 special assessment and taxing districts in 26 states.

The City and MuniCap have entered into an agreement for administration of the District (the "MuniCap Agreement") with MuniCap as the "Administrator" to provide specialized services related to the administration of the District needed to support the issuance of the Bonds. The MuniCap Agreement will include seven general types of services provided by MuniCap: (i) administrative support services related to the Assessments, (ii) delinquency management, (iii) prepayment of Assessments, (iv) arbitrage rebate services, (v) continuing disclosure services, (vi) accounting and audit coordination, and (vii) IRS compliance monitoring. The information regarding the Service and

Assessment Plan in this Limited Offering Memorandum has been provided by MuniCap to the City and has been included in reliance upon the authority of such firm as an expert in the field of development planning and finance.

APPRAISAL

The Appraisal

General. Peyco Southwest Realty, Inc. (the “Appraiser”), prepared an appraisal report for the City effective as of January 10, 2025, based upon a physical inspection of the property in Improvement Area #2 conducted on December 6, 2024 (the “Appraisal”). The Appraisal was prepared at the request of the City. The description herein of the Appraisal is intended to be a brief summary only of the Appraisal as it relates to Improvement Area #2 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 aggregate market value of the fee simple interest in the tract of land comprising Improvement Area #2 of the District assuming that the Improvement Area #2 Improvements are completed and Improvement Area #2 consists of 335 improved lots. See “THE IMPROVEMENT AREA #2 IMPROVEMENTS.” The Appraisal does not reflect the as-is condition of Improvement Area #2 of the District. Moreover, the Appraisal does not reflect the value of Improvement Area #2 of the District as if sold to a single purchaser in a single transaction. The Appraisal provides the fee simple estate values for Improvement Area #2 of the District. See “APPENDIX E — Appraisal.”

The value estimate for the assessable property within Improvement Area #2 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 March 1, 2025, is \$30,320,000.

None of the City, the Landowner, the Fee Developer, the Financial Advisor, or the Underwriter makes any representation as to the accuracy, completeness assumptions or information contained in the Appraisal. The assumptions and 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 Landowner, the Fee Developer 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 ARE SPECIAL, LIMITED OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM THE PLEDGED REVENUES AND OTHER FUNDS COMPRISING THE TRUST ESTATE, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. THE BONDS DO NOT GIVE RISE TO A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWER OF THE CITY AND ARE PAYABLE SOLELY FROM THE SOURCES IDENTIFIED IN THE INDENTURE. THE OWNERS OF THE BONDS SHALL NEVER HAVE THE RIGHT TO DEMAND PAYMENT THEREOF OUT OF MONEY RAISED OR TO BE RAISED BY TAXATION, OR OUT OF ANY FUNDS OF THE CITY OTHER THAN THE PLEDGED REVENUES, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. NO OWNER OF THE BONDS SHALL HAVE THE RIGHT TO DEMAND ANY EXERCISE OF THE CITY’S TAXING POWER TO PAY THE PRINCIPAL OF THE BONDS OR THE INTEREST OR REDEMPTION PREMIUM, IF ANY, THEREON. THE CITY SHALL HAVE NO LEGAL

OR MORAL OBLIGATION TO PAY THE BONDS OUT OF ANY FUNDS OF THE CITY OTHER THAN THE PLEDGED REVENUES, AND OTHER FUNDS COMPRISING THE TRUST ESTATE.

The ability of the City to pay debt service on the Bonds as due is subject to various factors that are beyond the City's control. These factors include, among others, (a) the ability or willingness of property owners within Improvement Area #2 of the District to pay Assessments levied by the City, (b) cash flow delays associated with the institution of foreclosure and enforcement proceedings against property within Improvement Area #2 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 and homes within the District, it being understood that poor economic conditions within the City, State and region may slow the assumed pace of sales of such lots.

The rate of development of the Single-Family Residential Property in the District is directly related to the vitality of the residential housing industry. In the event that the sale of land or homes within Improvement Area #2 of the District should proceed more slowly than expected and the Landowner is unable to pay the 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 liquidation of the lands within the District. There is no assurance that the value of such lands will be sufficient for that purpose and the 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 Assessments are billed to property owners in Improvement Area #2 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 set forth under "ASSESSMENT PROCEDURES" herein. Additionally, Annual Installments established by the Service and Assessment Plan correspond in number and proportionate amount to the number of installments and principal amounts of Bonds maturing in each year and the Administrative Expenses for such year. See "ASSESSMENT PROCEDURES" herein. The unwillingness or inability of a property owner to pay regular property tax bills as evidenced by property tax delinquencies may also indicate an unwillingness or inability to make regular property tax payments and Annual Installments of Assessment payments in the future.

In order to pay debt service on the Bonds, it is necessary that Annual Installments are paid in a timely manner. Due to the lack of predictability in the collection of Annual Installments in Improvement Area #2 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 Improvement Area #2 of the District, any Assessment that is also delinquent will be foreclosed upon in the same manner as the ad valorem tax lien (assuming all necessary conditions and procedures for foreclosure are duly satisfied). To the extent that a foreclosure sale results in insufficient funds to pay in full both the delinquent ad valorem taxes and the delinquent Assessments, the liens securing such delinquent ad valorem taxes and delinquent Assessments would likely be extinguished. Any remaining unpaid balance of the delinquent Assessments would then be an unsecured personal liability of the original property owner.

Based upon the language of Texas Local Government Code, §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 were properly claimed prior to the adoption of the Assessment Ordinance for as long as such Pre-existing Homestead 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 Landowner is not eligible to claim homestead rights and the Landowner is expected to own all Single-Family Residential Property within 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 the inability of the City to sell parcels which have been subject to foreclosure proceedings for amounts sufficient to cover the delinquent installments of Assessments levied against such parcels may result in the inability of the City to make full or punctual payments of debt service on the Bonds.

THE ASSESSMENTS 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 A PERSONAL OBLIGATION OF AND CHARGE AGAINST THE OWNERS OF PROPERTY LOCATED WITHIN IMPROVEMENT AREA #2 OF THE DISTRICT.

The Assessments to be levied for the payment of the Bonds and the SFRMIA Assessments which were levied for and pledged to the payment of the SFRMIA Bonds have a lien of equal dignity of the parcels assessed therefor. In the event of partial payments of the Annual Installments of the Assessments and the SFRMIA Assessments, the Kaufman County Tax Assessor/Collector advises that such partial payments will be applied to the payment of the Annual Installments of the Assessments and the SFRMIA Assessments on a pro rata basis unless otherwise directed by the payer of such Annual Installments of the Assessments and the SFRMIA Assessments.

Exceedance of Maximum Assessment Could Trigger Assessment Prepayment and Optional Redemption

The Service and Assessment Plan establishes a “Maximum Assessment” for each lot type in Improvement Area #2 of the District, which Maximum Assessment is currently calculated at \$48,712.52* for the 50’ lots and at \$50,742.21* for the 60’ lots in Improvement Area #2. See “APPENDIX B — Form of Service and Assessment Plan.”

Prior to the City approving a final subdivision plat, the Administrator will certify that such plat will not result in the Assessment per lot for any lot type exceeding the Maximum Assessment. If the Administrator determines that the resulting 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 Assessments. See “ASSESSMENT PROCEDURES – Assessment Amounts – Maximum Assessment.”

No plat has been filed for lots in Improvement Area #2. In the event that the combined tax rate for entities taxing Improvement Area #2 rises or the estimated build out value of lots in Improvement Area #2 falls prior to the filing of a plat for Improvement Area #2, a mandatory prepayment of the Assessments could be triggered at the time of filing of the plat. Any mandatory prepayment of the 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 Dallas-Fort Worth area is very competitive, and none of the Fee Developer, the Landowner, 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 Landowner’s expectations. The competitive position of the Landowner 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 “BONDHOLDERS’ RISKS” 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. A sample of competitive projects near the Development is below.

<u>Project Name</u>	<u>Expected # of Units</u>	<u>Proximity to District (Miles)</u>	<u>Developer</u>	<u>Prices</u>	<u># of Units Remaining</u>
Wildcat Ranch	3,200	1 mile	SOCFM	\$340,000	959
High Bridge	745	1 mile	Lennar	\$230,000	0
Arbors at Eastland	1,300	1 Mile	Lennar	\$344,000	920
Eastland	2,486	2 Miles	Lennar	\$315,000	1,290

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.

Recent Changes in State Law Regarding Public Improvement Districts; Failure of Landowner 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 of purchase and sale. If the Landowner or any other homebuilders within

* Preliminary; subject to change.

Improvement Area #2 of the District do not provide the required notice and prospective purchasers of property within Improvement Area #2 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 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 Landowner or any other homebuilders within Improvement Area #2 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 and will be attached to each Annual Service Plan Update. 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 "Availability of Utilities" and "Hazardous Substances" below. Land development within the District could also be affected adversely by changes in governmental policies, including, but not limited to, governmental policies to restrict or control development. Any approvals needed in the future for the Development must come from the City. 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 LANDOWNER AND ANY SUBSEQUENT OWNERS TO PAY THE ASSESSMENTS WHEN DUE. ANY OR ALL OF THE FOREGOING COULD REDUCE THE WILLINGNESS AND THE ABILITY OF SUCH OWNERS TO PAY THE ASSESSMENTS AND COULD GREATLY REDUCE THE VALUE OF PROPERTY WITHIN IMPROVEMENT AREA #2 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 Landowner 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 Development, which may render the sale of such homes difficult or unattractive; acts of war, terrorism or other political instability; delays or inability to obtain governmental approvals; changes in laws; moratorium; 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 Landowner.

Absorption Rate

There can be no assurance that the Landowner will be able to achieve its anticipated absorption rates. Failure to achieve the absorption rate estimates will adversely affect the estimated value of the Development, could impair the economic viability of the Development and could reduce the ability or desire of property owners in Improvement Area #2 to pay the Assessments.

Risks Related to Current Increase in Costs of Building Materials

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 Improvement Area #2 of the District are substantially higher than the estimated costs or if the Landowner or any other homebuilders in Improvement Area #2 of the District are unable to access building materials in a timely manner, it may affect the ability of if the Landowner or any other homebuilders in Improvement Area #2 of the District to complete the construction of homes or pay the 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 Improvement Area #2 of the District.

TIRZ Credit and Marketing of the Development

The TIRZ revenues expected to offset the Assessments are generated only from ad valorem taxes levied and collected by the City and the County on the Captured Appraised Value in the TIRZ in any year. Any delay or failure by the Landowner to develop Improvement Area #2 may result in a reduced amount of the TIRZ revenue being available to credit the Assessments. TIRZ revenues generated from the Captured Appraised Value for each parcel on the Single-Family Residential Property in the District during the development of such parcel will result in a TIRZ Credit which is not sufficient to achieve the Targeted Net Average Annual Installment. The TIRZ Credit will likely not provide for the Targeted Net Average Annual Installment until the second year that a home on such parcel is assessed. See “OVERLAPPING TAXES AND DEBT—Overlapping Taxes and Debt.”

It is uncertain what impact, if any, the TIRZ Credit application to the Annual Installments 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.

Bankruptcy

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

Direct and Overlapping Indebtedness, Assessments and Taxes

The ability of an owner of property within Improvement Area #2 of the District to pay the Assessments could be affected by the existence of other taxes and assessments imposed upon the property. Public entities whose boundaries overlap those of the District currently impose ad valorem taxes on the property within the District and will likely do so in the future. Such entities could also impose assessment liens on the property within the District. The imposition of additional liens, or for private financing, may reduce the ability or willingness of the landowners to pay the Assessments.

Depletion of Reserve Account of Reserve Fund

Failure of the owners of property within Improvement Area #2 of the District to pay the Assessments when due could result in the rapid, total depletion of Reserve Account of the Reserve Fund prior to replenishment from the resale of property upon a foreclosure or otherwise or delinquency redemptions after a foreclosure sale, if any. There could be a default in payments of the principal of and interest on the Bonds if sufficient amounts are not available in the Reserve Account of the Reserve Fund. The Indenture provides that if, after a withdrawal from the Reserve Account of the Reserve Fund, the amount in the Reserve Account of the Reserve Fund is less than the Reserve Account Requirement, the Trustee shall transfer an amount from the Pledged Revenue Fund to the Reserve Account of the Reserve Fund sufficient to cure such deficiency, as described under “SECURITY FOR THE BONDS — Reserve Account of the Reserve Fund” herein.

Hazardous Substances

While governmental taxes, assessments and charges are a common claim against the value of a parcel, other less common claims may be relevant. One of the most serious in terms of the potential reduction in the value that may be realized to the assessment is a claim with regard to a hazardous substance. In general, the owners and operators of a parcel may be required by law to remedy conditions relating to releases or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as “CERCLA” or “Superfund Act,” is the most well-known and widely applicable of these laws. It is likely that, should any of the parcels of land located in the District be affected by a hazardous substance, the marketability and value of 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 District does not take into account the possible liability of the owner (or operator) for the remedy of a hazardous substance condition of the parcel. The City has not independently verified, and is not aware, that the owner (or operator) of any of the parcels within the District has such a current liability with respect to such parcel; however, it is possible that such liabilities do currently exist and that the City is not aware of them.

Further, it is possible that liabilities may arise in the future with respect to any of the land within the District resulting from the existence, currently, of a substance presently classified as hazardous but which has not been released or the release of which is not presently threatened, or may arise in the future resulting from the existence, currently, on the parcel of a substance not presently classified as hazardous but which may in the future be so classified. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling it. 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 previous Phase One ESA performed on the Single-Family Residential Property. The Fee Developer and the Landowner have not provided a phase one environmental study of the Commercial Property. The Commercial Property is not subject to the Assessments.

Exercise of Third Party Property Rights

As described herein under “THE DEVELOPMENT — Existing Mineral Rights, Easements and Other Third Party Property Rights”, third parties hold title to certain Third Party Property Rights applicable to real property within and around the District, including reservations of mineral rights and royalty interests and easements, pursuant to various instruments in the chain of title for various tracts of land within and around the District.

The Landowner does not expect the existence or exercise of such Third Party Property Rights or other third party 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. However, none of the District, the City’s Financial Advisor, the Underwriter, the Landowner or the Administrator provide any assurances as to such Landowner 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 or interest on the Bonds or the occurrence of any other Event of Default under the Indenture, and upon the written request of at least 25% of the owners 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 District or sell property within the District in order to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the owners of the Bonds further may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the City. In this regard, should the City file a petition for protection from creditors under federal bankruptcy laws, the remedy of mandamus or the right of the City to seek judicial foreclosure of its Assessment Lien would be automatically stayed and could not be pursued unless authorized by a federal bankruptcy judge. See "BONDHOLDERS' RISKS — Bankruptcy Limitation to Bondholders' Rights" herein.

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

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

On April 1, 2016, the Texas Supreme Court ruled in *Wasson Interests, Ltd. v. City of Jacksonville*, 489 S.W. 3d 427 (Tex. 2016) that sovereign immunity does not imbue a city with derivative immunity when it performs proprietary, as opposed to governmental, functions in respect to contracts executed by a city. The Court reviewed *Wasson Interests, Ltd. v. City of Jacksonville* again in June 2018 and clarified 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. 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 the authority or for the benefit of the state. In its decision, the Court held that since the Local Government Immunity Waiver Act waives governmental immunity in certain breach of contract claims without addressing whether the waiver applies to a governmental function or a proprietary function of a city, the Court could not reasonably read the Local Government Immunity Waiver Act to evidence legislative intent to waive immunity when a city performs a proprietary function.

The City is not aware of any Texas 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 Texas courts. In general, Texas 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. Texas 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 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.

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.

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

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

Development of Improvement Area #2 cannot be completed without the Landowner obtaining a variety of governmental approvals and permits, some of which have already been obtained. Certain permits are necessary to initiate construction of on the Single-Family Residential Property 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 Landowner.

Availability of Utilities

The progress of development within the District is also dependent upon the City providing an adequate supply of water and sufficient capacity for the collection and treatment of wastewater. If the City fails to supply water and wastewater services to the property in the District, the Development of the land in the District could be adversely affected. See “THE DEVELOPMENT — Utilities.”

Dependence Upon Landowner and Fee Developer

The Landowner will have the obligation for payment of 100% of the total Assessments. The ability of the Landowner to make full and timely payment of the Assessments will directly affect the ability of the City to meet its debt service obligations with respect to the Bonds. There can be no assurances given as to the financial ability of the

Landowner to advance any funds to the City to supplement revenues from the Assessments if necessary, or as to whether the Landowner will advance such funds.

Moreover, the City will pay the Landowner from proceeds of the Bonds for costs actually incurred by the Landowner in developing and constructing the Improvement Area #2 Improvements. See “THE IMPROVEMENT AREA #2 IMPROVEMENTS.” There can be no assurances given as to the financial ability of the Landowner to fund such improvements or the ability of the Fee Developer to complete such improvements.

Neither the Landowner nor the Fee Developer will guarantee or otherwise be obligated to pay debt service on the Bonds. However, the completion of development of Improvement Area #2 is dependent upon the receipt of funds from the Landowner in addition to proceeds of the Bonds. In addition, payment of the Assessments on the Improvement Area #2 Assessed Property will initially be the responsibility of the Landowner as the initial owner of the Improvement Area #2 Assessed Property.

Potential Future Changes in State Law Regarding Public Improvement Districts

During prior sessions and interim business of the Texas legislature, various proposals and reports have been presented by committees of the Texas Senate and the Texas House of Representatives which suggest or recommend changes to the PID Act relating 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 began on January 14, 2025. To date, no legislation has been introduced to act on such recommendations; however, 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 the property in Improvement Area #2 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 Improvement Area #2.

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, extreme heat, 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.

100-Year Flood Plain

According to the FEMA FIRM Map, a portion of property in the District lies in a special flood hazard area. According to the FIRM Map, a portion of the southern portion of the Commercial Property in the District is within the 100 year flood plain. No such flood plain is in Improvement Area #2 or located on the Single-Family Residential Property.

FEMA will from time to time revise its Flood Insurance Rate Maps. None of the City, the Underwriter, the Fee Developer, or the Landowner 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 the 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 and the proceeds of any sale of property within Improvement Area #2 available to pay debt service on the Bonds may be limited by the existence of other tax liens on the property. See "OVERLAPPING TAXES AND DEBT." Collection of delinquent taxes, assessments and the Assessments may be adversely affected by the effects of market conditions on the foreclosure sale price, and by other factors, including taxpayers' right to redeem property within two years of foreclosure for residential and agricultural use property and six months for other property, and by a time-consuming and expensive collection procedure.

No 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 an Owner thereof determines to solicit purchasers for the Bonds. Even if a liquid secondary market exists, there can be no assurance as to the price for which the Bonds may be sold. Such price may be lower than that paid by the current Owners of the Bonds, depending on the progress of development of Improvement Area #2 subject to the Assessments, existing real estate and financial market conditions and other factors.

TAX MATTERS

Tax Exemption

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

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

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

Except as described above, Bond Counsel expresses no other opinion with respect to any other federal, state or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a financial asset securitization investment trust (“FASIT”), and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

Existing law may change to reduce or eliminate the benefit to bondholders of the exclusion of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation or administrative action, whether or not taken, could also affect the value and marketability of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any proposed or future changes in tax law.

Tax Accounting Treatment of Discount and Premium on Certain Bonds

The initial public offering price of certain Bonds (the “Discount Bonds”) may be less than the amount payable on such Bonds at maturity. An amount equal to the difference between the initial public offering price of a Discount Bond (assuming that a substantial amount of the Discount Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Bond. A portion of such original issue discount allocable to the holding period of such Discount Bond by the initial purchaser will, upon the disposition of such Discount Bond (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes, on the same terms and conditions as those for other interest on the Bonds described above under “Tax Exemption.” Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Bond, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Bond and generally will be allocated to an initial purchaser in a different amount from the amount of the payment denominated as interest actually received by the initial purchaser during the tax year.

However, such interest may be required to be taken into account in determining the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Bond by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Bond was held) is includable in gross income.

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

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

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

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.

Kelly Hart & Hallman LLP serves as Bond Counsel to the City. Greenberg Traurig 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" (except for the last paragraph under the subcaption "General" and the subcaption "TIRZ 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," "LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS," "INVESTMENTS" and "APPENDIX A – Form of Indenture" and such firm is of the opinion that the information relating to the Bonds, the Bond Ordinance, the Assessment Ordinance and the Indenture contained therein fairly and accurately describes the laws and legal issues addressed therein and, with respect to the Bonds, such information conforms to the Bond Ordinance, the Assessment Ordinance and the Indenture.

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

Litigation — The City

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

Litigation — The Landowner

At the time of delivery and payment for the Bonds, the Landowner 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 Landowner, threatened against or affecting the Landowner wherein an unfavorable decision, ruling or finding would have a material adverse effect on the financial condition or operations of the Landowner 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 Omnibus Reimbursement Agreement, the Development Agreement, or the Bond Purchase Agreement, or otherwise described in this Limited Offering Memorandum, or (ii) the tax-exempt status of interest on the Bonds.

Litigation — The Fee Developer

At the time of delivery and payment for the Bonds, the Fee Developer will certify that, except as disclosed herein, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory body, public board or body pending, or, to the best knowledge of the Fee Developer, threatened against or affecting the Fee Developer wherein an unfavorable decision, ruling or finding would have a material adverse effect on the financial condition or operations of the Fee Developer 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 Omnibus Reimbursement Agreement, the Development Agreement, or the Bond Purchase Agreement, or otherwise described in this Limited Offering Memorandum, or (ii) the tax-exempt status of interest on the Bonds.

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 Landowner and Fee Developer, as such prospective investor deems necessary in order to make an informed decision with respect to the purchase of the Bonds.

ENFORCEABILITY OF REMEDIES

The remedies available to the owners of the Bonds upon an event of default under the Indenture are in many respects dependent upon judicial actions, which are often subject to discretion and delay. See “BONDHOLDERS’ RISKS — Bondholders’ Remedies and Bankruptcy.” Under existing constitutional and statutory law and judicial decisions, including the federal bankruptcy code, the remedies specified by the Indenture and the Bonds may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified, as to the enforceability of the remedies provided in the various legal instruments, by limitations imposed by 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 Wilmington Trust, National Association (in such capacity, the “Dissemination Agent”) have entered into a Continuing Disclosure Agreement (the “City Disclosure Agreement”) for the benefit of the Owners of the Bonds (including owners of beneficial interests in the Bonds), to provide, by certain dates prescribed in the 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 Owners of the Bonds (including owners of beneficial interests in the Bonds) to bring an action for specific performance.

The City has agreed to update information and to provide notices of certain specified events (“Continuing Disclosure Obligations”) 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

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

In connection with the City’s (i) outstanding general obligation debt and (ii) the Improvement Area #1 Bonds, the SFRMIA Bonds, and the City’s Special Assessment Revenue Bonds, Series 2021 (Cartwright Ranch Public Improvement District Improvement Area #1 Project) and Special Assessment Revenue Bonds, Series 2021 (Cartwright Ranch Public Improvement District Major Improvement Area Project) (collectively, the “City PID Bonds”), the City agreed to file its audited financial statements within 12 months of the end of the City’s Fiscal Year, and, if such audited financial statements were not filed within 12 months, unaudited financial statements. The City’s 2023 audited financial statements were not available by September 30, 2024, and the City timely filed unaudited financial statements for the 2023 fiscal year for its general obligation debt. However, the City failed to timely file such unaudited financial statements for the City PID Bonds, and failed to timely file a separate notice of failure to file such financial statements pursuant to the terms of the relevant continuing disclosure agreements. The City filed a supplemental annual report containing the City’s audited financial statements for the City PID Bonds on November 19, 2024.

The City has taken steps to ensure that, in the future, audited financial statements or unaudited financial statements, as appropriate, are filed promptly after they become available and that appropriate notices of failure to file are filed in a timely fashion in accordance with the relevant continuing disclosure agreements.

The Fee Developer

The Fee Developer, the Administrator, and the Dissemination Agent have entered into a Continuing Disclosure Agreement (the “Fee Developer Disclosure Agreement”) for the benefit of the Owners of the Bonds (including owners of beneficial interests in the Bonds), to provide, by certain dates prescribed in the Fee Developer Disclosure Agreement, certain information regarding the Development and the Improvement Area #2 Improvements (collectively, the “Fee Developer Reports”). The specific nature of the information to be contained in the Fee Developer Reports is set forth in “APPENDIX D-2 — Form of Fee Developer Disclosure Agreement.” Under certain circumstances, the failure of the Fee Developer or the Administrator to comply with its obligations under the Fee 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 Fee Developer Disclosure Agreement would allow the Owners of the Bonds (including owners of beneficial interests in the Bonds) to bring an action for specific performance. The Fee 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 Fee 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 Fee Developer Disclosure Agreement. The Fee Developer has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided in this Limited Offering Memorandum, except as provided in the Fee Developer Disclosure Agreement. The Fee Developer makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell the Bonds at any future date. The Fee Developer disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of the Fee Developer Disclosure Agreement or from any statement made pursuant to the Fee Developer Disclosure Agreement.

The Fee Developer’s Compliance with Prior Undertakings

The Fee Developer previously entered into agreements to provide continuing disclosure for the Improvement Area #1 Bonds and the SFRMIA Bonds. Under its continuing disclosure agreement for the Improvement Area #1 Bonds, the Fee Developer failed to timely file notice of a Landowner Listed Event relating to failure to timely pay Improvement Area #1. Such notice was filed on March 25, 2024. In addition, the Fee Developer failed to include information regarding the sale of lots in Improvement Area #1 to Meritage (which sale occurred in May 2024) in its Q2 2024 quarterly report for the Improvement Area #1 Bonds; however, the Fee Developer has included such information in all subsequent quarterly reports for Improvement Area #1.

UNDERWRITING

FMSbonds, Inc. (the “Underwriter”) has agreed to purchase the Bonds from the City at a purchase price of \$_____ (the par amount of the Bonds, less an underwriting discount of \$_____, which includes Underwriter’s Counsel’s fee of \$_____). 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 Wilmington Trust, National Association, a national banking association organized under the laws of the United States, to serve as Trustee. The Trustee is to carry out those duties assignable to it under the Indenture. Except for the contents of this section, the Trustee has not reviewed or participated in the preparation of this Limited Offering Memorandum and assumes no responsibility for the contents, accuracy, fairness or completeness of the information set forth in this Limited Offering Memorandum or for the recitals contained in the Indenture or the Bonds, or for the validity, sufficiency, or legal effect of any of such documents.

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

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

SOURCES OF INFORMATION

General

The information contained in this Limited Offering Memorandum has been obtained primarily from the City's records, the Landowner, the Fee Developer 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, the Landowner or the Fee Developer described herein since the date hereof. This Limited Offering Memorandum contains, in part, estimates and matters of opinion that are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions or that they will be realized. The summaries of the statutes, resolutions, ordinances, indentures and engineering and other related reports set forth herein are included subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information.

Source of Certain Information

The information contained in this Limited Offering Memorandum relating to the description of the Public Improvements, the Development, the Developer, generally and, in particular, the information included in the sections captioned "PLAN OF FINANCE — Development Plan, Plan of Finance and Status of Development," "OVERLAPPING TAXES AND DEBT — Homeowners' Association," "THE IMPROVEMENT AREA #2 IMPROVEMENTS," "THE DEVELOPMENT," "THE LANDOWNER AND THE FEE DEVELOPER," "BONDHOLDERS' RISKS," (only as it pertains to the Landowner, the Fee Developer, the Improvement Area #2 Improvements and the Development), "LEGAL MATTERS — Litigation — The Landowner," "LEGAL MATTERS — Litigation — The Fee Developer," "CONTINUING DISCLOSURE — The Fee Developer" and "— The Fee Developer's Compliance with Prior Undertakings," APPENDIX F and APPENDIX G has been provided by the Fee Developer and the Landowner, as applicable, and the Fee Developer and the Landowner warrant and represent, solely with respect to information pertaining to each individually, the Development and the Improvement Area #2 Improvements 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 herein, in the light of the circumstances under which they were made, not misleading. At the time of delivery of the Bonds to the Underwriter, the Fee Developer and the Landowner 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 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 HEREIN TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE CITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ANY OF ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR, OTHER THAN AS DESCRIBED UNDER "CONTINUING DISCLOSURE" HEREIN.

AUTHORIZATION AND APPROVAL

The City Council will authorize this preliminary Limited Offering Memorandum to be used by the Underwriter in connection with the marketing and sale of the Bonds and will approve its form and content in the Bond Ordinance.

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APPENDIX A
FORM OF INDENTURE

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INDENTURE OF TRUST

By and Between

CITY OF CRANDALL, TEXAS

and

WILMINGTON TRUST, NATIONAL ASSOCIATION, as Trustee

DATED AS OF MARCH 1, 2025

SECURING

\$_[]

CITY OF CRANDALL, TEXAS,

SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025 (RIVER RIDGE PUBLIC
IMPROVEMENT DISTRICT IMPROVEMENT AREA #2 PROJECT)

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EXHIBIT A	FORM OF BOND

INDENTURE OF TRUST

THIS INDENTURE, dated as of March 1, 2025, is by and between the CITY OF CRANDALL, TEXAS (the “City”), and WILMINGTON TRUST, 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 Secretary of the City (the “City Secretary”) pursuant to the Public Improvement District Assessment Act, Texas Local Government Code, Chapter 372, as amended (the “PID Act”), requesting the creation of a public improvement district located in the corporate limits of the City to be known as River Ridge Public Improvement District (the “District”); and

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

WHEREAS, on June 1, 2020, after due notice, the City Council of the City (the “City Council”) held the public hearing in the manner required by law on the advisability of the improvement projects and services described in the petition as required by Section 372.009 of the PID Act and on such date, the City Council made the findings required by Section 372.009(b) of the PID Act and, by Resolution No. 060120, adopted by a majority of the members of the City Council, authorized the District in accordance with its finding as to the advisability of the improvement projects and services and also made findings and determinations relating to the estimated total costs of certain Authorized Improvements; and

WHEREAS, on June 11, 2020, the City published notice of its authorization of the District in a newspaper of general circulation in the City and no written protests of the District from any owners of record of property within the District were filed with the City Secretary within 20 days after such date; and

WHEREAS, on January 21, 2025, the City Council by Resolution No. 01212025A made findings and determinations relating to the Actual Costs of certain Authorized Improvements, received and accepted a preliminary service and assessment plan and proposed assessment rolls, called public hearings for February 18, 2025 and directed City staff to (i) file said proposed assessment rolls with the City Secretary and to make it available for public inspection as required by Section 372.016(b) of the PID Act, and (ii) publish such notice relating to such hearings as required by Section 372.016(b) of the PID; and

WHEREAS, the City Council, pursuant to Section 372.016(b) of the PID Act, published notice of the public hearings in a newspaper of general circulation in the City to consider the proposed Service and Assessment Plan and the Improvement Area #2 Assessment Roll and the levy of the Assessments on property within Improvement Area #2 of the District; and

WHEREAS, the City Council, pursuant to Section 372.016(c) of the PID Act, mailed notice of the public hearing to consider the proposed Improvement Area #2 Assessment Roll and the proposed Service and Assessment Plan and the levy of Assessments on property in Improvement Area #2 of the District to the last known address of the owners of the property liable for the Assessments; and

WHEREAS, the City Council convened the hearing on [February 18, 2025] and at such public hearing all persons who appeared, or requested to appear, in person or by their attorney, were given the opportunity to contend for or contest the proposed Service and Assessment Plan, the proposed Improvement Area #2 Assessment Roll and the Assessments, and to offer testimony pertinent to any issue presented on the amount of the Assessment, the allocation of estimated costs of the Improvement Area #2 Improvements, the purposes of the Assessments, the special benefits of the Improvement Area #2 Improvements, and the penalties and interest on Annual Installments and on delinquent Annual Installments of the Assessments, and there were no written objections or evidence submitted to the City Secretary in opposition to the proposed Service and Assessment Plan, the allocation of estimated costs of the Improvement Area #2 Improvements, the Improvement Area #2 Assessment Roll, and the levy of the Assessments; and

WHEREAS, the City Council closed the hearing, and, after considering all written and documentary evidence presented at the hearing, including all written comments and statements filed with the City, the City approved Ordinance No. [____], which levied the Assessments and approved the Service and Assessment Plan, in conformity with the requirements of the PID Act;

WHEREAS, the City Council is authorized by the PID Act to issue its revenue bonds payable from the Assessments for the purpose of (i) paying a portion of the Actual Costs of the Improvement Area #2 Improvements, (ii) paying the capitalized interest on the Bonds during the period of construction and acquisition of the Improvement Area #2 Improvements, (iii) funding a reserve fund for payment of principal and interest on the Bonds, (iv) paying a portion of the costs incidental to the organization and administration of the District, and (v) paying costs of issuance; and

WHEREAS, the City Council now desires to issue revenue bonds, in accordance with the PID Act, such bonds to be entitled “City of Crandall, Texas, Special Assessment Revenue Bonds, Series 2025 (River Ridge Public Improvement District Improvement Area #2 Project)”, such Bonds being payable solely from the Trust Estate and for the purposes set forth in the preamble of this Indenture; and

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

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

FIRST GRANTING CLAUSE

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

SECOND GRANTING CLAUSE

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

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

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

PROVIDED, HOWEVER, that if and to the extent Assessments have been prepaid, the lien on real property associated with such Assessment prepayment shall be released;

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

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

Article I DEFINITIONS, FINDINGS AND INTERPRETATION

Section 1.01 Definitions.

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

“Account” means any of the accounts established pursuant to Section 6.01 of this Indenture.

“Actual Costs” means, with respect to an Improvement Area #2 Project, the demonstrated, reasonable, allocable, and allowable costs of constructing such Improvement Area #2 Project, as specified in a Certificate for Payment that has been reviewed and approved by the City. Actual Costs may include (a) the costs for the design, planning, financing, administration, management, acquisition, installation, construction and/or implementation of such Improvement Area #2 Project, including general contractor construction management fees, if any, (b) the costs of preparing the construction plans for such Improvement Area #2 Project, (c) the fees paid for obtaining permits, licenses or other governmental approvals for such Improvement Area #2 Project, (d) the costs for external professional costs associated with such Improvement Area #2 Project, such as engineering, geotechnical, surveying, land planning, architectural landscapers, advertising, marketing and research studies, appraisals, legal, accounting and similar professional services, taxes, (e) the costs of all labor, bonds and materials, including equipment and fixtures, incurred by contractors, builders and material men in connection with the acquisition, construction or implementation of the Improvement Area #2 Project, (f) all related permitting, zoning and public approval expenses, architectural, engineering, legal, and consulting fees, financing charges, taxes, governmental fees and charges (including inspection fees, City permit fees, development fees), insurance premiums, miscellaneous expenses.

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

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

“Additional Interest Reserve Account” means the reserve account administered by the City and segregated from other funds of the City in accordance with the provisions of Section 6.07 of this Indenture.

“Additional Interest Reserve Requirement” means an amount equal to 2.56% of the principal amount of the Outstanding Bonds to be funded from Assessment Revenues to be deposited to the Pledged Revenue Fund and transferred to the Additional Interest Reserve Account.

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

“Administrative Expenses” mean the administrative, organization, maintenance and operation costs associated with, or incident to, the administration, organization, maintenance and operation of the District, including, but not limited to, the costs of: (i) creating and organizing the District, including conducting hearings, preparing notices and petitions, and all costs incident thereto, including engineering fees, legal fees and consultant fees, (ii) the annual administrative, organization, maintenance, and operation costs and expenses associated with, or incident and allocable to, the administration, organization, and operation of the District, (iii) computing, levying, billing and collecting Assessments or the Annual Installments thereof, (iv) maintaining the record of installments of the Assessments and the system of registration and transfer of the Bonds, (v) paying and redeeming the Bonds, (vi) investing or depositing of monies, (vii) complying with the PID Act and other laws applicable to the Bonds, (viii) the Trustee fees and expenses relating to the Bonds, including

reasonable fees, (ix) legal counsel, engineers, accountants, financial advisors, investment bankers or other consultants and advisors, and (x) administering the construction of the Improvement Area #2 Improvements. Administrative Expenses do not include payment of the actual principal of, redemption premium, if any, and interest on the Bonds. Assessments collected for Administrative Expenses collected and not expended for actual Administrative Expenses in one year shall be carried forward and applied to reduce Administrative Expenses in subsequent years to avoid the over-collection of amounts to pay Administrative Expenses.

“Administrative Fund” means that Fund established by Section 6.01 and administered pursuant to Section 6.09 hereof.

“Administrator” means an employee of the City or third-party designee of the City who shall have the responsibilities provided in the Service and Assessment Plan, this Indenture, or any other agreement or document approved by the City related to the duties and responsibilities of the administration of the District. The initial Administrator is MuniCap, Inc.

“Annual Debt Service” means, for each Bond Year, the sum of (i) the interest due on the Outstanding Bonds in such Bond Year, assuming that the Outstanding Bonds are retired as scheduled (including by reason of Sinking Fund Installments), and (ii) the principal amount of the Outstanding Bonds due in such Bond Year (including any Sinking Fund Installments due in such Bond Year).

“Annual Installment” means, with respect to each parcel of Improvement Area #2 Assessed Property, each annual payment of the Assessments as shown on the Improvement Area #2 Assessment Roll attached to the Service and Assessment Plan as Appendix I and related to the Improvement Area #2 Improvements; which annual payment includes Administrative Expenses and the Additional Interest collected on each annual payment of the Assessments as described in Section 6.07 herein and as defined and calculated in the Service and Assessment Plan or in any Annual Service Plan Update.

“Annual Service Plan Update” means the annual review and update of the Service and Assessment Plan required by the PID Act and the Service and Assessment Plan.

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

“Assessments” means the aggregate assessments shown on the Improvement Area #2 Assessment Roll. The singular of such term means the assessment levied against a parcel of Improvement Area #2 Assessed Property, including the portion to be paid for Administrative Expenses, as shown on the Improvement Area #2 Assessment Roll, subject to reallocation upon the subdivision of a parcel of Improvement Area #2 Assessed Property or reduction according to the provisions of the Service and Assessment Plan and the PID Act.

“Assessment Revenue” means monies collected by or on behalf of the City from any one or more of the following: (i) an Assessment levied against the Improvement Area #2 Assessed Property, or Annual Installment payment thereof, including any interest on such Assessment or Annual

Installment thereof during any period of delinquency, (ii) a Prepayment, and (iii) Foreclosure Proceeds.

“Authorized Denomination” means \$25,000 and any integral multiple of \$1,000 in excess thereof; provided, however, that if the total principal amount of any Outstanding Bond is less than \$25,000, then the Authorized Denomination of such Outstanding Bond shall be the amount of such Outstanding Bond.

“Authorized Improvements” means improvements authorized by Section 372.003 of the PID Act, including the Improvement Area #2 Improvements described in the Service and Assessment Plan.

“Bond” means any of the Bonds.

“Bond Counsel” means Kelly Hart & Hallman LLP 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 as set forth in Section 3.02 of this Indenture.

“Bond Fund” means the Fund of such name established pursuant to Section 6.01 and administered as provided in Section 6.04.

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

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

“Bonds” means the City's bonds authorized to be issued by Section 3.01 of this Indenture entitled “City of Crandall, Texas, Special Assessment Revenue Bonds, Series 2025 (River Ridge Public Improvement District Improvement Area #2 Project)”

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

“Capitalized Interest Account” means the Account of such name established pursuant to Section 6.01.

“Certificate for Payment” means a certificate substantially in the form of Exhibit B to the Omnibus Reimbursement Agreement or otherwise approved by the Developer and a City Representative executed by a Person approved by a City Representative, delivered to a City Representative and the Trustee specifying the amount of work performed related to the Improvement Area #2 Improvements and the Actual Costs thereof, and requesting payment for such Actual Costs from money on deposit in an account of the Project Fund as further described in Section 6.05 herein.

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

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

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

“Closing Disbursement Request” means a certificate substantially in the form of Exhibit C to the Omnibus Reimbursement Agreement.

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

“Costs of Issuance Account” means the Account of such name established pursuant to Section 6.01.

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

“Delinquent Collection Costs” means the costs related to the foreclosure on a parcel of Improvement Area #2 Assessed Property and the costs of collection of a delinquent Assessment in accordance with the PID Act, including penalties and reasonable attorney’s fees actually paid, but excluding amounts representing interest and penalty interest.

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

“Developer” means Taylor Morrison of Texas Inc., a Texas corporation, its successors and assigns.

“Development Agreement” means that certain “River Ridge Development Agreement” executed by and between the City and the JWS Land, LTD., a Texas limited partnership, effective August 3, 2020. The development rights for the Single-Family Residential Property were assigned by JWS Land, LTD. to PMB as of March 26, 2021. PMB assigned the development rights for the Single-Family Residential Property to the Developer on July 13, 2021.

“District Administration Account” means the Account of such name established pursuant to Section 6.01.

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

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

“Foreclosure Proceeds” means the proceeds, including interest and penalty interest, received by the City from the enforcement of the Assessments against any parcel(s) of Improvement Area #2

Assessed Property, whether by foreclosure of lien or otherwise, but excluding and net of all Delinquent Collection Costs.

“Fund” means any of the funds established pursuant to Section 6.01 of this Indenture.

“Improvement Area #2” means the initial phase to be developed in the District, as further identified and depicted in Appendix A-4 in the Service and Assessment Plan.

“Improvement Area #2 Assessed Property” means the parcels of land located within Improvement Area #2 of the District against which an Assessment is levied by the Improvement Area #2 Assessment Ordinance in accordance with the Service and Assessment Plan.

“Improvement Area #2 Assessment Ordinance” means Ordinance No. [_____] adopted by the City Council on [February 18, 2025], that levied the Assessments on the Improvement Area #2 Assessed Property.

“Improvement Area #2 Assessment Roll” means the Improvement Area #2 Assessment Roll attached as Appendix I to the Service and Assessment Plan or any other assessment roll in an amendment or supplement to the Service and Assessment Plan or in an Annual Service Plan Update, showing the total amount of the Assessment against each parcel of Improvement Area #2 Assessed Property related to the Bonds and the Improvement Area #2 Improvements, as updated, modified, or amended from time to time in accordance with the terms of the Service and Assessment Plan and the PID Act.

“Improvement Area #2 Bond Ordinance” means Ordinance No. [_____] adopted by the City Council on [February 18, 2025], authorizing the issuance of the Bonds pursuant to this Indenture.

“Improvement Area #2 Improvements” means the Authorized Improvements which only benefit property within Improvement Area #2 of the District, as described in Section III.C. of the Service and Assessment Plan.

“Improvement Area #2 Improvements Account” means the Account of such name established pursuant to Section 6.01.

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

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

“Initial Bond” means the Initial Bond as set forth in **Exhibit A** to this Indenture.

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

“Investment Securities” means those authorized investments described in the Public Funds Investment Act, Texas Government Code, Chapter 2256, as amended; and provided further 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.

“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.

“Omnibus Reimbursement Agreement” means that certain Agreement for the Construction of Authorized Improvements and Reimbursement of Advances dated as of November 1, 2021, by and between the City, the Developer and PMB in which the Developer agrees to fund certain Actual Costs of the Authorized Improvements and the City agrees to reimburse PMB, as assignee of the Developer’s right to reimbursement, with interest permitted by the PID Act solely from Assessment Revenues and/or the net proceeds of Bonds for a portion of such Actual Costs of the Authorized Improvements funded by the Developer for Authorized Improvements constructed and accepted by the City for the benefit of the Assessed Property.

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

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

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

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

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

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

“Pledged Revenue Fund” means that fund of such name established pursuant to Section 6.01 and administered pursuant to Section 6.03 herein.

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

“PMB” means PMBS River Ridge LP, a Texas limited partnership.

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

“Principal and Interest Account” means the Account of such name established pursuant to Section 6.01.

“Project Fund” means that fund of such name established pursuant to Section 6.1 and administered pursuant to Section 6.05 herein.

“Purchaser” means the initial Purchaser.

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

“Rebate Fund” means that fund of such name established pursuant to Section 6.01 and administered pursuant to Section 6.08 herein.

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

“Redemption Fund” means that fund of such name established pursuant to Section 6.01 and administered pursuant to Section 6.06 herein.

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

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

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

“Reserve Account” means the Account of such name established pursuant to Section 6.01.

“Reserve Account Requirement” means 100% of average Annual Debt Service on the Bonds; provided, however, that subsequent to the Closing Date of the Bonds, the Reserve Account Requirement shall be recalculated and adjusted for compliance with the foregoing upon any transfers made pursuant to Section 4.02, Section 4.03, or Section 4.04. As of the Closing Date for the Bonds, the Reserve Account Requirement is \$[_____].

“Reserve Fund” means that fund of such name established pursuant to Section 6.01 and administered in Section 6.07 herein.

“Service and Assessment Plan” means the “River Ridge Public Improvement District Service and Assessment Plan,” dated May 2, 2022, including the Improvement Area #2 Assessment Roll, as amended, updated, and/or restated by an Annual Service Plan Update or otherwise.

“Sinking Fund Installment” means the amount of money to redeem or pay at maturity the principal of Bonds payable from such installments at the times and in the amounts provided in Section 4.02 herein.

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

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

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

“Trust Estate” means the Trust Estate described in the granting clauses of this Indenture.

“Trustee” means Wilmington Trust, National Association, a national banking 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.

“Value to Lien Ratio” means the ratio of the estimated assessed value of the Improvement Area #2 Assessed Property to the outstanding Assessments.

Section 1.02 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 1.03 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 1.04 Interpretation.

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

of the singular number shall be construed to include correlative words of the plural number and vice versa.

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

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

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

Article II THE BONDS

Section 2.01 Security for the Bonds.

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

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

Section 2.02 Limited Obligations.

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

Section 2.03 Authorization for Indenture.

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

useful or convenient in order to better secure the Bonds and is a contract or agreement necessary, useful and convenient to carry out and effectuate the purposes herein described.

Section 2.04 Contract with Owners and Trustee.

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

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

Article III

AUTHORIZATION; GENERAL TERMS AND PROVISIONS REGARDING THE BONDS

Section 3.01 Authorization of the Bonds.

The Bonds are hereby authorized to be issued and delivered in accordance with the Constitution and laws of the State of Texas, including particularly the PID Act, as amended. The Bonds shall be issued in the aggregate principal amount of \$[_____] for the purpose of (i) paying a portion of the Actual Costs of the Improvement Area #2 Improvements, (ii) paying the capitalized interest on the Bonds during the period of construction and acquisition of the Improvement Area #2 Improvements, (iii) funding a reserve fund for payment of principal and interest on the Bonds, (iv) paying a portion of the costs incidental to the organization and administration of the District, and (v) paying costs of issuance.

Section 3.02 Date, Denomination, Maturities, Numbers and Interest.

(a) The Bonds.

- (i) The Bonds shall be dated March 1, 2025 (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 for the Bonds, which shall be numbered T-1.
- (ii) Interest shall accrue and be paid on each Bond from the later of the date of initial delivery of the Bonds or the most recent Interest Payment Date to which interest has been paid or provided for, at the rate per annum set forth below until the principal thereof has been paid on the maturity date specified below or otherwise provided for. Such interest shall be payable semiannually on each Interest Payment Date, computed on the basis of a 360-day year of twelve 30-day months.
- (iii) The Bonds shall mature on September 15 in the years and in the principal amounts and shall bear interest as set forth below:

<u>Year</u>	<u>Principal Amount (\$)</u>	<u>Interest Rate (%)</u>
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- (iv) The Bonds shall be subject to mandatory sinking fund redemption, optional redemption, and extraordinary optional redemption prior to maturity as provided in Article IV herein, and shall otherwise have the terms, tenor, denominations, details, and specifications as set forth in the Form of Bond set forth in **Exhibit A** to this Indenture.

Section 3.03 Conditions Precedent to Delivery of Bonds.

(a) The 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:

- (i) a certified copy of the Improvement Area #2 Assessment Ordinance;
- (ii) a certified copy of the Improvement Area #2 Bond Ordinance;
- (iii) a copy of the executed Omnibus Reimbursement Agreement;
- (iv) a copy of this Indenture executed by the Trustee and the City; and
- (v) a City Certificate directing the authentication and delivery of the Bonds, describing the Bonds to be authenticated and delivered, designating the purchasers to whom the Bonds are to be delivered, stating the purchase price of the Bonds and stating that all items required by this Section are therewith delivered to the Trustee in form and substance satisfactory to the City; and
- (vi) a Certificate required pursuant to section 13.02(d) of the Indenture of Trust dated as of November 1, 2022, relating to the City of Crandall, Texas, Special Assessment Revenue Bonds, Series 2022 (River Ridge Public Improvement District Single-Family Residential Major Improvement Area Project).

Section 3.04 Medium, Method and Place of Payment.

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

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

new record date for such interest payment (a “Special Record Date”) will be established by the Trustee, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the “Special Payment Date,” which shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) Business Days prior to the Special Record Date by United States mail, first-class, postage prepaid, to the address of each Owner of a Bond appearing on the books of the Trustee at the close of business on the last Business Day preceding the date of mailing such notice.

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

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

(e) If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, legal holiday, or day on which banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are required or authorized by law or executive order to close, the date for such payment shall be the next succeeding day that is not a Saturday, Sunday, legal holiday, or day on which such banking institutions are required or authorized to close, and payment on such date shall for all purposes be deemed to have been made on the due date thereof as specified in Section 3.02 of this Indenture.

(f) Unclaimed payments of amounts due hereunder shall be segregated in a special account and held in trust, uninvested by the Paying Agent/Registrar, for the account of the Owner of the Bonds to which such unclaimed payments pertain. Subject to any escheat, abandoned property, or similar law of the State of Texas, any such payments remaining unclaimed by the Owners entitled thereto for two (2) years after the applicable payment or redemption date shall be applied to the next payment or payments on such Bonds thereafter coming due and, to the extent any such money remains after the retirement of all Outstanding Bonds, shall be paid to the City to be used for any lawful purpose. Thereafter, none of the City, the Paying Agent/Registrar, or any other Person shall be liable or responsible to the Owner of such Bonds for any further payment of such unclaimed moneys or on account of any such Bonds, subject to any applicable escheat law or similar law of the State of Texas.

Section 3.05 Execution and Registration of Bonds.

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

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

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

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

Section 3.06 Ownership.

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

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

Section 3.07 Registration, Transfer and Exchange.

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

cause the Register to be current with all registration and transfer information as from time to time may be applicable.

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

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

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

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

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

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

Section 3.08 Cancellation.

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

Section 3.09 Temporary Bonds.

(a) Following the delivery and registration of the Initial Bond and pending the preparation of definitive Bonds, the proper officers of the City may execute and, upon the City's request, the

Trustee shall authenticate and deliver, one or more temporary Bonds that are printed, lithographed, typewritten, mimeographed or otherwise produced, in any denomination, substantially of the tenor of the definitive Bonds in lieu of which they are delivered, without coupons, and with such appropriate insertions, omissions, substitutions and other variations as the officers of the City executing such temporary Bonds may determine, as evidenced by their signing of such temporary Bonds.

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

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

Section 3.10 Replacement Bonds.

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

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

- (i) furnishes to the Paying Agent/Registrar satisfactory evidence of his or her ownership of and the circumstances of the loss, destruction or theft of such Bond;
- (ii) furnishes such security or indemnity as may be required by the Paying Agent/Registrar and the Trustee to save them and the City harmless;
- (iii) pays all expenses and charges in connection therewith, including, but not limited to, printing costs, legal fees, fees of the Trustee and the Paying Agent/Registrar and any tax or other governmental charge that is authorized to be imposed; and
- (iv) satisfies any other reasonable requirements imposed by the City and the Trustee.

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

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

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

Section 3.11 Book-Entry Only System.

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

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

that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Indenture with respect to interest checks or drafts being mailed to the registered owner at the close of business on the relevant Record Date, the word “Cede & Co.” in this Indenture shall refer to such new nominee of DTC.

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

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

Section 3.13 Payments to Cede & Co.

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

Article IV
REDEMPTION OF BONDS BEFORE MATURITY

Section 4.01 Limitation on Redemption.

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

Section 4.02 Mandatory Sinking Fund Redemption.

- (a) The Bonds.
 - (i) The Bonds are subject to mandatory sinking fund redemption prior to their stated maturity and will be redeemed by the City in part at the Redemption Price from moneys available for such purpose in the Principal and Interest Account of the Bond Fund pursuant to Article IV, on the dates and in the respective Sinking Fund Installments as set forth in the Form of Bond attached as **Exhibit A**.

- (ii) At least forty-five (45) days prior to each mandatory sinking fund redemption date and subject to any prior reduction authorized by subparagraphs (iii) and (iv) of this Section 4.02, the Trustee shall select a principal amount of Bonds (in accordance with Section 4.05) of such maturity equal to the Sinking Fund Installment amount of such Bonds to be redeemed, shall call such Bonds for redemption on such scheduled mandatory sinking fund redemption date, and shall give notice of such redemption, as provided in Section 4.06.
- (iii) The principal amount of Bonds of a stated maturity required to be redeemed on any mandatory sinking fund redemption date pursuant to subparagraph (i) of this Section 4.02(a) shall be reduced, at the option of the City, by the principal amount of any Bonds of such maturity which, at least 45 days prior to the mandatory sinking fund redemption date shall have been acquired by the City at a price not exceeding the principal amount of such Bonds plus accrued and unpaid interest to the date of purchase thereof, and delivered to the Trustee for cancellation.
- (iv) The principal amount of Bonds required to be redeemed on any mandatory sinking fund redemption date pursuant to subparagraph (i) of this Section 4.02(a) shall be reduced on a pro rata basis among Sinking Fund Installments by the principal amount of any Bonds which, at least forty-five (45) days prior to the mandatory sinking fund redemption date, shall have been redeemed pursuant to the optional redemption or extraordinary optional redemption provisions hereof and not previously credited to a mandatory sinking fund redemption.

Section 4.03 Optional Redemption.

(a) The Bonds. The City reserves the right and option to redeem Bonds maturing on or after September 15, 20[___], before their respective scheduled maturity dates, in whole or in part, on any date on or after September 15, 20[___], such redemption date or dates to be fixed by the City, at the Redemption Price of par plus accrued interest to the date of redemption.

Section 4.04 Extraordinary Optional Redemption.

Notwithstanding any provision in this Indenture to the contrary, the City reserves the right and option to redeem Bonds before their scheduled maturity dates, in whole or in part and in an amount specified in a City Certificate, on any date, at the Redemption Price of such Bonds, or portions thereof, to be redeemed plus accrued interest to the date of redemption from amounts on deposit in the Redemption Fund as a result of Prepayments (including related transfers to the Redemption Fund made pursuant to the terms of this Indenture).

Section 4.05 Partial Redemption.

(a) If less than all of the Bonds are to be redeemed pursuant to Section 4.02, Section 4.03, or Section 4.04, Bonds shall be redeemed in minimum principal amounts of \$1,000 or any integral thereof. Each Bond shall be treated as representing the number of bonds that is obtained by dividing

the principal amount of the Bonds by \$1,000. No redemption shall result in a Bond in a denomination of less than the Authorized Denomination in effect at that time; provided, however, if the amount of the Outstanding Bond is less than an Authorized Denomination after giving effect to such partial redemption, a Bond in the principal amount equal to the unredeemed portion, but not less than \$1,000, may be issued.

(b) In selecting the Bonds to be redeemed pursuant to Section 4.02, the Trustee may select Bonds in any method that results in a random selection.

(c) In selecting the Bonds to be redeemed pursuant to Section 4.03, the Trustee may rely on the directions provided in a City Certificate.

(d) If less than all of the Bonds are called for extraordinary optional redemption pursuant to Section 4.04 hereof, the Bonds or portion of a Bond, as applicable, to be redeemed shall be selected on a pro rata basis among all Outstanding Bonds.

(e) Upon surrender of any Bond for redemption in part, the Trustee, in accordance with Section 3.07 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 4.06 Notice of Redemption to Owners.

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

(b) The notice shall state the redemption date, the Redemption Price, the place at which the Bonds are to be surrendered for payment, and, if less than all the Outstanding Bonds are to be redeemed, and subject to Section 4.05 hereof, an identification of the Bonds or portions thereof to be redeemed, any conditions to such redemption and that on the redemption date, if all conditions, if any, to such redemption have been satisfied, such Bond shall become due and payable.

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

(d) The City has the right to rescind any optional redemption or extraordinary optional redemption described in Section 4.03 or Section 4.04 by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of redemption shall be cancelled and annulled if for any reason funds are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under the Indenture. The Trustee shall mail notice of rescission of redemption in the same manner notice of redemption was originally provided.

(e) With respect to any optional redemption of the Bonds, unless the Trustee has received funds sufficient to pay the Redemption Price of the Bonds to be redeemed before giving of a notice

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

Section 4.07 Payment Upon Redemption.

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

(b) Upon presentation and surrender of any Bond called for redemption at the designated corporate trust office of the Trustee on or after the date fixed for redemption, the Trustee shall pay the Redemption Price on such Bond to the date of redemption from the moneys set aside for such purpose.

Section 4.08 Effect of Redemption.

Notice of redemption having been given as provided in Section 4.06 of this Indenture, the Bonds or portions thereof called for redemption shall become due and payable on the date fixed for redemption provided that funds for the payment of the Redemption Price of such Bonds to the date fixed for redemption are on deposit with the Trustee; thereafter, such Bonds or portions thereof shall cease to bear interest from and after the date fixed for redemption, whether or not such Bonds are presented and surrendered for payment on such date.

Article V FORM OF THE BONDS

Section 5.01 Form Generally.

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

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

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

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

Section 5.02 CUSIP Registration.

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

Section 5.03 Legal Opinion.

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

Article VI
FUNDS AND ACCOUNTS

Section 6.01 Establishment of Funds and Accounts.

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

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

(b) Creation of Accounts.

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

- (A) Bond Pledged Revenue Account.
- (ii) The following Accounts are hereby created and established under the Bond Fund:
 - (A) Capitalized Interest Account; and
 - (B) Principal and Interest Account.
- (iii) The following Accounts are hereby created and established under the Project Fund:
 - (A) Improvement Area #2 Improvements Account; and
 - (B) Costs of Issuance Account.
- (iv) The following Accounts are hereby created and established under the Reserve Fund:
 - (A) Reserve Account; and
 - (B) Additional Interest Reserve Account.
- (v) The following Account is hereby created and established under the Administrative Fund:
 - (A) District Administration Account.

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

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

Section 6.02 Initial Deposits to Funds and Accounts.

- (a) The proceeds from the sale of the Bonds shall be paid to the Trustee and deposited or transferred by the Trustee as follows:
 - (i) to the Capitalized Interest Account of the Bond Fund: \$[____];
 - (ii) to the Improvement Area #2 Improvements Account of the Project Fund: \$[____];
 - (iii) to the Costs of Issuance Account of the Project Fund: \$[____];
 - (iv) to the Reserve Account of the Reserve Fund: \$[____]; and

- (v) to the District Administration Account of the Administrative Fund: \$[_____].

Section 6.03 Pledged Revenue Fund.

(a) On or before February 15 of each year while the Bonds are Outstanding and beginning February 15, 2026, the City shall deposit or cause to be deposited the Pledged Revenues into the Pledged Revenue Fund. From amounts deposited to the Pledged Revenue Fund, the City shall deposit or cause to be deposited Pledged Revenues as follows: (i) first, to the Bond Pledged Revenue Account of the Pledged Revenue Fund in an amount sufficient to pay debt service on the Bonds next coming due, (ii) second, to the Reserve Account of the Reserve Fund in an amount to cause the amount in the Reserve Account to equal the Reserve Account Requirement, in accordance with Section 6.07(a) hereof, (iii) third, to the Additional Interest Reserve Account of the Reserve Fund in an amount equal to Additional Interest collected, in accordance with Section 6.07(b) hereof, (iv) fourth, to the Improvement Area #2 Improvements Account to pay Actual Costs of the Improvement Area #2 Improvements, (v) fifth, to pay other costs permitted by the PID Act. In addition, in the event the City owes any Rebate Amount pursuant to Section 7.05(h) hereof, the City shall provide a City Certificate to the Trustee instructing the Trustee to transfer to the Rebate Fund in accordance with Section 6.08, prior to any other transfer under this Section, the Rebate Amount owed by the City pursuant to Section 7.05(h) hereof.

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

(c) If, after the foregoing transfers and any transfer from the Reserve Fund as provided in Section 6.07 herein, there are insufficient funds to make the payments provided in paragraph (b) above, the Trustee shall apply the available funds in the Principal and Interest Account first, to the payment of interest and, second, to the payment of principal (including any Sinking Fund Installments) on the Bonds, as described in Section 11.04(a) hereof.

(d) Notwithstanding Section 6.03(a) hereof, the Trustee shall deposit Prepayments to the Pledged Revenue Fund and as soon as practicable after such deposit shall transfer such Prepayments to the Redemption Fund.

(e) Notwithstanding Section 6.03(a) hereof, the Trustee shall deposit Foreclosure Proceeds to the Pledged Revenue Fund and as soon as practicable after such deposit shall transfer Foreclosure Proceeds first, to the Reserve Fund to restore any transfers from the Reserve Fund made with respect to the parcel(s) of Improvement Area #2 Assessed Property to which the Foreclosure Proceeds relate, second, to the Additional Interest Reserve Account to restore any transfers from the Additional Interest Reserve Account made with respect to the Assessed Parcel(s) of the Improvement Area #2 Assessed Property to which the Foreclosure Proceeds relate, and third, to the Redemption Fund.

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

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

Section 6.04 Bond Fund.

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

(b) If amounts in the Principal and Interest Account are insufficient for the purposes set forth in paragraph (a) above, the Trustee shall withdraw from the Reserve Fund amounts to cover the amount of such insufficiency in the order described in Section 6.07(f) hereof. Amounts so withdrawn from the Reserve Fund shall be deposited in the Principal and Interest Account and transferred to the Paying Agent/Registrar.

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

Date	Amount (\$)
9/15/2025	

(d) Any amounts on deposit in the Capitalized Interest Account after the payment of interest on the dates and in the amounts listed above shall be transferred to the Improvement Area #2 Improvements Account of the Project Fund, pursuant to directions provided in a City Certificate, or, if the Improvement Area #2 Improvements Account has been closed as provided in Section 6.05(f) herein, such amounts shall be transferred to the Redemption Fund to be used to redeem Bonds and the Capitalized Interest Account shall be closed.

Section 6.05 Project Fund.

(a) Money on deposit in the Project Fund shall be used for the purposes specified in Section 3.01 hereof.

(b) Disbursements from the Costs of Issuance Account of the Project Fund shall be made by the Trustee to pay costs of issuance of the Bonds pursuant to one or more Closing Disbursement Requests or City Certificates. Disbursements from the Improvement Area #2 Improvements Account of the Project Fund to pay Actual Costs of the Improvement Area #2 Improvements shall be made by the Trustee upon receipt by the Trustee of either a properly executed and completed Certificate

for Payment or written direction from the City or its designee in a City Certificate approving the disbursement to the Developer. The disbursement of funds from the Improvement Area #2 Improvements Account of the Project Fund pursuant to a Certificate for Payment shall be pursuant to and accordance with the disbursement procedures described in the Omnibus Reimbursement Agreement or as provided in such written direction from the City. The disbursement of funds from the Improvement Area #2 Improvements Account and the Costs of Issuance Account of the Project Fund pursuant to a Closing Disbursement Request shall be pursuant to and accordance with the disbursement procedures described in the Omnibus Reimbursement Agreement or as provided in such written direction from the City. Such provisions and procedures related to such disbursements contained in the Omnibus Reimbursement Agreement, are herein incorporated by reference and deemed set forth herein in full.

(c) If the City Representative determines in his or her sole discretion that amounts then on deposit in the Improvement Area #2 Improvements Account of the Project Fund are not expected to be expended for purposes of such Account due to the abandonment, or constructive abandonment of the Improvement Area #2 Improvements, such that, in the opinion of the City Representative, it is unlikely that the amounts in the Improvement Area #2 Improvements Account of the Project Fund will ever be expended for the purposes of such Account, the City Representative shall file a City Certificate with the Trustee which identifies the amounts then on deposit in the Improvement Area #2 Improvements Account that are not expected to be used for purposes of such Account. If such City Certificate is so filed, (i) the amounts on deposit in the Improvement Area #2 Improvements Account shall be transferred to the Redemption Fund to redeem Bonds on the earliest practicable date after notice of redemption has been provided in accordance with the Indenture, and (ii) such Account shall be closed.

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

(e) Upon the filing of a City Certificate stating that all Improvement Area #2 Improvements have been completed and that all Actual Costs of the Improvement Area #2 Improvements have been paid, or that any such Actual Costs of the Improvement Area #2 Improvements are not required to be paid from the Improvement Area #2 Improvements Account pursuant to a Certificate for Payment or written direction from the City or its designee, the Trustee (i) shall transfer the amount, if any, remaining within the Improvement Area #2 Improvements Account of the Project Fund to the Bond Fund, and (ii) shall close the Improvement Area #2 Improvements Account. If the Improvement Area #2 Improvements Account has been closed pursuant to the provisions of this Section, and the Cost of Issuance Account has been closed pursuant to the provisions of Section 6.05(f), then the Project Fund shall be closed.

(f) Not later than six months following the Closing Date, or upon a determination by the City Representative that all costs of issuance of the Bonds have been paid, any amounts remaining in the Costs of Issuance Account shall be transferred to the Improvement Area #2 Improvements Account in the Project Fund and used to pay Actual Costs or to the Principal and Interest Account of the Bond Fund and used to pay interest on the Bonds, as directed by the City in a City Certificate filed with the Trustee, and the Costs of Issuance Account shall be closed.

Section 6.06 Redemption Fund.

The Trustee shall cause to be deposited to the Redemption Fund from the Bond Pledged Revenue Account of the Pledged Revenue Fund an amount sufficient to redeem Bonds as provided in Section 4.03 and Section 4.04 on the dates specified for redemption as provided in Section 4.03 and Section 4.04. Amounts on deposit in the Redemption Fund shall be used and withdrawn by the Trustee to redeem Bonds as provided in Article IV.

Section 6.07 Reserve Fund.

(a) The City agrees with the Owners of the Bonds to accumulate from the deposits described in Section 6.03(a) hereof, and when accumulated, maintain in the Reserve Account of the Reserve Fund, an amount equal to not less than the Reserve Account Requirement except to the extent such deficiency is due to the application of Section 6.07(d) hereof. All amounts deposited in the Reserve Account of the Reserve Fund shall be used and withdrawn by the Trustee for the purpose of making transfers to the Principal and Interest Account of the Bond Fund as provided in this Indenture.

(b) The Trustee will transfer from the Bond Pledged Revenue Account of the Pledged Revenue Fund to the Additional Interest Reserve Account on March 15 of each year, commencing March 15, 2026, an amount equal to the Additional Interest until the Additional Interest Reserve Requirement has been accumulated in the Additional Interest Reserve Account. When the amount on deposit in the Additional Interest Reserve Account exceeds the Additional Interest Reserve Requirement, the Trustee shall provide written notice of such excess to the City and shall transfer an amount equal to the Additional Interest from the Bond Pledged Revenue Account of the Pledged Revenue Fund (i) first, if necessary, to the Reserve Account of the Reserve Fund, an amount to cause the amount in the Reserve Account to equal the Reserve Account Requirement, and (ii) second, at the written request of the City, to the Administrative Fund to pay Administrative Expenses, and (iii) at the written request of the City, to the Redemption Fund. If the City does not provide written instructions to the Trustee to deposit any such excess to the Administrative Fund pursuant to clause (ii) above within forty-five (45) days of receiving notice from the Trustee of such excess, then the Trustee shall proceed to deposit such excess to the Redemption Fund pursuant to clause (iii) above. If the amount on deposit in the Additional Interest Reserve Account shall at any time be less than the Additional Interest Reserve Requirement, the Trustee shall notify the City, in writing, of the amount of such shortfall, and the Trustee shall resume depositing the Additional Interest from the Bond Pledged Revenue Account of the Pledged Revenue Fund into the Additional Interest Reserve Account until the Additional Interest Reserve Requirement has been accumulated in the Additional Interest Reserve Account; provided, however, that the City shall not be required to replenish the Additional Interest Reserve Account in the event funds are transferred from the Additional Interest Reserve Account to the Redemption Fund as a result of an extraordinary optional redemption of Bonds from the proceeds of a Prepayment pursuant to Section 4.04 of this Indenture. In the event the amount on deposit in the Additional Interest Reserve Account is less than the Additional Interest Reserve Requirement then the deposits described in the immediately preceding sentence shall continue until the Additional Interest Reserve Account has been fully replenished. In calculating the amounts to be transferred pursuant to this Section, the Trustee may conclusively rely on the Annual Installments as shown on the Improvement Area #2 Assessment Roll in the Service and Assessment Plan or an Annual Service Plan Update, unless and until it receives a City Certificate

directing that a different amount be used. The Additional Interest shall continue to be collected and deposited pursuant to this Section 6.07 until the Bonds 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) Whenever Bonds are to be redeemed with the proceeds of Prepayments pursuant to Section 4.04, the Trustee shall transfer, on the Business Day prior to the redemption date (or on such other date as agreed to by the City and the Trustee), from the Reserve Account of the Reserve Fund to the Redemption Fund, an amount specified in a City Certificate to be applied to the redemption of the Bonds. The amount so transferred from the Reserve Account of the Reserve Fund shall be equal to the principal amount of Bonds to be redeemed with Prepayments multiplied by the lesser of: (i) the amount required to be in the Reserve Account of the Reserve Fund divided by the principal amount of Outstanding Bonds prior to the redemption, and (ii) the amount actually in the Reserve Account of the Reserve Fund divided by the principal amount of Outstanding Bonds prior to the redemption. If after such transfer, and after applying investment earnings on the Prepayments toward payment of accrued interest, there are insufficient funds in the Redemption Fund to pay the principal amount plus accrued and unpaid interest to the date fixed for redemption of the Bonds to be redeemed, as identified in the City Certificate, as a result of such Prepayments and as a result of the transfer from the Reserve Account under this Section 6.07(d), the Trustee shall transfer an amount equal to the shortfall, and/or any additional amounts necessary to permit the Bonds to be redeemed in minimum principal amounts of \$1,000, from the Additional Interest Reserve Account to the Redemption Fund to be applied to the redemption of the Bonds.

(e) Whenever, on any Interest Payment Date, or on any other date at the written request of a City Representative, the amount in the Reserve Account exceeds the Reserve Account Requirement, the Trustee shall provide written notice to the City Representative of the amount of the excess. Such excess shall be transferred to the Principal and Interest Account to be used for the payment of debt service on the Bonds on the next Interest Payment Date in accordance with Section 6.04 hereof, unless within thirty days of such notice to the City Representative, the Trustee receives a City Certificate instructing the Trustee to apply such excess: (i) to pay amounts due under Section 6.08 hereof, (ii) to a specified Account of the Project Fund if such application and the expenditure of funds is expected to occur within three years of the date hereof, or (iii) for such other use specified in such City Certificate if the City receives a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that such alternate use will not adversely affect the exemption from federal income tax of the interest on any Bond.

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

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

(h) If, after a Reserve Account withdrawal pursuant to Section 6.07(f), the amount on deposit in the Reserve Account of the Reserve Fund is less than the Reserve Account Requirement, the Trustee shall transfer from the Pledged Revenue Fund to the Reserve Account of the Reserve Fund the amount of such deficiency, in accordance with Section 6.03.

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

Section 6.08 Rebate Fund: Rebate Amount.

(a) There is hereby established a special fund of the City to be designated “River Ridge Improvement Area #2 Rebate Fund” (the “Rebate Fund”) to be held by the Trustee in accordance with the terms and provisions of this Indenture. Amounts on deposit in the Rebate Fund shall be used solely for the purpose of paying amounts relating to the Bonds due the United States Government in accordance with the Code.

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

(c) The Trustee conclusively shall be deemed to have complied with the provisions of this Section and Section 7.05(h) and shall not be liable or responsible if it follows the instructions of the City and shall not be required to take any action under this Section and Section 7.05(h) in the absence of written instructions from the City.

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

Section 6.09 Administrative Fund.

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

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

Section 6.10 Investment of Funds.

(a) Money in any Fund or Account established pursuant to this Indenture shall be invested by the Trustee as directed by the City pursuant to a City Certificate filed with the Trustee at least two (2) days in advance of the making of such investment in time deposits or certificates of deposit

secured in the manner required by law for public funds, or be invested in direct obligations of, including obligations the principal and interest on which are unconditionally guaranteed by, the United States of America, in obligations of any agencies or instrumentalities thereof, or in such other investments as are permitted under the Public Funds Investment Act, Texas Government Code, Chapter 2256, as amended, or any successor law, as in effect from time to time; provided that all such deposits and investments shall be made in such manner (which may include repurchase agreements for such investment with any primary dealer of such agreements) that the money required to be expended from any Fund will be available at the proper time or times. Notwithstanding the preceding sentence, amounts in the Additional Interest Reserve Account may not be invested above the Yield (as defined in Section 7.05(a) hereof) on the Bonds, unless and until the City receives a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that such investment and/or the failure to comply with such yield restriction will not adversely affect the exemption from federal income tax of the interest on any Bond. Investments shall be valued each year in terms of current market value as of September 30. For purposes of maximizing investment returns, to the extent permitted by law, money in such Funds or Accounts may be invested in common investments of the kind described above, or in a common pool of such investment which shall be kept and held at an official depository bank, which shall not be deemed to be or constitute a commingling of such money or funds provided that safekeeping receipts or certificates of participation clearly evidencing the investment or investment pool in which such money is invested and the share thereof purchased with such money or owned by such Fund or Account are held by or on behalf of each such Fund or Account. If necessary, such investments shall be promptly sold to prevent any default. In the absence of a City Certificate as provided in this Section 6.10(a), the Trustee shall hold monies hereunder uninvested and shall have no obligation to invest or reinvest such monies.

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

(c) The Trustee and its affiliates may act as sponsor, advisor, depository, principal or agent in the acquisition or disposition of any investment. The Trustee shall have no investment discretion and the Trustee's only responsibility for investments shall be to follow the written instructions contained in a City Certificate. 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 suitability or legality of any investments. The Parties acknowledge that the Trustee is not providing investment supervision, recommendations, or advice.

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

(e) The Trustee will furnish the City and Administrator monthly cash transaction statements, which include detail for all investment transactions made by the Trustee hereunder. Such statements will be delivered via access to the Trustee's online portfolio system. The Trustee is not required to provide brokerage confirmations so long as the Trustee is providing such monthly cash transaction statements via online access thereto.

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

Section 6.11 Security of Funds.

All Funds or Accounts heretofore created, to the extent not invested as herein permitted, shall be secured in the manner and to the fullest extent required by law for the security of public funds, and such Funds or Accounts shall be used only for the purposes and in the manner permitted or required by this Indenture.

Article VII COVENANTS

Section 7.01 Confirmation of Assessments.

The City hereby confirms, covenants, and agrees that, in the Improvement Area #2 Assessment Ordinance, it has levied the Assessments against the respective parcels of Improvement Area #2 Assessed Property from which the Pledged Revenues will be collected and received.

Section 7.02 Collection and Enforcement of Assessments.

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

(b) The City will determine or cause to be determined, no later than 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 parcel of Improvement Area #2 Assessed Property. Furthermore, nothing shall obligate the City, the City Attorney, or any appropriate designee to undertake collection or foreclosure actions against delinquent accounts in violation of applicable state law, court order, or existing contractual provisions between the City and its appropriate collections enforcement designees.

Section 7.03 Against Encumbrances.

(a) Other than Refunding Bonds issued to refund all or a portion of the Bonds, the City shall not create and, to the extent Pledged Revenues are received, shall not suffer to remain, any lien, encumbrance or charge upon the Trust Estate, other than that specified in Section 9.06 of this Indenture, or upon any other property pledged under this Indenture, except the pledge created for the security of the Bonds, and other than a lien or pledge subordinate to the lien and pledge of such property related to the Bonds.

(b) So long as Bonds are Outstanding hereunder, and except as set forth in Section 13.02 hereof, the City shall not issue any bonds, notes or other evidences of indebtedness other than the Bonds and Refunding Bonds issued to refund all or a portion of the Bonds secured by any pledge of or other lien or charge on the Trust Estate, other than a lien or pledge subordinate to the lien and pledge of such property related to the Bonds.

Section 7.04 Records, Accounts, Accounting Reports.

The City hereby covenants and agrees that so long as any of the Bonds or any interest thereon remain outstanding and unpaid, and/or the obligation to the Developer or its designee to pay it for funds it has contributed to pay Actual Costs of the Improvement Area #2 Improvements in accordance with the Omnibus Reimbursement Agreement remain outstanding and unpaid, it will keep and maintain a proper and complete system of records and accounts pertaining to the Assessments. The Trustee and holder or holders of any Bonds or any duly authorized agent or agents of such holders shall have the right at all reasonable times to inspect all such records, accounts, and data relating thereto, upon written request to the City by the Trustee or duly authorized representative, as applicable. The City shall provide the Trustee or duly authorized representative, as applicable, an opportunity to inspect such books and records relating to the Bonds during the City's regular business hours and on a mutually agreeable date not later than thirty days after the City receives such request.

Section 7.05 Covenants to Maintain Tax-Exempt Status.

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

- (i) "*Closing Date*" means the date on which the Bonds are first authenticated and delivered to the respective initial purchasers against payment therefor.
- (ii) "*Code*" means the Internal Revenue Code of 1986, as amended by all legislation, if any, effective on or before the Closing Date.
- (iii) "*Computation Date*" has the meaning set forth in Section 1.148-1(b) of the Regulations.
- (iv) "*Gross Proceeds*" means any proceeds as defined in Section 1.148-1(b) of the Regulations, and any replacement proceeds as defined in Section 1.148-1(c) of the Regulations, of the Bonds.

- (v) “*Investment*” has the meaning set forth in Section 1.148-1(b) of the Regulations.
- (vi) “*Nonpurpose Investment*” means any investment property, as defined in Section 148(b) of the Code, in which Gross Proceeds of the Bonds are invested and which is not acquired to carry out the governmental purposes of the Bonds.
- (vii) “*Regulations*” means any proposed, temporary or final Income Tax Regulations issued pursuant to Sections 103 and 141 through 150 of the Code, and 103 of the Internal Revenue Code of 1954, which are applicable to the Bonds. Any reference to any specific Regulation shall also mean, as appropriate, any proposed, temporary or final Income Tax Regulation designed to supplement, amend or replace the specific Regulation referenced.
- (viii) “*Yield*” of (1) any Investment has the meaning set forth in Section 1.148-5 of the Regulations; and (2) the Bonds, , has the meaning set forth in Section 1.148-4 of the Regulations.

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

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

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

financed or refinanced directly or indirectly with such Gross Proceeds, other than taxes of general application within the City or interest earned on investments acquired with such Gross Proceeds pending application for their intended purposes.

(d) No Private Loan.

- (i) Except to the extent permitted by Section 141 of the Code and the Regulations and rulings thereunder, the City shall not use Gross Proceeds of any Bonds to make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, such Gross Proceeds are considered to be “loaned” to a person or entity if: (1) property acquired, constructed or improved with such Gross Proceeds is sold or leased to such person or entity in a transaction which creates a debt for federal income tax purposes; (2) capacity in or service from such property is committed to such person or entity under a take-or-pay, output or similar contract or arrangement; or (3) indirect benefits, or burdens and benefits of ownership, of such Gross Proceeds or any property acquired, constructed or improved with such Gross Proceeds are otherwise transferred in a transaction which is the economic equivalent of a loan.
- (ii) The City covenants and agrees that the levied Assessments will meet the requirements of the “tax assessment loan exception” within the meaning of Section 1.141-5(d) of the Regulations on the date that the Bonds are delivered and will ensure that the Assessments continue to meet such requirements for so long as Bonds are outstanding.

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

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

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

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

- (i) The City shall account for all Gross Proceeds (including all receipts, expenditures and investments thereof) on its books of account separately

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

- (ii) Not less frequently than each Computation Date, the City shall calculate the Rebate Amount in accordance with rules set forth in Section 148(f) of the Code and the Regulations and rulings thereunder. The City shall maintain such calculations with its official transcript of proceedings relating to the issuance the Bonds until six years after the final Computation Date.
- (iii) As additional consideration for the purchase of the Bonds by the Purchasers and the loan of the money represented thereby and in order to induce such purchase by measures designed to ensure the excludability of the interest thereon from the gross income of the owners thereof for federal income tax purposes, the City shall, pursuant to a City Certificate, direct the Trustee to transfer to the Rebate Fund from the funds or subaccounts designated in such City Certificate and direct the Trustee to pay to the United States from the Rebate Fund the amount that when added to the future value of previous rebate payments made for the Bonds equals (i) in the case of a Final Computation Date as defined in Section 1.148-3(e)(2) of the Regulations, one hundred percent (100%) of the Rebate Amount on such date; and (ii) in the case of any other Computation Date, at least ninety percent (90%) of the Rebate Amount on such date. In all cases, the rebate payments shall be made at the times, in the installments, to the place and in the manner as is or may be required by Section 148(f) of the Code and the Regulations and rulings thereunder, and shall be accompanied by Form 8038-T or such other forms and information as is or may be required by Section 148(f) of the Code and the Regulations and rulings thereunder.
- (iv) The City shall exercise reasonable diligence to assure that no errors are made in the calculations and payments required by paragraphs (ii) and (iii), and if an error is made, to discover and promptly correct such error within a reasonable amount of time thereafter (and in all events within one hundred eighty (180) days after discovery of the error), including payment to the United States of any additional Rebate Amount owed to it, interest thereon, and any penalty imposed under Section 1.148-3(h) of the Regulations.

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

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

Article VIII LIABILITY OF CITY

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

(b) 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.

(c) No provision of this Indenture, the Bonds, the Improvement Area #2 Assessment Ordinance, or any agreement, document, instrument, or certificate executed, delivered or approved in connection with the issuance, sale, delivery, or administration of the Bonds (the "Bond Documents"), shall require the City to expend or risk its own general funds or otherwise incur any financial liability (other than with respect to the Trust Estate and the Administrative Expenses) 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.

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

(e) 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.

(f) 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 person designated by the City Council to so act on behalf of the City, and such certificate shall be full warrant to the City for any action taken or suffered under the provisions of this Indenture upon the faith thereof, but in its discretion the City may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

(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 9.01 Trustee as Paying Agent/Registrar.

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

Section 9.02 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, unless the Owners shall have offered to the Trustee security or indemnity (satisfactory to the Trustee in its sole and absolute discretion) against any and all costs and expenses, outlays, and counsel fees and other reasonable disbursements, and against all liability which may be incurred by it in compliance with such request or direction except as a consequence of its own negligence or willful misconduct. Nevertheless, the Trustee may begin suit, or appear in and defend suit, or exercise any such rights and powers as the Trustee, without indemnity, and in such case the Trustee may make transfers from the Pledged Revenue Fund or the District Administration Account of the Administrative Fund to pay all costs and expenses, outlays, and counsel fees and other reasonable disbursements properly incurred in connection therewith and shall, to the extent permitted by law, be entitled to a preference therefor over any Bonds Outstanding hereunder. To the extent permitted by law, the Owners agree to indemnify the Trustee for, and to hold it harmless against, any loss, liability, or expense incurred without negligence or willful misconduct on its part, arising out of or in connection with the

acceptance or administration of this Indenture or the Trust Estate, including the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its rights or duties hereunder.

Section 9.03 Responsibilities of the Trustee.

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

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

- (i) the Trustee undertakes to perform only those duties and obligations which are set forth specifically in this Indenture, and no duties or obligations shall be implied to the Trustee; and
- (ii) in the absence of bad faith on its part, the Trustee may rely conclusively, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are required specifically to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform on their face to the requirements of this Indenture.

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

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

- (i) this subparagraph shall not be construed to affect the limitation of the Trustee's duties and obligations provided in Section 9.03(a)(i) or the Trustee's right to rely on the truth of statements and the correctness of opinions as provided in Section 9.05;
- (ii) the Trustee shall not be liable for any action taken or error of judgment made in good faith by any one of its officers, employees or agents, unless it shall be finally adjudicated by a court of competent jurisdiction that the Trustee was negligent in ascertaining the pertinent facts; and

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

(d) The recitals contained in this Indenture and in the Bonds shall be taken as the statements of the City and the Trustee assumes no responsibility and undertakes no duty to verify for the correctness of the same. The Trustee makes no representations as to the validity or sufficiency of the offering documents, this Indenture, or the Bonds or with respect to the security afforded by this Indenture, and the Trustee shall incur no liability with respect thereto. Except as otherwise expressly provided in this Indenture, the Trustee shall have no responsibility or duty with respect to: (i) the issuance of Bonds for value; (ii) the application of the proceeds thereof, except to the extent that such proceeds are received by it in its capacity as Trustee; (iii) the application of any moneys paid to the City or others in accordance with this Indenture, except as to the application of any moneys paid to it in its capacity as Trustee; (iv) any calculation of arbitrage or rebate under the Code; (v) any loss suffered in connection with any investment of funds (including depreciation) in accordance with this Indenture; or (vi) undertaking any other action unless specifically authorized pursuant to a written direction provided by the City or pursuant to this Indenture.

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

(f) The Trustee shall not be liable for any action taken or omitted by it in the performance of its duties under this Indenture, except for such losses, damages or expenses which have been finally adjudicated by a court of competent jurisdiction to have directly resulted from its own negligence or willful misconduct, both before and after default by the City. In no event shall the Trustee be responsible or liable for incidental, indirect, special, punitive or consequential loss damages of any kind whatsoever (including, but not limited to, loss of profit) in connection with or arising from this Indenture for the existence, furnishing or use of the Improvement Area #2 Improvements irrespective of whether the Trustee has been advised of the likelihood of such losses or damages and regardless of the form of action.

(g) 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. The Trustee shall have no responsibility or liability for any action taken, or errors in judgment made in good faith by it or any of its officers, agents or employees unless it shall have been negligent in employing such agent or in ascertaining the pertinent facts. The Trustee shall be entitled to the advice of counsel concerning all matters of trusts hereof and duties hereunder.

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

- (i) the validity, priority, recording, re-recording, filing or re-filing of this Indenture or any Supplemental Indenture,
- (ii) any instrument or document of further assurance or collateral assignment,

- (iii) the filing of any financing statements, amendments thereto or continuation statements (except as provided in Section 9.13 hereof),
- (iv) insurance of the Improvement Area #2 Improvements or collection of insurance money,
- (v) the validity of the execution by the City of this Indenture, any Supplemental Indenture or instruments or documents of further assurance, or
- (vi) the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby.

(i) The Trustee shall not be accountable for the application by any Person of the proceeds of any Bonds authenticated or delivered hereunder.

(j) The Trustee may request, conclusively rely on, and shall be protected, in the absence of bad faith or negligence on its part, in acting upon any notice, request, direction, consent, certificate, order, judgment, affidavit, letter, telegram or other paper or document reasonably believed by it to be genuine and correct and to have been signed or sent by the proper Person or Persons. Any action taken by the Trustee pursuant to this Indenture upon the direction, request, authority or consent of any Person who is the Owner of any Bonds at the time of making the request or giving the authority or consent, shall be conclusive and binding upon all future Owners of the same Bond and of Bonds issued in exchange therefor or in place thereof.

(k) The Trustee shall not be required to take notice, and shall not be deemed to have notice, of any default or Event of Default, except Events of Default described in Section 11.01(a)(i), unless the Trustee shall be notified specifically of the default or Event of Default in a written instrument or document delivered to it by the City or by the Owners of more than 50% of the aggregate outstanding principal amount of Bonds referring to this Indenture, describing such Event of Default and stating that such notice is a “notice of default”. In the absence of delivery of a notice satisfying those requirements, the Trustee may assume conclusively that there is no Event of Default, except as noted above.

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

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

(n) The Trustee shall be entitled to file proofs of claim in bankruptcy. Ordinary trustee and paying agent/registrar fees and expenses and extraordinary fees and expenses of the Trustee and the Paying Agent/Registrar incurred hereunder are intended to constitute administrative expenses in bankruptcy.

(o) The Trustee’s immunities and protections from liability and its right to indemnification in connection with the performance of its duties under this Indenture shall extend to

the Trustee's officers, directors, agents, attorneys and employees. Such immunities and protections and rights to indemnification, together with the Trustee's right to compensation for trustee and paying agent/registrar services shall survive the Trustee's resignation or removal, the discharge of this Indenture, and final payment of the Bonds.

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

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

(s) The Trustee shall not be responsible or liable for the environmental condition or any contamination of the Improvement Area #2 Improvements or any real property or improvements related thereto or for any diminution in value of the same as a result of any contamination by any hazardous substance, hazardous material, pollutant or contaminant. The Trustee shall not be liable for any claims by or on behalf of the Owners or any other person or entity arising from contamination by any hazardous substance, hazardous material, pollutant or contaminant, and shall have no duty or obligation to assess the environmental condition of the Improvement Area #2 Improvements or any real property or improvements related thereto or with respect to compliance thereof under state or federal laws pertaining to the transport, storage, treatment or disposal of, hazardous substances, hazardous materials, pollutants, or contaminants or regulations, permits or licenses issued under such laws.

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

(u) In the event that any 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.

(v) The Trustee shall not be responsible or liable for any failure or delay in the performance of its obligations under this Indenture arising out of or caused, directly or indirectly, by

circumstances beyond its control, including without limitation, any act or provision of any present or future law or regulation or governmental authority; acts of God; earthquakes; fires; floods; wars; terrorism; civil or military disturbances; sabotage; epidemics; riots; interruptions, loss or malfunctions of utilities, computer (hardware or software) or communications service; accidents; labor disputes; acts of civil or military authority or governmental actions; or the unavailability of the Federal Reserve Bank wire or telex or other wire or communication facility.

Section 9.04 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 9.05 Trustee Protected in Relying on Certain Documents.

The Trustee may request, conclusively rely on and shall be protected in acting or refraining from acting upon any resolution, instrument, opinion, report, direction, order, notice, judgment, request, consent, waiver, certificate, statement, affidavit, requisition, bond, debenture, note or other document provided to the Trustee in accordance with the terms of this Indenture that it shall in good faith reasonably believe to be genuine and to have been adopted or signed by the proper board or Person or to have been prepared and furnished pursuant to any of the provisions of this Indenture, or upon the written opinion of any counsel, architect, engineer, insurance consultant, management consultant, or accountant 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. The Trustee may consult with counsel, who may or may not be Bond Counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of, and the Trustee shall not be liable for any action taken, suffered, or omitted to be taken by it in good faith and in accordance therewith.

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

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

Section 9.06 Compensation.

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

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

Section 9.07 Permitted Acts.

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

Section 9.08 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 Owner of any Outstanding Bond. Such resignation shall take effect upon the appointment of a successor as provided in Section 9.10 and the acceptance of such appointment by such successor.

Section 9.09 Removal of Trustee.

The Trustee may be removed at any time by (i) the Owners of at least a majority of the aggregate outstanding principal of the Bonds by an instrument or concurrent instruments in writing signed and acknowledged by such Owners or by their attorneys-in-fact, duly authorized and delivered

to the City, or (ii) 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 Owners of not less than 10% of the aggregate outstanding principal of the Bonds.

Section 9.10 Successor Trustee.

(a) If the Trustee shall resign, be removed, be dissolved, or become incapable of acting, or shall be adjudged 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 Owners of at least twenty-five percent (25%) of the aggregate outstanding principal of the Bonds by an instrument or concurrent instruments in writing signed and acknowledged by such Owners or their attorneys-in-fact, duly authorized and delivered to such successor Trustee, with notification thereof being given to the predecessor Trustee and the City.

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

(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 9.08 herein or after the occurrence of any other event requiring or authorizing such appointment, the Trustee or any Owner of Bonds may apply to any court of competent jurisdiction for the appointment of such a successor, and the court may thereupon, after such notice, if any, as the court may deem proper, appoint such successor and the City shall be responsible for the costs of such appointment process.

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

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

Section 9.11 Transfer of Rights and Property to Successor Trustee.

Any successor Trustee appointed under the provisions of Section 9.10 shall execute, acknowledge, and deliver to its predecessor and the City an instrument in writing accepting such appointment, and thereupon such successor, without any further act, deed, or conveyance, shall become fully vested with all moneys, estates, properties, rights, immunities, powers, duties, obligations, and trusts of its predecessor hereunder, with like effect as if originally appointed as Trustee. However, the Trustee then ceasing to act shall nevertheless, on request of the City or of such successor, execute, acknowledge, and deliver such instruments of conveyance and further assurance (without representation or warranty, express, implied or statutory) 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.

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

Section 9.14 Construction of Indenture.

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

so provided, every provision of this Indenture or any other financing document related to the Bonds relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Article IX.

Article X
MODIFICATION OR AMENDMENT OF THIS INDENTURE

Section 10.01 Amendments Permitted.

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

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

- (i) to add to the covenants and agreements of the City in this Indenture contained, other covenants and agreements thereafter to be observed, or to limit or surrender any right or power herein reserved to or conferred upon the City;
- (ii) to make modifications not adversely affecting any Outstanding Bonds in any material respect;
- (iii) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in this Indenture, or in regard to questions arising under this Indenture, as the City and the Trustee may deem necessary or desirable and not inconsistent with this Indenture, and that shall not adversely affect the rights of the Owners of the Bonds;
- (iv) to provide for the issuance Refunding Bonds, as set forth in Section 13.02 hereof; 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.

(c) The Trustee must receive an opinion of counsel for such Supplemental Indenture to the effect that the same is authorized or permitted by the terms of this Indenture.

(d) Any modification or amendment made pursuant to this paragraph shall not be subject to the notice procedures specified in Section 10.03 below.

Section 10.02 Owners' Meetings.

The City may at any time call a meeting of the Owners of the Bonds. In such event the City is authorized to fix the time and place of said meeting and to provide for the giving of notice thereof, and to fix and adopt rules and regulations for the conduct of said meeting.

Section 10.03 Procedure for Amendment with Written Consent of Owners.

(a) The City and the Trustee may at any time adopt a Supplemental Indenture amending the provisions of the Bonds or of this Indenture, to the extent that such amendment is permitted by Section 10.01 herein, to take effect when and as provided in this Section. A copy of such Supplemental Indenture, together with a request to Owners for their consent thereto, shall be mailed by first-class mail, by the Trustee to each Owner of Bonds from whom consent is required under this Indenture, but failure to mail copies of such Supplemental Indenture and request shall not affect the validity of the Supplemental Indenture when assented to as in this Section provided.

(b) Such Supplemental Indenture shall not become effective unless there shall be filed with the Trustee the written consents of the Owners as required by this Indenture and a notice shall have been mailed as hereinafter in this Section provided and the City has delivered to the Trustee an opinion of Bond Counsel to the effect that such amendment is permitted and will not adversely affect the exclusion of interest on the Bonds from gross income for purposes of federal income taxation. Each such consent shall be effective only if accompanied by proof of ownership of the Bonds for which such consent is given, which proof shall be such as is permitted by Section 11.06 herein. Any such consent shall be binding upon the Owner of the Bonds giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice thereof), unless such consent is revoked in writing by the Owner giving such consent or a subsequent Owner by filing such revocation with the Trustee prior to the date when the notice hereinafter in this Section provided for has been mailed.

(c) After the Owners of the required percentage of Bonds shall have filed their consents to the Supplemental Indenture, the City shall mail a notice to the Owners in the manner hereinbefore provided in this Section for the mailing of the Supplemental Indenture, stating in substance that the Supplemental Indenture has been consented to by the Owners of the required percentage of Bonds and will be effective as provided in this Section (but failure to mail copies of said notice shall not affect the validity of the Supplemental Indenture or consents thereto). Proof of the mailing of such notice shall be filed with the Trustee. A record, consisting of the papers required by this Section 10.03 to be filed with the Trustee, shall be proof of the matters therein stated until the contrary is proved. The Supplemental Indenture shall become effective upon the filing with the Trustee of the proof of mailing of such notice, and the Supplemental Indenture shall be deemed conclusively binding (except as otherwise hereinabove specifically provided in this Article) upon the City and the Owners of all Bonds at the expiration of ninety (90) 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 ninety-day period; provided, that the Trustee shall have no obligation to take or refrain from taking any such action and the Trustee shall have no liability with respect to any action taken or any instance of inactions.

Section 10.04 Effect of Supplemental Indenture.

From and after the time any Supplemental Indenture becomes effective pursuant to this Article, this Indenture shall be deemed to be modified and amended in accordance therewith, the respective rights, duties, and obligations under this Indenture of the City, the Trustee and all Owners of Outstanding Bonds shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 10.05 Endorsement or Replacement of Bonds Issued After Amendments.

The City may determine that Bonds issued and delivered after the effective date of any action taken as provided in this Article shall bear a notation, by endorsement or otherwise, in form approved by the City, as to such action. In that case, upon demand of the Owner of any Bond Outstanding at such effective date and presentation of his Bond for that purpose at the designated office of the Trustee or at such other office as the City may select and designate for that purpose, a suitable notation shall be made on such Bond. The City may determine that new Bonds, so modified as in the opinion of the City is necessary to conform to such Owners' action, shall be prepared, executed, and delivered. In that case, upon demand of the Owner of any Bonds then Outstanding, such new Bonds shall be exchanged at the designated office of the Trustee without cost to any Owner, for Bonds then Outstanding, upon surrender of such Bonds.

Section 10.06 Amendatory Endorsement of Bonds.

The provisions of this Article shall not prevent any Owner from accepting any amendment as to the particular Bonds held by such Owner, provided that due notation thereof is made on such Bonds.

Section 10.07 Waiver of Default

With the written consent of at least fifty-one percent (51%) in aggregate principal amount of the Bonds then Outstanding, the Owners may waive compliance by the City with certain past defaults under the Indenture and their consequences. Any such consent shall be conclusive and binding upon the Owners and upon all future Owners.

Section 10.08 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 such Supplemental Indenture which affects the Trustee's own rights, duties and immunities under this Indenture.

Article XI
DEFAULT AND REMEDIES

Section 11.01 Events of Default.

(a) Each of the following occurrences or events shall be and is hereby declared to be an “Event of Default,” to wit:

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

(b) Nothing in Section 11.01(a) will be an Event of Default if it is in violation of any applicable state law or court order.

Section 11.02 Immediate Remedies for Default.

(a) Subject to Article VIII, upon the happening and continuance of any of the Events of Default described in Section 11.01, the Trustee may, and at the written direction of the Owners of at least 25% of the Bonds then Outstanding, shall proceed against the City for the purpose of protecting and enforcing the rights of the Owners under this Indenture, by action seeking mandamus or by other suit, action, or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief to the extent permitted by 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.

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

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

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

Section 11.03 Restriction on Owner's Action.

(a) No Owner shall have any right to institute any action, suit or proceeding at law or in equity for the enforcement of this Indenture or for the execution of any trust thereof or any other remedy hereunder, unless (i) a default has occurred and is continuing of which the Trustee has been notified in writing, (ii) such default has become an Event of Default and the Owners of not less than 25% of the aggregate principal amount of the Bonds then Outstanding have made written request to the Trustee and offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, (iii) the Owners have furnished to the Trustee indemnity as provided in Section 9.02 herein, (iv) the Trustee has for ninety (90) days after such notice failed or refused to exercise the powers hereinbefore granted, or to institute such action, suit, or proceeding in its own name, (v) no direction inconsistent with such written request has been given to the Trustee during such 90-day period by the Owners of a majority of the aggregate principal amount of the Bonds then Outstanding, and (vi) notice of such action, suit, or proceeding is given to the Trustee; however, no one or more Owners of the Bonds shall have any right in any manner whatsoever to affect, disturb, or prejudice this Indenture by its, his or their action or to enforce any right hereunder except in the manner provided herein, and that all proceedings at law or in equity shall be instituted and maintained in the manner provided herein and for the equal benefit of the Owners of all Bonds then Outstanding. The notification, request and furnishing of indemnity set forth above shall be conditions precedent to the execution of the powers and trusts of this Indenture and to any action or cause of action for the enforcement of this Indenture or for any other remedy hereunder.

(b) Subject to Article VIII, nothing in this Indenture shall affect or impair the right of any Owner to enforce, by action at law, payment of any Bond at and after the maturity thereof, or on the date fixed for redemption or the obligation of the City to pay each Bond issued hereunder to the respective Owners thereof at the time and place, from the source and in the manner expressed herein and in the Bonds.

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

Section 11.04 Application of Revenues and Other Moneys After Default.

(a) All moneys, securities, funds and Pledged Revenues and other assets of the Trust Estate and the income therefrom received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall, after payment of the cost and expenses of the proceedings resulting in the collection of such amounts, the expenses (including its counsel), liabilities, and advances incurred or made by the Trustee, and the fees of the Trustee in carrying out this Indenture, during the continuance of an Event of Default, notwithstanding Section 11.02 hereof, shall be applied by the Trustee, to the payment of interest and principal or Redemption Price then due on Bonds, as follows:

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

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

Within ten (10) days of receipt of such good and available funds, the Trustee may fix a record and payment date for any payment to be made to Owners pursuant to this Section 11.04.

(b) In the event funds are not adequate to cure any of the Events of Default described in Section 11.01, the available funds shall be allocated to the Bonds that are Outstanding in proportion to the quantity of Bonds that are currently due and in default under the terms of this Indenture.

(c) The restoration of the City to its prior position after any and all defaults have been cured, as provided in Section 11.03, shall not extend to or affect any subsequent default under this Indenture or impair any right consequent thereon.

Section 11.05 Effect of Waiver.

No delay or omission of the Trustee, or any Owner, to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Indenture to the Trustee or the Owners, respectively, may be exercised from time to time and as often as may be deemed expedient.

Section 11.06 Evidence of Ownership of Bonds.

(a) Any request, consent, revocation of consent or other instrument which this Indenture may require or permit to be signed and executed by the Owners of Bonds may be in one or more instruments of similar tenor, and shall be signed or executed by such Owners in person or by their attorneys duly appointed in writing. Proof of the execution of any such instrument, or of any instrument appointing any such attorney, or the holding by any Person of the Bonds shall be sufficient for any purpose of this Indenture (except as otherwise herein expressly provided) if made in the following manner:

- (i) The fact and date of the execution of such instruments by any Owner of Bonds or the duly appointed attorney authorized to act on behalf of such Owner may be provided by a guarantee of the signature thereon by a bank or trust company or by the certificate of any notary public or other officer authorized to take acknowledgments of deeds, that the Person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. Where such execution is by an officer of a corporation or association or a member of a partnership, on behalf of such corporation, association or partnership, such signature guarantee, certificate, or affidavit shall also constitute sufficient proof of his authority.
- (ii) The ownership of Bonds and the amount, numbers and other identification and date of holding the same shall be proved by the Register.

(b) Except as otherwise provided in this Indenture with respect to revocation of a consent, any request or consent by an Owner of Bonds shall bind all future Owners of the same Bonds in respect of anything done or suffered to be done by the City or the Trustee in accordance therewith.

Section 11.07 No Acceleration.

In the event of the occurrence of an Event of Default under Section 11.01 hereof, the right of acceleration of any Stated Maturity is not granted as a remedy hereunder and the right of acceleration under this Indenture is expressly denied.

Section 11.08 Mailing of Notice.

Any provision in this Article for the mailing of a notice or other document to Owners shall be fully complied with if it is mailed, first-class, postage prepaid, only to each Owner at the address appearing upon the Register.

Section 11.09 Exclusion of Bonds.

Bonds owned or held by or for the account of the City will not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds provided for in this Indenture, and the City shall not be entitled with respect to such Bonds to give any consent or take any other action provided for in this Indenture.

Article XII
GENERAL COVENANTS AND REPRESENTATIONS

Section 12.01 Representations as to Trust Estate.

(a) The City represents and warrants that it is authorized by Applicable Laws to authorize and issue the Bonds, to execute and deliver this Indenture and to pledge the Trust Estate in the manner and to the extent provided in this Indenture, and that the Pledged Revenues and the Trust Estate are and will be and remain free and clear of any pledge, lien, charge, or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge and lien created in or authorized by this Indenture except as expressly provided herein.

(b) The City shall at all times, to the extent permitted by Applicable Laws, defend, preserve and protect the pledge of the Trust Estate and all the rights of the Owners and the Trustee, under this Indenture against all claims and demands of all Persons whomsoever.

(c) The City will take all steps reasonably necessary and appropriate, and will direct the Trustee to take all steps reasonably necessary and appropriate, to collect all delinquencies in the collection of the Assessments and any other amounts pledged to the payment of the Bonds to the fullest extent permitted by the PID Act and other Applicable Laws.

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

Section 12.02 Accounts, Periodic Reports and Certificates.

The Trustee shall keep or cause to be kept proper books of record and account (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions relating to the Funds and Accounts established by this Indenture and which shall at all times be subject to inspection by the City, and the Owner or Owners of not less than 10% in principal amount of any Bonds then Outstanding or their representatives duly authorized in writing.

Section 12.03 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 13.01 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 13.02 Additional Obligations or Other Liens.

(a) The City reserves the right, subject to the provisions contained in this Section 13.02, to issue Additional Obligations under other indentures, assessment ordinances, or similar agreements or other obligations which do not constitute or create a lien on the Trust Estate and are not payable from the Pledged Revenues.

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

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

Section 13.03 Books of Record.

(a) The City shall cause to be kept full and proper books of record and accounts, in which full, true and proper entries will be made of all dealing, business and affairs of the City, which relate to the Pledged Revenues, the Pledged Funds, the Trust Estate, and the Bonds.

(b) The Trustee shall have no responsibility with respect to the financial and other information received by it pursuant to this Section 13.03 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. Specifically, but without limitation, the Trustee shall have no duty to review such information, is not considered to have notice of the contents of such information or a default based on such contents, and has no duty to verify the accuracy of such information.

Article XIV
PAYMENT AND CANCELLATION OF THE BONDS AND SATISFACTION OF THE
INDENTURE

Section 14.01 Trust Irrevocable.

The trust created by the terms and provisions of this Indenture is irrevocable until the Bonds secured hereby are fully paid or provision is made for their payment as provided in this Article.

Section 14.02 Satisfaction of Indenture.

If the City shall pay or cause to be paid, or there shall otherwise be paid to the Owners, principal of and interest on all of the Bonds, at the times and in the manner stipulated in this Indenture, and all amounts due and owing with respect to the Bonds have been paid or provided for, then the pledge of the Trust Estate and all covenants, agreements, and other obligations of the City to the Owners of such Bonds, shall thereupon cease, terminate, and become void and be discharged and satisfied. In such event, the Trustee shall execute and deliver to the City copies of all such documents as it may have evidencing that principal of and interest on all of the Bonds has been paid so that the City may determine if the Indenture is satisfied; if so, the Trustee shall pay over or deliver all moneys held by it in the in Funds and Accounts held hereunder to the Person entitled to receive such amounts, or, if no Person is entitled to receive such amounts, then to the City.

Section 14.03 Bonds Deemed Paid.

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

Article XV
MISCELLANEOUS

Section 15.01 Benefits of Indenture Limited to Parties.

Nothing in this Indenture, expressed or implied, is intended to give to any Person other than the City, the Trustee and the Owners, any right, remedy, or claim under or by reason of this Indenture. Any covenants, stipulations, promises or agreements in this Indenture by and on behalf of the City shall be for the sole and exclusive benefit of the Owners and the Trustee. This Indenture and the 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 15.02 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 15.03 Execution of Documents and Proof of Ownership by Owners.

(a) Any request, declaration, or other instrument which this Indenture may require or permit to be executed by Owners may be in one or more instruments of similar tenor, and shall be executed by Owners in person or by their attorneys duly appointed in writing.

(b) Except as otherwise herein expressly provided, the fact and date of the execution by any Owner or his attorney of such request, declaration, or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the Person signing such request, declaration, or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

(c) Except as otherwise herein expressly provided, the ownership of registered Bonds and the amount, maturity, number, and date of holding the same shall be proved by the Register.

(d) Any request, declaration or other instrument or writing of the Owner of any Bond shall bind all future Owners of such Bond in respect of anything done or suffered to be done by the City or the Trustee in good faith and in accordance therewith.

Section 15.04 Waiver of Personal Liability.

No member, officer, agent, or employee of the City shall be individually or personally liable for the payment of the principal of, or interest or any premium on, the Bonds; but nothing herein contained shall relieve any such member, officer, agent, or employee from the performance of any official duty provided by law.

Section 15.05 Notices to and Demands on City and Trustee.

(a) Except as otherwise expressly provided in this Indenture, all notices or other instruments required or permitted under this Indenture, including any City Certificate, shall be in writing and shall be telexed, cabled, delivered by hand, mailed by first- class mail, postage prepaid, or transmitted by facsimile or e-mail and addressed as follows:

If to the City:	City of Crandall, Texas Attention: City Manager 110 S. Main Crandall, Texas 75114
If to the Trustee or the Paying Agent/Registrar:	Wilmington Trust, National Association Attention: Parker Merritt 15950 N. Dallas Parkway, Suite 200 Dallas, Texas 75248

Any such notice, demand, or request may also be transmitted to the appropriate party by telephone and shall be deemed to be properly given or made at the time of such transmission if, and only if, such transmission of notice shall be confirmed in writing and sent as specified above.

Any of such addresses may be changed at any time upon written notice of such change given to the other party by the party effecting the change. Notices and consents given by mail in accordance with this Section shall be deemed to have been given five Business Days after the date of dispatch; notices and consents given by any other means shall be deemed to have been given when received.

(b) The Trustee shall mail to each Owner of a Bond notice of (i) any substitution of the Trustee; or (ii) the redemption or defeasance of all Bonds Outstanding.

(c) The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions (“Instructions”) given pursuant to this Indenture and delivered using Electronic Means (“Electronic Means” means the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder); provided, however, that the City shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions (“Authorized Officers”) and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the City whenever a person is to be added or deleted from the listing. If the City elects to give the Trustee Instructions using Electronic Means and the Trustee elects to act upon such Instructions, the Trustee’s understanding of such Instructions shall be deemed controlling. The City understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The City shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and the City and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the City. The Trustee shall not be liable for any losses, costs or expenses arising

directly or indirectly from the Trustee's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The City agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the City; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

Section 15.06 Partial Invalidity.

If any Section, paragraph, sentence, clause, or phrase of this Indenture shall for any reason be held illegal or unenforceable, such holding shall not affect the validity of the remaining portions of this Indenture. The City hereby declares that it would have adopted this Indenture and each and every other Section, paragraph, sentence, clause, or phrase hereof and authorized the issue of the Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this Indenture may be held illegal, invalid, or unenforceable.

Section 15.07 Applicable Laws.

This Indenture shall be governed by and enforced in accordance with the laws of the State of Texas applicable to contracts made and performed in the State of Texas. The parties hereby (i) irrevocably submit to the exclusive jurisdiction of any federal or state court sitting in Kaufman County, Texas, (ii) waive any objection to laying of venue in any such action or proceeding in such courts, and (iii) waive any objection that such courts are an inconvenient forum or do not have jurisdiction over any party.

Section 15.08 Payment on Business Day.

In any case where the date of the maturity of interest or of principal (and premium, if any) of the Bonds or the date fixed for redemption of any Bonds or the date any action is to be taken pursuant to this Indenture is other than a Business Day, the payment of interest or principal (and premium, if any) or the action need not be made on such date but may be made on the next succeeding day that is a Business Day with the same force and effect as if made on the date required and no interest shall accrue for the period from and after such date.

Section 15.09 Omnibus Reimbursement Agreement.

The City and the Developer may amend and supplement the Omnibus Reimbursement Agreement from time to time without the consent or the approval of the Owners or the Trustee, except that no such amendment or supplement shall modify any of the rights or obligations of the Trustee without its prior written consent, or modify any of the rights or obligations of the Owners unless there shall be filed with the Trustee the written consents of the Owners to such amendment or supplement.

Section 15.10 Counterparts.

This Indenture may be executed in counterparts, each of which shall be deemed an original.

Section 15.11 Statutory Verifications.

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 SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification during the term of this 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 a 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 2276.0010), Government Code.

[remainder of page left blank intentionally]

IN WITNESS WHEREOF, the City and the Trustee have caused this Indenture of Trust to be executed all as of the date hereof.

CITY OF CRANDALL, TEXAS

By: _____
Mayor

ATTEST:

City Secretary

WILMINGTON TRUST, NATIONAL
ASSOCIATION, as Trustee

By: _____
Authorized Officer

EXHIBIT A

(a) Form of Bond.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF TEXAS, THE CITY, OR ANY OTHER POLITICAL CORPORATION, SUBDIVISION OR AGENCY THEREOF, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS BOND.

Registered
No. _____

Registered
\$ _____

United States of America
State of Texas

CITY OF CRANDALL, TEXAS
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025
(RIVER RIDGE PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #2 PROJECT)

<u>INTEREST RATE</u> _____ %	<u>MATURITY DATE</u> September 15, 20__	<u>DATE OF DELIVERY</u>	<u>CUSIP NUMBER</u>
---------------------------------	--	-------------------------	---------------------

The City of Crandall, Texas (the “City”), for value received, hereby promises to pay, solely from the Trust Estate, to

or registered assigns, on the Maturity Date, as specified above, the sum of

_____ DOLLARS

unless this Bond shall have been sooner called for redemption and the payment of the principal hereof shall have been paid or provision for such payment shall have been made, and to pay interest on the unpaid principal amount hereof from the later of the Date of Delivery, as specified above, or the most recent Interest Payment Date to which interest has been paid or provided for until such principal amount shall have been paid or provided for, at the per annum rate of interest specified above, computed on the basis of a 360-day year of twelve 30-day months, such interest to be paid semiannually on March 15 and September 15 of each year, commencing September 15, 2025, until maturity or prior redemption.

Capitalized terms appearing herein that are defined terms in the Indenture defined below, have the meanings assigned to them in the Indenture. Reference is made to the Indenture for such definitions and for all other purposes.

The principal of this Bond shall be payable without exchange or collection charges in lawful money of the United States of America upon presentation and surrender of this Bond at the corporate trust office in Dallas, Texas (the “Designated Payment/Transfer Office”), of Wilmington Trust, National Association, as trustee and paying agent/registrar (the “Trustee”, which term includes any successor trustee under the Indenture), or, with respect to a successor trustee and paying agent/registrar, at the Designated Payment/Transfer Office of such successor. Interest on this Bond is payable by check dated as of the Interest Payment Date, mailed by the Trustee to the registered owner at the address shown on the registration books kept by the Trustee or by such other customary banking arrangements, 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 fifteenth 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 (the “Special Payment Date,” which shall be 15 days after the Special Record Date) shall be sent at least five Business Days prior to the Special Record Date by United States mail, first-class, postage prepaid, to the address of each Owner of a Bond appearing on the books of the Trustee at the close of business on the last Business Day preceding the date of mailing such notice.

If a date for the payment of the principal of or interest on the Bonds is a Saturday, Sunday, legal holiday, or a day on which banking institutions in the city in which the Designated Payment/Transfer Office is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding Business Day, and payment on such date shall have the same force and effect as if made on the original date payment was due.

This Bond is one of a duly authorized issue of assessment revenue bonds of the City having the designation specified in its title (herein referred to as the “Bonds”), dated March 1, 2025, and issued in the aggregate principal amount of \$[] and issued, with the limitations described herein, pursuant to an Indenture of Trust, dated as of March 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 Improvement Area #2 Improvements, (ii) paying the capitalized interest on the Bonds during the period of construction and acquisition of the Improvement Area #2 Improvements, (iii) funding a reserve fund for payment of principal and interest on the Bonds, (iv) paying a portion of the costs incidental to the organization and administration of the District, and (v) paying costs of issuance.

The Bonds are limited obligations of the City payable solely from the Trust Estate as defined in the Indenture. Reference is hereby made to the Indenture, copies of which are on file with and available upon request from the Trustee, for the provisions, among others, with respect to the nature and extent of the duties and obligations of the City, the Trustee and the Owners. The Owner of this

Bond, by the acceptance hereof, is deemed to have agreed and consented to the terms, conditions and provisions of the Indenture.

Notwithstanding any provision hereof, the Indenture may be released and the obligation of the City to make money available to pay this Bond may be defeased by the deposit of money and/or certain direct or indirect Defeasance Securities sufficient for such purpose as described in the Indenture.

The Bonds are issuable as fully registered bonds only in Authorized Denominations, subject to the provisions of the Indenture authorizing redemption in denominations of \$25,000 and any multiple of \$1,000 in excess thereof.

The Bonds are subject to sinking fund redemption prior to their respective maturities and will be redeemed by the City in part at a price equal to the principal amount thereof plus accrued and unpaid interest thereon to the date set for redemption from moneys available for such purpose in the Redemption Fund pursuant to Article VI of the Indenture, on the dates and in the Sinking Fund Installment amounts as set forth in the following schedule:

Term Bonds Maturing		Term Bonds Maturing	
Redemption Date (9/15)	Sinking Fund Installment (\$)	Redemption Date (9/15)	Sinking Fund Installment (\$)

* maturity

* maturity

Term Bonds Maturing	
Redemption Date (9/15)	Sinking Fund Installment (\$)

* maturity

At least forty-five (45) days prior to each mandatory sinking fund redemption date, and subject to any prior reduction authorized in the Indenture, the Trustee shall select for redemption, pursuant to the provisions of the Indenture, a principal amount of Bonds of such maturity equal to the Sinking Fund Installments of such Bonds to be redeemed, shall call such Bonds for redemption on such scheduled mandatory sinking fund redemption date, and shall give notice of such redemption, as provided in the Indenture.

The principal amount of Bonds required to be redeemed on any mandatory sinking fund redemption date shall be reduced, at the option of the City, by the principal amount of any Bonds of such maturity which, at least 45 days prior to the mandatory sinking fund redemption date (i) shall have been acquired by the City at a price not exceeding the principal amount of such Bonds plus accrued and unpaid interest to the date of purchase thereof, and delivered to the Trustee for cancellation, or (ii) shall have been redeemed pursuant to the optional redemption or extraordinary optional redemption and not previously credited to a sinking fund redemption.

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

Bonds are subject to extraordinary optional redemption prior to maturity in whole or in part, on any date, 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, other transfers to the Redemption Fund pursuant to the Indenture, or as a result of unexpended amounts transferred from the Project Fund as provided in the Indenture.

The Trustee shall give notice of any redemption of Bonds by sending notice by first class United States mail, postage prepaid, not less than 30 days before the date fixed for redemption, to the Owner of each Bond (or part thereof) to be redeemed, at the address shown on the Register. The notice shall state the redemption date, the Redemption Price, the place at which the Bonds are to be surrendered for payment, and, if less than all the Bonds Outstanding are to be redeemed, an identification of the Bonds or portions thereof to be redeemed. Any notice so given shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice.

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

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the City and the rights of the holders of the Bonds under the Indenture at any time Outstanding affected by such modification. The Indenture also

contains provisions permitting the holders of specified percentages in aggregate principal amount of the Bonds at the time Outstanding, on behalf of the holders of all the Bonds, to waive compliance by the City with certain past defaults under the Bond Ordinance or the Indenture and their consequences. Any such consent or waiver by the holder of this Bond or any predecessor Bond evidencing the same debt shall be conclusive and binding upon such holder and upon all future holders thereof and of any Bond issued upon the transfer thereof or in exchange therefor or in lieu thereof, whether or not notation of such consent or waiver is made upon this Bond.

As provided in the Indenture, this Bond is transferable upon surrender of this Bond for transfer at the Designated Payment/Transfer Office, with endorsement or other evidence of transfer, 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 OF CRANDALL, TEXAS, THE STATE OF TEXAS, OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE BONDS.

IT IS HEREBY CERTIFIED AND RECITED that the issuance of this Bond and the series of which it is a part is duly authorized by law; that all acts, conditions and things required to be done precedent to and in the issuance of the Bonds have been properly done and performed and have happened in regular and due time, form and manner, as required by law; and that the total indebtedness of the City, including the Bonds, does not exceed any Constitutional or statutory limitation.

IN WITNESS WHEREOF, the City Council of the City has caused this Bond to be executed under the official seal of the City.

Mayor, City of Crandall, Texas

City Secretary, City of Crandall, Texas
[City Seal]

(b) Form of Comptroller's Registration Certificate.

The following Registration Certificate of Comptroller of Public Accounts shall appear on the Initial Bond:

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER §
OF PUBLIC ACCOUNTS § REGISTER NO. _____
THE STATE OF TEXAS §

I HEREBY CERTIFY THAT there is on file and of record in my office a certificate to the effect that the Attorney General of the State of Texas has approved this Bond, and that this Bond has been registered this day by me.

WITNESS MY SIGNATURE AND SEAL OF OFFICE this _____.

Comptroller of Public Accounts
of the State of Texas

[SEAL]

(c) Form of Certificate of Trustee. (The following Certificate of Trustee shall appear on all bonds except the Initial Bond.)

CERTIFICATE OF TRUSTEE

It is hereby certified that this is one of the Bonds of the series of Bonds referred to in the within mentioned Indenture.

WILMINGTON TRUST, NATIONAL
ASSOCIATION, as Trustee

By: _____
Authorized Signatory

DATED: _____

(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

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) through (d) of this Exhibit A, except for the following alterations:

- (i) immediately under the name of the Bond the heading "INTEREST RATE" and "MATURITY DATE" shall both be completed with the expression "As Shown Below," and the reference to the "CUSIP NUMBER" shall be deleted;
- (ii) in the first paragraph of the Bond, the words "on the Maturity Date as specified above, the sum of _____ DOLLARS" shall be deleted and the following will be inserted: "on September 15 in each of the years, in the principal installments and bearing interest at the per annum rates set forth

in the following schedule:

Years Principal Installments Interest Rates”

(Information to be inserted from Section 3.02(a)(iii) hereof); and

(iii) the Initial Bond shall be numbered T-1.

APPENDIX B

FORM OF SERVICE AND ASSESSMENT PLAN

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RIVER RIDGE PUBLIC IMPROVEMENT DISTRICT

CRANDALL, TEXAS

PRELIMINARY SERVICE AND ASSESSMENT PLAN

May 2, 2022

As Updated for Single-Family Residential Major
Improvement Bonds and Improvement Area #1 Bonds on
October 17, 2022, and Improvement Area #2 Bonds on
_____, 2025

PREPARED BY:

MUNICAP, INC.
— PUBLIC FINANCE —

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RIVER RIDGE PUBLIC IMPROVEMENT DISTRICT

PRELIMINARY SERVICE AND ASSESSMENT PLAN

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I. PLAN DESCRIPTION AND DEFINED TERMS

A. INTRODUCTION

On June 1, 2020, the City Council of the City of Crandall, Texas passed and approved Resolution No. 060120 approving and authorizing the creation of the River Ridge Public Improvement District (the “PID”) to finance the costs of certain public improvements for the benefit of property in such public improvement district, all of which was located within the extraterritorial jurisdiction of the City at the time the PID was created.

The property within the PID is proposed to be developed in multiple phases, and the PID will finance public improvements as the property within the PID is developed. Assessments will be imposed on the property for the public improvements to be constructed.

Chapter 372 of the Texas Local Government Code, the “Public Improvement District Assessment Act” (as amended, the “PID Act”), governs the creation and operation of public improvement districts within the State of Texas. This River Ridge Public Improvement District Service and Assessment Plan (the “Service and Assessment Plan”) has been prepared in accordance with the PID Act and specifically Sections 372.013, 372.014, 372.015 and 372.016, which address the requirements of a service and assessment plan and the assessment roll. According to Section 372.013 of the PID Act, a service plan “must (1) cover a period of at least five years; (2) define the annual indebtedness and the projected costs for improvements; and (3) include a copy of the notice form required by Section 5.014, Property Code.” Additionally, the PID act requires that “the governing body of the municipality or county shall review and update the service plan annually for the purpose of determining the annual budget for improvements.” The service plan is described in Section IV of this Service and Assessment Plan. The copy of the notice form required by Section 5.014 of the Texas Property Code, as amended, is attached hereto as Appendix E.

Section 372.014 of the PID Act requires that “an assessment plan must be included in the annual service plan.” The assessment plan is described in Section V of this Service and Assessment Plan.

Section 372.015 of the PID Act requires that “the governing body of the municipality or county shall apportion the cost of an improvement to be assessed against property in an improvement district.” The method of assessing the costs of the Authorized Improvements and apportionment of such costs to the property within the PID is included in Section V of this Service and Assessment Plan.

Section 372.016 of the PID Act requires that “after the total cost of an improvement is determined, the governing body of the municipality or county shall prepare a proposed assessment roll. The roll must state the assessment against each parcel of land in the district, as determined by the method of assessment chosen by the municipality or county under this subchapter.” The Assessment Rolls for the PID are included as Appendix G, Appendix H, and Appendix I of this Service and Assessment Plan. The Assessments as shown on each Assessment Roll are based on the method of assessment and apportionment of costs described in Section V of this Service and Assessment Plan.

B. DEFINITIONS

Capitalized terms used herein shall have the meanings ascribed to them as follows:

“Actual Cost(s)” means, with respect to an Authorized Improvement, the demonstrated, reasonable, allocable, and allowable costs of constructing such Authorized Improvement, as specified in a Certificate for Payment that has been reviewed and approved by the City. Actual Cost may include (a) the costs for the design, planning, financing, administration, management, acquisition, installation, construction and/or implementation of such Authorized Improvement, including general contractor construction management fees, if any, (b) the costs of preparing the construction plans for such Authorized Improvement, (c) the fees paid for obtaining permits, licenses or other governmental approvals for such Authorized Improvement, (d) the costs for external professional costs associated with such Authorized Improvement, such as engineering, geotechnical, surveying, land planning, architectural landscapers, advertising, marketing and research studies, appraisals, legal, accounting and similar professional services, taxes (e) the costs of all labor, bonds and materials, including equipment and fixtures, incurred by contractors, builders and material men in connection with the acquisition, construction or implementation of the Authorized Improvements, (f) all related permitting, zoning and public approval expenses, architectural, engineering, legal, and consulting fees, financing charges, taxes, governmental fees and charges (including inspection fees, City permit fees, development fees), insurance premiums, and miscellaneous expenses.

Actual Costs include general contractor’s fees in an amount up to a percentage equal to the percentage of work completed and accepted by the City or construction management fees in an amount up to five percent of the eligible Actual Costs described in a Certificate for Payment that has been reviewed and approved by the City. The amounts expended on legal costs, taxes, governmental fees, insurance premiums, permits, financing costs, and appraisals shall be excluded from the base upon which the general contractor and construction management fees are calculated.

“Additional Interest” means the up to 0.50% additional interest rate charged on Assessments (if applicable) pursuant to Section 372.018 of the PID Act. If and when Bonds are issued, the Additional Interest shall be charged as described in Section V.G.

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

“Additional Interest Reserve” has the meaning set forth in Section V.G of this Service and Assessment Plan.

“Administrative Expenses” mean the administrative, organization, maintenance and operation costs associated with, or incident to, the administration, organization, maintenance and operation of the PID, including, but not limited to, the costs of: (i) creating and organizing the PID, including conducting hearings, preparing notices and petitions, and all costs incident thereto, including engineering fees, legal fees and consultant fees, (ii) the annual administrative, organization, maintenance, and operation costs and expenses associated with, or incident and allocable to, the administration, organization, and operation of the PID, (iii) computing, levying, billing and

collecting Assessments or the Annual Installments thereof, (iv) maintaining the record of installments of the Assessments and the system of registration and transfer of the Bonds, (v) paying and redeeming the Bonds, (vi) investing or depositing of monies, (vii) complying with the PID Act and other laws applicable to the Bonds, (viii) the Trustee fees and expenses relating to the Bonds, including reasonable fees, (ix) legal counsel, engineers, accountants, financial advisors, investment bankers or other consultants and advisors, and (x) administering the construction of the Authorized Improvements. Administrative Expenses do not include payment of the actual principal of, redemption premium, if any, and interest on the Bonds. Administrative Expenses collected and not expended for actual Administrative Expenses in one year shall be carried forward and applied to reduce Administrative Expenses in subsequent years to avoid the over-collection of amounts to pay Administrative Expenses.

“Administrator” means the employee or designee of the City, identified in any indenture of trust relating to the Bonds or in any other agreement approved by the City Council, who shall have the responsibilities provided for herein.

“Annual Installment” means, with respect to each Parcel, each annual payment of: (i) the Assessments including both principal and interest, as shown on the Assessment Rolls attached hereto as Appendix G, Appendix H, and Appendix I, as applicable, or in an Annual Service Plan Update, and calculated as provided in Section VI of this Service and Assessment Plan, and (ii) the Additional Interest Component designated for the Additional Interest Reserve described in Section V.G of this Service and Assessment Plan, and (iii) Administrative Expenses.

“Annual Service Plan Update” has the meaning set forth in the second paragraph of Section IV of this Service and Assessment Plan.

“Assessed Property” means the property that benefits from the Authorized Improvements to be provided by the PID on which Assessments have been imposed as shown in each Assessment Roll, as each Assessment Roll is updated each year by the Annual Service Plan Update. Assessed Property includes all Parcels within the Single-Family Residential Major Improvement Area, Improvement Area #1, and Improvement Area #2 of the PID other than Non-Benefited Property.

“Assessment” means an assessment levied against a Parcel imposed pursuant to an Assessment Ordinance and the provisions herein, as shown on any Assessment Roll, subject to reallocation upon the subdivision of such Parcel or reduction according to the provisions herein and the PID Act. An Assessment for a Parcel consists of the Annual Installments to be collected in all years including the portion of those Annual Installments collected to pay Administrative Expenses and interest on all Assessments.

“Assessment Ordinance” means an Assessment Ordinance adopted by the City Council approving the Service and Assessment Plan (including amendments or supplements to the Service and Assessment Plan) and levying the Assessments.

“Assessment Revenues” mean the revenues actually received by or on behalf of the City from the collection of Assessments.

“Assessment Roll” means, as applicable, the Single-Family Residential Major Improvement Area Assessment Roll, the Improvement Area #1 Assessment Roll, the Improvement Area #2 Assessment Roll, or any other Assessment Roll in an amendment or supplement to this Service and Assessment Plan or in an Annual Service Plan Update.

“Authorized Improvements” mean those public improvements described in Appendix B of this Service and Assessment Plan and Section 372.003 of the PID Act, constructed and installed in accordance with this Service and Assessment Plan, and any future updates and/or amendments.

“Bonds” mean any bonds issued by the City in one or more series and secured in whole or in part by the Assessment Revenues.

“Budgeted Cost(s)” means the amounts budgeted to construct the Authorized Improvements as used in the preparation of this Service and Assessment Plan.

“Certificate for Payment” means the certificate to be provided by the Developer, or his designee, to substantiate the Actual Cost of one or more Authorized Improvements. With respect to the Improvement Area #1 Projects, Improvement Area #2 Improvements, and the Single-Family Residential Major Improvement Area Projects, it shall refer to the form attached as Exhibit B to the Omnibus Reimbursement Agreement.

“City” means the City of Crandall, Texas.

“City Council” means the duly elected governing body of the City.

“County” means Kaufman County, Texas.

“Delinquent Collection Costs” mean interest, penalties and expenses incurred or imposed with respect to any delinquent installment of an Assessment in accordance with the PID Act and the costs related to pursuing collection of a delinquent Assessment and foreclosing the lien against the Assessed Property, including attorney’s fees.

“Developer” means Taylor Morrison of Texas Inc., a Texas corporation, its successors and assigns.

“Development Agreement” means that certain “River Ridge Development Agreement” originally by and between the City and JWS Land, LTD., a Texas limited partnership, and related to the property within the PID dated as of August 3, 2020, and as the same may be amended or assigned from time to time. The development rights for the Single-Family Residential Property was assigned by JWS Land, LTD. to PMB as of March 26, 2021. PMB assigned the development rights for the Single-Family Residential Property to the Developer on July 13, 2021.

“Equivalent Units” mean, as to any Parcel the number of dwelling units by lot type expected to be built on the Parcel multiplied by the factors calculated and shown in Appendix F attached hereto.

“Future Improvement Area Assessed Property” means all Parcels within the Future Improvement Area other than Non-Benefited Property.

“Future Improvement Area Bonds” means bonds issued to fund Future Improvement Area Improvements (or a portion thereof) in a Future Improvement Area that are secured by Assessments levied on Future Improvement Area Assessed Property. In connection with Future Improvement Area Bonds, Assessments related to such Future Improvement Area Bonds will be levied only on property located within the applicable Future Improvement Area to finance Authorized Improvements which will only benefit such Future Improvement Area.

“Future Improvement Area Improvements” means those Authorized Improvements which will confer a special benefit to the related Future Improvement Area.

“Future Improvement Areas” means those Improvement Areas to be defined and developed after Improvement Area #1 and Improvement Area #2, and within the boundaries of the PID (but which are not subject to development at this time).

“Homeowner Association” means a homeowner’s association or property owners’ association established for the benefit of property owners within the boundaries of the PID.

“Homeowner Association Property” means property within the boundaries of the PID that is owned by or irrevocably offered for dedication to, whether in fee simple or through an exclusive use easement, a Homeowner’s Association.

“Improvement Area” means one or more Parcels within the PID that will be developed in the same general time period. The Parcels within a Improvement Area will be assessed in connection with the issuance of Future Improvement Area Bonds for Authorized Improvements (or the portion thereof) designated in an update to this Service and Assessment Plan that specially benefit the Parcels within the Improvement Area.

“Improvement Area #1” or **“IA #1”** means the initial Improvement Area to be developed and generally depicted in Appendix A-1, and described as the sum of all Parcels shown in Appendix H. A combined legal description of Improvement Area #1 and the Single-Family Residential Major Improvement Area is attached as Appendix C-1.

“Improvement Area #1 Assessed Property” means all Parcels within Improvement Area #1 other than Non-Benefited Property and shown in the Improvement Area #1 Assessment Roll against which an Assessment relating to the Improvement Area #1 Projects is levied.

“Improvement Area #1 Assessment Revenues” mean the actual revenues received by or on behalf of the City from the collection of Assessments levied against Improvement Area #1 Assessed Property, or the Annual Installments thereof, for the Improvement Area #1 Projects.

“Improvement Area #1 Assessment Roll” means the document included in this Service and Assessment Plan as Appendix H, 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 in connection with the issuance of Bonds or in connection with any Annual Service Plan Update.

“Improvement Area #1 Bonds” mean those certain City of Crandall, Texas, Special Assessment Revenue Bonds, Series 2022 (River Ridge Public Improvement District Improvement Area #1 Project) that are secured primarily by Improvement Area #1 Assessment Revenues. The term Improvement Area #1 Bonds may also include any additional bonds issued in the future to construct or acquire the Improvement Area #1 Improvements currently being constructed pursuant to the Omnibus Reimbursement Agreement and will be secured by the Improvement Area #1 Assessment Revenues.

“Improvement Area #1 Improvements” mean the Authorized Improvements which only benefit Improvement Area #1 Assessed Property, which are described in Section III.C.

“Improvement Area #1 Maximum Assessment Per Unit” means for Improvement Area #1, an Assessment Per Unit for Improvement Area #1 Projects for each applicable Lot Type as follows:

Lot Type 1 - \$54,151.45

Lot Type 2 - \$51,985.40

“Improvement Area #1 Projects” means (i) the pro rata portion of the Single-Family Residential Major Improvements allocable to Improvement Area #1, and (ii) the Improvement Area #1 Improvements.

“Improvement Area #2” or **“IA #2”** means the Improvement Area to be developed and generally depicted in Appendix A-4, and described as the sum of all Parcels shown in Appendix I. A legal description of Improvement Area #2 is attached as Appendix C-2.

“Improvement Area #2 Assessed Property” means all Parcels within Improvement Area #2 other than Non-Benefited Property and shown in the Improvement Area #2 Assessment Roll against which an Assessment relating to the Improvement Area #2 Projects is levied.

“Improvement Area #2 Assessment Revenues” mean the actual revenues received by or on behalf of the City from the collection of Assessments levied against Improvement Area #2 Assessed Property, or the Annual Installments thereof, for the Improvement Area #2 Projects.

“Improvement Area #2 Assessment Roll” means the document included in this Service and Assessment Plan as Appendix I, 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 in connection with the issuance of Bonds or in connection with any Annual Service Plan Update.

“Improvement Area #2 Bonds” mean those certain City of Crandall, Texas, Special Assessment Revenue Bonds, Series 2025 (River Ridge Public Improvement District Improvement Area #2 Project) that are secured primarily by Improvement Area #2 Assessment Revenues.

“Improvement Area #2 Improvements” mean the Authorized Improvements which only benefit Improvement Area #2 Assessed Property, which are described in Section III.D.

“Improvement Area #2 Maximum Assessment Per Unit” means for Improvement Area #2, an Assessment Per Unit for Improvement Area #2 Projects for each applicable Lot Type as follows:

Lot Type 1 - \$50,742.21

Lot Type 2 - \$48,712.52

“Lot” means a tract of land described as a “lot” in a subdivision plat recorded in the official public records of Kaufman County, Texas.

“Lot Type” means a classification of final building lots with similar characteristics (e.g. commercial, light industrial, multifamily residential, single family residential, etc.), as determined by the Administrator and confirmed by the City Council as shown in Appendix F. In the case of single family residential lots, the Lot Type shall be further defined by classifying the residential lots by the estimated average home value for each home at the time of assessment levy, considering factors such as density, lot size, proximity to amenities, view premiums, location, and any other factors that may impact the average home value on the lot, as determined by the Administrator and confirmed by the City Council.

“Non-Benefited Property” means Parcels that accrue no special benefit from the Authorized Improvements, including Homeowner Association Property, Public Property and easements that create an exclusive use for a public utility provider to the extent they accrue no special benefit. Property identified as Non-Benefited Property at the time the Assessments (i) are imposed or (ii) are reallocated pursuant to a subdivision of a Parcel, is not assessed. Assessed Property converted to Non-Benefited Property, if the Assessments may not be reallocated pursuant to the provisions herein, remains subject to the Assessments and requires the Assessments to be prepaid as provided for in Section VI.E.

“Non-Single-Family Residential Property” means property within the PID other than Improvement Area #1 and the Single-Family Residential Major Improvement Area, generally depicted in Appendix A-3, where it is presently intended that non-single-Family residential development consisting of retail and multifamily will be built.

“Omnibus Reimbursement Agreement” means that certain Agreement for the Construction of Authorized Improvements and Reimbursement of Advances dated as of November 1, 2021, by and between the City, the Developer and PMB in which the Developer agrees to fund certain Actual Costs of the Authorized Improvements and the City agrees to reimburse PMB, as assignee of the Developer’s right to reimbursement, with interest permitted by the PID Act solely from Assessment Revenues and/or the net proceeds of Bonds for a portion of such Actual Costs of the Authorized Improvements funded by the Developer for Authorized Improvements constructed and inspected by the City for the benefit of the Assessed Property.

“Parcel” or **“Parcels”** means a parcel or parcels within the PID identified by either a tax map identification number assigned by the Kaufman Central Appraisal District for real property tax

purposes or by lot and block number in a final subdivision plat recorded in the real property records of Kaufman County.

“PID” has the meaning set forth in Section I.A of this Service and Assessment Plan.

“PID Act” means Texas Local Government Code Chapter 372, Public Improvement District Assessment Act, Subchapter A, Public Improvement Districts, as amended.

“PMB” means PMBS River Ridge L.P., a Texas limited partnership.

“Prepayment Costs” mean 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 of an Assessment.

“Public Property” means property within the boundaries of the PID that is owned by or irrevocably offered for dedication to the federal government, the State of Texas, Kaufman County, the City, a school district or any other public agency, whether in fee simple or through an exclusive use easement.

“Service and Assessment Plan” means this Service and Assessment Plan prepared for the PID pursuant to the PID Act, as the same may be amended from time to time.

“Single-Family Residential Major Improvement Area” or **“SFRMIA”** means, the Property within the PID excluding (a) Non-Single-Family Residential Property and (b) Improvement Area #1 to be developed subsequent to Improvement Area #1 and generally depicted in Appendix A-2 of this Service and Assessment Plan or any Annual Service Plan Update. A combined legal description of the Single-Family Residential Major Improvement Area and Improvement Area #1 is attached as Appendix C-1.

“Single-Family Residential Major Improvement Area Assessed Property” means, for any year, all Parcels within the PID other than (a) Non-Single-Family Residential Property (b) Non-Benefited Property, and (c) Parcels within Improvement Area #1.

“Single-Family Residential Major Improvement Area Assessment Revenues” mean the revenues actually received by or on behalf of the City from the collection of Assessments levied against the Single-Family Residential Major Improvement Area Assessed Property, or the Annual Installments thereof, for the Single-Family Residential Major Improvement Area Projects.

“Single-Family Residential Major Improvement Area Assessment Roll” means the document included in this Service and Assessment Plan as Appendix G, 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 in connection with the issuance of Bonds or in connection with any Annual Service Plan Update.

“Single-Family Residential Major Improvement Area Projects” mean the pro rata portion of the Single-Family Residential Major Improvements allocable to the Single-Family Residential Major Improvement Area, which are described in Section III.

“Single-Family Residential Major Improvement Bonds” mean those certain City of Crandall, Texas, Special Assessment Revenue Bonds, Series 2022 (River Ridge Public Improvement District Single-Family Residential Major Improvement Area Projects) that are secured primarily by Single-Family Residential Major Improvement Area Assessment Revenues. The term Single-Family Residential Major Improvement Bonds may also include any additional bonds issued in the future to construct or acquire the Single-Family Residential Major Improvements currently being constructed pursuant to the Omnibus Reimbursement Agreement and will be secured by the Single-Family Residential Major Improvement Area Assessment Revenues.

“Single-Family Residential Major Improvements” mean the Authorized Improvements which benefit all Assessed Property located within the Single-Family Residential Property of the PID and are described in Section III.B.

“Single-Family Residential Property” means Improvement Area #1 and the Single-Family Residential Major Improvement Area.

“TIRZ Annual Credit Amount” means, for each Parcel within an applicable Improvement Area, the prorated amount of TIRZ Revenues calculated pursuant to Section VI of this Service and Assessment Plan.

“TIRZ No. 1” means the Tax Increment Reinvestment Zone No. 1, City of Crandall, Texas.

“TIRZ No. 1 Reimbursement Agreement” means the TIRZ No. 1 Reimbursement Agreement effective as of August 17, 2020, by and among the City, JWS Land, LTD., and the Board of Directors of TIRZ No. 1, as amended by that First Amendment to the TIRZ No. 1 Reimbursement Agreement, effective as of October 3, 2022, by and among the City, PMB, JWS Land, LTD., and the Board of Directors of TIRZ No. 1.

“TIRZ Ordinance” means an ordinance adopted by the City Council authorizing the use of TIRZ Revenues for project costs under the Tax Increment Financing Act, Texas Tax Code, Chapter 311, as amended, relating to the Authorized Improvements as provided for in the Tax Increment Reinvestment Zone No. 1 Project Plan and Financing Plan (including amendments or supplements thereto).

“TIRZ Revenues” mean, for each year, the amounts paid by the City and the County from TIRZ No. 1 tax increment fund pursuant to the TIRZ Ordinance to reduce an Annual Installment on Parcels within an applicable Improvement Area, as calculated each year by the Administrator in collaboration with the City and the County, in accordance with Section VI of this Service and Assessment Plan.

“Trustee” means the fiscal agent or trustee as specified in the Trust Indenture, including a substitute fiscal agent or trustee.

“Trust Indenture” means an indenture of trust, ordinance or similar document setting forth the terms and other provisions relating to the Bonds, as modified, amended, and/or supplemented from time to time.

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II. PROPERTY INCLUDED IN THE PID

A. PROPERTY INCLUDED IN THE PID

The PID is presently located within the City and contains approximately 441.793 acres of land. A map of the property within the PID is shown on Appendix A to this Service and Assessment Plan.

At completion, the PID is expected to consist of approximately 1,003 single family residential units, commercial structures, landscaping, and infrastructure necessary to provide roadways, drainage, and utilities to the PID.

The property within the Single-Family Residential Property of the PID is proposed to be developed as follows:

Table II-A
Proposed Single-Family Residential Property Development – PID

Proposed Development	Quantity	Measurement
Single-family - 60 Ft	168	Units
Single-family - 50 Ft	835	Units
Total	1,003	Units

B. PROPERTY INCLUDED IN THE SINGLE-FAMILY RESIDENTIAL MAJOR IMPROVEMENT AREA

The Single-Family Residential Major Improvement Area consists of approximately 163.08 acres and is projected to consist of approximately 674 residential units. A map of the property within the Single-Family Residential Major Improvement Area is shown in Appendix A-2.

The property within the Single-Family Residential Major Improvement Area is proposed to be developed as follows:

Table II-B
Proposed Single-Family Residential Property Development – Single-Family Residential Major Improvement Area

Proposed Development	Quantity	Measurement
Single-family - 60 Ft	121	Units
Single-family - 50 Ft	553	Units
Total	674	Units

C. PROPERTY INCLUDED IN IMPROVEMENT AREA #1

Improvement Area #1 consists of approximately 90.7 acres and consists of 329 single family residential units. A map of the property within Improvement Area #1 is shown in Appendix A-1.

The property within Improvement Area #1 is proposed to be developed as follows:

Table II-C
Proposed Single-Family Residential Property Development – Improvement Area #1

Proposed Development	Quantity	Measurement
Single-Family - 60 Ft	47	Units
Single-Family - 50 Ft	282	Units
Total	329	Units

D. PROPERTY INCLUDED IN IMPROVEMENT AREA #2

Improvement Area #2 consists of approximately 82.795 acres and is projected to consist of 335 single family residential units. A map of the property within Improvement Area #2 is shown in Appendix A-4.

The property within Improvement Area #2 is proposed to be developed as follows:

Table II-D
Proposed Single-Family Residential Property Development – Improvement Area #2

Proposed Development	Quantity	Measurement
Single-family - 60 Ft	44	Units
Single-family - 50 Ft	291	Units
Total	335	Units

E. PROPERTY INCLUDED IN FUTURE IMPROVEMENT AREAS

As Future Improvement Areas are developed, Future Improvement Area Bonds may be issued and/or related reimbursement agreements may be executed for each new Improvement Area. In connection with the issuance of each new Future Improvement Area Bonds and/or execution of additional reimbursement agreements, this Service and Assessment Plan will be updated to add additional details of each new Improvement Area(s) in the same manner as Improvement Area #1 and Improvement Area #2. The Future Improvement Areas are shown for illustrative purposes only and are subject to adjustment. The current Parcels within the Single-Family Residential Property of the PID, which currently consists of Improvement Area #1, the Single-Family Residential Major Improvement Area, and Improvement Area #2, are shown on the Assessment Rolls included as Appendix G, Appendix H, and Appendix I.

The estimated number of units at the build-out of the Single-Family Residential Property within the PID is based on the land use approvals for the property, the anticipated subdivision of Single-Family Residential property within the PID, and the Developer's estimate of the highest and best use of the property within the Single-Family Residential Property within the PID.

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III. DESCRIPTION OF THE AUTHORIZED IMPROVEMENTS

A. AUTHORIZED IMPROVEMENT OVERVIEW

372.003. Authorized Improvements

(a) If the governing body of a municipality or county finds that it promotes the interests of the municipality or county, the governing body may undertake an improvement project that confers a special benefit on a definable part of the municipality or county or the municipality's extraterritorial jurisdiction. A project may be undertaken in the municipality or county or the municipality's extraterritorial jurisdiction.

(b) A public improvement may include:

- (i) landscaping;
- (ii) erection of fountains, distinctive lighting, and signs;
- (iii) acquiring, constructing, improving, widening, narrowing, closing, or rerouting of sidewalks or of streets, any other roadways, or their rights-of way;
- (iv) construction or improvement of pedestrian malls;
- (v) acquisition and installation of pieces of art;
- (vi) acquisition, construction, or improvement of libraries;
- (vii) acquisition, construction, or improvement of off-street parking facilities;
- (viii) acquisition, construction, improvement, or rerouting of mass transportation facilities;
- (ix) acquisition, construction, or improvement of water, wastewater, or drainage facilities or improvements;
- (x) the establishment or improvement of parks;
- (xi) projects similar to those listed in Subdivisions (i)-(x);
- (xii) acquisition, by purchase or otherwise, of real property in connection with an authorized improvement;
- (xiii) special supplemental services for improvement and promotion of the district, including services relating to advertising, promotion, health and sanitation, water and wastewater, public safety, security, business recruitment, development, recreation, and cultural enhancement;
- (xiv) payment of expenses incurred in the establishment, administration and operation of the district; and
- (xv) the development, rehabilitation, or expansion of affordable housing

After analyzing the public improvement projects authorized by the PID Act, the City has determined at this time to undertake only Authorized Improvements listed in Section III.B, Section III.C, and Section III.D., below and shown in the opinion of probable costs and on the diagrams included as Appendix B for the benefit of the Assessed Property. Any change to the list of Authorized Improvements will require the approval of the City and an update to this Service and Assessment Plan.

B. DESCRIPTIONS AND ACTUAL COSTS OF SINGLE-FAMILY RESIDENTIAL MAJOR IMPROVEMENTS

The Single-Family Residential Major Improvements benefit the Single-Family Residential Property of the PID. The costs of the Single-Family Residential Major Improvements are allocated proportionally throughout the entire PID, excluding Non-Benefited Property and Non-Single-Family Residential Property, in a manner that anticipates planned development of the PID based on the anticipated number of Equivalent Units. Each of Improvement Area #1 and the Single-Family Residential Major Improvement Area will be proportionally allocated the costs of the Single-Family Residential Major Improvements, as shown on Table III-A below. The Single-Family Residential Major Improvements proportionally allocated to the Single-Family Residential Major Improvement Area are defined herein as Single-Family Residential Major Improvement Area Projects and the Single-Family Residential Major Improvements proportionally allocated to the Improvement Area #1 are part of the Improvement Area #1 Projects as defined in this Service and Assessment Plan.

The Single-Family Residential Major Improvements descriptions are presented below as provided by the project engineer. The Actual Costs of the Single-Family Residential Major Improvements are shown in Table III-A. The costs shown in Table III-A are estimates and may be revised in Annual Service Plan Updates, including such other improvements as deemed necessary to further improve the Single-Family Residential Property within the PID.

A description of the Single-Family Residential Major Improvements follows:

Roadway Improvements

The roadway improvements portion of the Single-Family Residential Major Improvements consist of subgrade stabilization, concrete and reinforcing steel for roadways, testing, handicapped ramps, TX-DOT improvements, streetlights, and right of way acquisition. All related earthwork, excavation, erosion control, intersections, signage, lighting, and re-vegetation of all disturbed areas within the right-of-way are included. The street improvements will provide benefit to each Lot within the Single-Family Residential Property of the PID.

Water Improvements

Onsite:

The onsite water improvement portion of the Single-Family Residential Major Improvements consists of construction and installation of waterline mains, valves, and appurtenances, necessary for the water distribution system that will service the Single-Family Residential Property within the PID. The onsite water improvements will be designed and constructed according to City standards and specifications and will be owned and operated by the City.

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Offsite:

The offsite water improvement portion of the Single-Family Residential Major Improvements consists of construction and installation of waterline mains, valves, and appurtenances, necessary for the water distribution system that will service the Single-Family Residential Property within the PID. The offsite water improvements are being constructed exclusively for the benefit of the Single-Family Residential Property within the PID and will be designed and constructed according to City standards and specifications and will be owned and operated by the City.

Sanitary Sewer Improvements

The sanitary sewer improvement portion of the Single-Family Residential Major Improvements consists of construction and installation of gravity sewer pipes, lift station, 8 to 18-inch gravity sewer pipes, service lines, manholes, encasements, and appurtenances necessary to provide sanitary sewer service to the Single-Family Residential Property within the PID. The sanitary sewer improvements will be designed and constructed according to City standards and specifications and will be owned and operated by the City.

Storm Drainage Improvements

The storm drainage improvement portion of the Single-Family Residential Major Improvements consist of reinforced concrete pipes, reinforced concrete boxes, multi-reinforced box culverts, junction boxes, inlets, headwalls, appurtenances, and regional detention necessary to provide adequate drainage to the Single-Family Residential Property within the PID. The storm drainage collection system improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

The regional detention improvements portion of the storm drainage improvements include clearing, pond excavation, soil testing, erosion control, piping of inbound and outbound drainage lines, and construction of outlet structures. Hardscape and landscape improvements including a boardwalk, pedestrian bridge, trails, re-vegetation, and fountains are also included. The regional detention improvements will provide benefit to all Lots within Single-Family Residential Property within the PID and will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

Other soft and miscellaneous costs

Onsite:

The onsite soft and miscellaneous costs portion of the Single-Family Residential Major Improvements consists of engineering and surveying, project management fees, contingency, PID set up costs, and other soft and miscellaneous costs related to the onsite improvements.

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Offsite:

The offsite soft and miscellaneous costs portion of the Single-Family Residential Major Improvements consists of engineering and surveying, city inspection fees, project management fees contingency, and other soft and miscellaneous costs related to the offsite improvements.

Table III-A
Single-Family Residential Major Improvement Costs

Authorized Improvements	Offsite Single-Family Residential Major Improvement Costs¹	Onsite Single-Family Residential Major Improvement Costs¹	Total Single-Family Residential Major Improvement Costs¹	Single-Family Residential Major Improvements Allocated to IA #1²	Single-Family Residential Major Improvements Allocated to SFRMIA³
<i>Hard costs</i>					
Roadway improvements (including right of way acquisition)	\$1,688,318	\$0	\$1,688,318	\$553,231	\$1,135,087
Water improvements	\$926,058	\$324,375	\$1,250,433	\$409,744	\$840,689
Sanitary sewer improvements	\$954,306	\$0	\$954,306	\$312,708	\$641,598
Storm drainage improvements	\$2,601,183	\$0	\$2,601,183	\$852,360	\$1,748,823
<i>Sub-total hard costs</i>	<i>\$6,169,865</i>	<i>\$324,375</i>	<i>\$6,494,240</i>	<i>\$2,128,042</i>	<i>\$4,366,198</i>
<i>Other soft and miscellaneous costs</i>					
Other soft and miscellaneous costs	\$1,307,099	\$311,538	\$1,618,638	\$530,398	\$1,088,240
<i>Sub-total soft costs</i>	<i>\$1,307,099</i>	<i>\$311,538</i>	<i>\$1,618,638</i>	<i>\$530,398</i>	<i>\$1,088,240</i>
Total Authorized Improvements	\$7,476,964	\$635,913	\$8,112,878	\$2,658,440	\$5,454,438

¹ Costs provided by JBI Partners Inc. The figures shown in Table III-A may be revised in Annual Service Plan Updates and may be reallocated between line items so long as the Total Authorized Improvements amount does not change.

² These amounts represent the Single-Family Residential Major Improvements proportionally allocated to Improvement Area #1, which are part of the Improvement Area #1 Projects.

³ These amounts represent the Single-Family Residential Major Improvements proportionally allocated to Single-Family Residential Major Area, which are defined as Single-Family Residential Major Improvement Area Projects.

C. DESCRIPTIONS OF IMPROVEMENT AREA #1 IMPROVEMENTS AND ACTUAL COSTS OF IMPROVEMENT AREA #1 PROJECTS

The Improvement Area #1 Improvements descriptions are presented below as provided by the project engineer. The Improvement Area #1 Projects include Improvement Area #1's proportionate share of the costs of the Single-Family Residential Major Improvements and the costs of the Improvement Area #1 Improvements. The Actual Costs of the Improvement Area #1 Projects are shown in Table III-B. The costs shown in Table III-B are estimates and may be revised in Annual Service Plan Updates, including such other improvements as deemed necessary to further improve the properties within the PID.

A description of the Improvement Area #1 Improvements are as follows, and a description of the Single-Family Residential Major Improvements that are a portion of the Improvement Area #1 Projects can be found in Section III-B.

Roadway Improvements

The road improvement portion of the Improvement Area #1 Improvements consists of the construction of road improvements, including related paving, drainage, curbs, gutters, sidewalks, signage, traffic control devices, and right of way acquisition, which benefit the Improvement Area #1 Assessed Property. All roadway projects will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

Water Improvements

The water improvements portion of the Improvement Area #1 Improvements consists of construction and installation of a looped water main network, which includes waterlines, valves, fire hydrants, and appurtenances, necessary for the portion of the water distribution system that will service the Improvement Area #1 Assessed Property. The water improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

Sanitary Sewer Improvements

The sanitary sewer improvement portion of the Improvement Area #1 Improvements consists of construction and installation of various sized sanitary sewer pipes, service lines, manholes, encasements, and appurtenances necessary to provide sanitary sewer service to Improvement Area #1 Assessed Property. The sanitary sewer improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

Storm Drainage Improvements

The storm drainage improvement portion of the Improvement Area #1 Improvements consist of reinforced concrete pipes, reinforced concrete boxes, multi-reinforced box culverts, junction boxes, inlets, headwalls, and appurtenances necessary to provide adequate drainage to the Improvement Area #1 Assessed Property. The storm drainage collection system improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

Landscaping

The landscaping improvement portion of Improvement Area #1 improvements consist of irrigation, seeding, and revegetation of all disturbed areas within the public right of way.

Other Soft and Miscellaneous Costs

The soft and miscellaneous costs portion of the Improvement Area #1 Improvements consists of engineering and surveying, project management fees, city inspection fees, contingency, and other soft and miscellaneous costs.

Table III-B
Improvement Area #1 Costs

Authorized Improvements	Proportional Share of the Single-Family Residential Major Improvements ¹	IA #1 Improvement Costs ²	Total IA #1 Project Costs
<u>Hard costs</u>			
Roadway improvements (including right of way acquisition)	\$553,231	\$5,074,761	\$5,627,992
Water improvements	\$409,744	\$1,452,749	\$1,862,493
Sanitary sewer improvements	\$312,708	\$1,506,709	\$1,819,417
Storm drainage improvements	\$852,360	\$4,536,594	\$5,388,954
Landscaping	\$0	\$396,000	\$396,000
<i>Sub-total hard costs</i>	<i>\$2,128,042</i>	<i>\$12,966,813</i>	<i>\$15,094,855</i>
<u>Other soft and miscellaneous costs</u>			
Other soft and miscellaneous costs	\$530,398	\$2,880,491	\$3,410,889
<i>Sub-total soft costs</i>	<i>\$530,398</i>	<i>\$2,880,491</i>	<i>\$3,410,889</i>
Total Authorized Improvements	\$2,658,440	\$15,847,305	\$18,505,745

¹See Table III-A.

²Costs provided by JBI Partners Inc. The figures shown in Table III-B may be revised in Annual Service Plan Updates and may be reallocated between line items so long as the Total Authorized Improvements amount does not change.

D. DESCRIPTIONS OF IMPROVEMENT AREA #2 IMPROVEMENTS AND BUDGETED COSTS OF IMPROVEMENT AREA #2 IMPROVEMENTS

The Improvement Area #2 Improvements descriptions are presented below as provided by the project engineer. The Budgeted Costs of the Improvement Area #2 Improvements are shown in Table III-C. The costs shown in Table III-C are estimates and may be revised in Annual Service Plan Updates, including such other improvements as deemed necessary to further improve the properties within the PID.

A description of the Improvement Area #2 Improvements are as follows.

Roadway Improvements

The road improvement portion of the Improvement Area #2 Improvements consists of the construction of road improvements, including related paving, drainage, curbs, gutters, sidewalks, signage, traffic control devices, and right of way acquisition, which benefit the Improvement Area

#2 Assessed Property. All roadway projects will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

Water Improvements

The water improvements portion of the Improvement Area #2 Improvements consists of construction and installation of a looped water main network, which includes waterlines, valves, fire hydrants, and appurtenances, necessary for the portion of the water distribution system that will service the Improvement Area #2 Assessed Property. The water improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

Sanitary Sewer Improvements

The sanitary sewer improvement portion of the Improvement Area #2 Improvements consists of construction and installation of various sized sanitary sewer pipes, service lines, manholes, encasements, and appurtenances necessary to provide sanitary sewer service to Improvement Area #2 Assessed Property. The sanitary sewer improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

Storm Drainage Improvements

The storm drainage improvement portion of the Improvement Area #2 Improvements consist of reinforced concrete pipes, reinforced concrete boxes, multi-reinforced box culverts, junction boxes, inlets, headwalls, and appurtenances necessary to provide adequate drainage to the Improvement Area #2 Assessed Property. The storm drainage collection system improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

Landscaping

The landscaping improvement portion of Improvement Area #2 improvements consist of irrigation, seeding, and revegetation of all disturbed areas within the public right of way.

Other Soft and Miscellaneous Costs

The soft and miscellaneous costs portion of the Improvement Area #2 Improvements consists of engineering and surveying, project management fees, city inspection fees, contingency, and other soft and miscellaneous costs.

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Table III-C
Budgeted Improvement Area #2 Costs

Authorized Improvements	Total IA #2 Improvement Costs¹
<i>Hard costs</i>	
Roadway improvements	\$4,581,419
Water improvements	\$2,064,989
Sanitary sewer improvements	\$1,654,263
Storm drainage improvements	\$3,253,699
Landscaping	\$400,000
<i>Sub-total hard costs</i>	<i>\$11,954,370</i>
<i>Other soft and miscellaneous costs</i>	
Engineering	\$800,505
City inspection	\$190,624
Project management fee	\$524,330
PID set up	\$272,652
Contingency (15%)	\$1,523,111
<i>Sub-total soft costs</i>	<i>\$3,311,222</i>
Total Authorized Improvements	\$15,265,592

¹Costs provided by JBI Partners Inc. The figures shown in Table III-C may be revised in Annual Service Plan Updates and may be reallocated between line items so long as the Total Authorized Improvements amount does not change.

E. FUTURE IMPROVEMENT AREAS

As Future Improvement Areas are developed and Future Improvement Area Bonds are issued and/or related reimbursement agreements are executed, this SAP will be amended to identify the specific Future Improvement Area Improvements that confer a special benefit to the property inside each Future Improvement Area (e.g. a Table III-D will be added to show the costs for the specific Authorized Improvements financed within the specific Future Improvement Area being developed).

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IV. SERVICE PLAN

A. SOURCES AND USES OF FUNDS

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 PID during the five-year period. The Single-Family Residential Major Improvements financed with the Single-Family Residential Major Improvement Bonds and the Improvement Area #1 Projects financed with the Improvement Area #1 Bonds have been constructed and accepted by the City. The Improvement Area #2 Improvements to be financed with the Improvement Area #2 Bonds are expected to be completed and accepted by the City in the first quarter of 2025.

The original costs for the Single-Family Residential Major Improvement Area Projects and the expenses incurred in the establishment, administration, and operation of the PID is \$5,453,340 as shown in Table IV-A.1. The Actual Costs for Single-Family Residential Major Improvement Area Projects plus costs related to the issuance of the Single-Family Residential Major Improvement Bonds for the Single-Family Residential Major Improvement Area Projects is \$6,445,975 as shown in Table IV-A.2. The original costs for Improvement Area #1 Projects and the expenses incurred in the establishment, administration, and operation of the PID is \$18,506,842 as shown in Table IV-B.1. The Budgeted Costs for Improvement Area #1 Improvements plus costs related to the issuance of the Improvement Area #1 Bonds for the Improvement Area #1 Improvements is \$21,215,867 as shown in Table IV-B.2. The Budgeted Costs for Improvement Area #2 Improvements plus costs related to the issuance of Improvement Area #2 Bonds for the Improvement Area #2 Improvements is \$18,378,592 as shown in Table IV-C.

As Future Improvement Areas are developed in connection with the issuance of Future Improvement Area Bonds and/or execution of a related reimbursement agreement, this Service and Assessment Plan will be amended (e.g. Table IV-D will be added to include Improvement Area #3, etc.).

Table IV-A.1 shows the original sources and uses for the Single-Family Residential Major Improvement Area Projects allocable to the Single-Family Residential Major Improvement Area Assessed Property.

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Table IV-A.1
Original Sources and Uses – Single-Family Residential Major Improvement Area

Sources of Funds	Total
Assessment amount	\$5,453,340
Other funding sources	\$0
Total Sources	\$5,453,340
Uses of Funds	
<i>Single-Family Residential Major Improvements:</i>	
Roadway improvements (including right of way acquisition)	\$1,134,859
Water improvements	\$840,520
Sanitary sewer improvements	\$641,469
Storm drainage improvements	\$1,748,472
Other soft and miscellaneous costs:	
Engineering	\$211,399
City inspection	\$75,590
Project management fee	\$145,229
PID creation	\$154,242
Contingency (15%)	\$501,560
<i>Subtotal Single-Family Residential Major Improvement costs</i>	<i>\$5,453,340</i>
Total Uses	\$5,453,340

The Single-Family Residential Major Improvement Bonds were issued in 2022 to reimburse the Actual Costs of the Single-Family Residential Major Improvements pursuant to the Omnibus Reimbursement Agreement.

Table IV-A.2 shows the sources and uses for the Single-Family Residential Major Improvements.

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Table IV-A.2
Sources and Uses – Single-Family Residential Major Improvement Area

Sources of Funds	Total
Assessment amount	\$5,453,000
Other funding sources	\$992,975
Total Sources	\$6,445,975
Uses of Funds	
<i>Single-Family Residential Major Improvements:</i>	
Roadway improvements (including right of way acquisition)	\$1,135,087
Water improvements	\$840,689
Sanitary sewer improvements	\$641,598
Storm drainage improvements	\$1,748,823
Other soft and miscellaneous costs:	
Soft and miscellaneous costs	\$1,088,240
<i>Subtotal Major Improvement costs</i>	<i>\$5,454,438</i>
<i>Bond Issuance Costs:</i>	
Cost of issuance	\$362,018
Capitalized interest	\$0
Reserve fund	\$425,929
Administrative Expense	\$40,000
Underwriter's discount	\$163,590
<i>Subtotal Bond Issuance Costs</i>	<i>\$991,537</i>
Total Uses	\$6,445,975

The Single-Family Residential Major Improvements were initially financed by the Developer and reimbursable pursuant to the Omnibus Reimbursement Agreement applicable to the Single-Family Residential Major Improvement Area. Table IV-A.1 shows the original sources and uses for Single-Family Residential Major Improvements.

Table IV-B.1 shows the original sources and uses for the Improvement Area #1 Projects allocable to Improvement Area #1 Assessed Property.

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Table IV-B.1
Original Sources and Uses – Improvement Area #1

Sources of Funds	Total
Assessment Amount	\$18,506,842
Other funding sources	\$0
Total Sources	\$18,506,842
Uses of Funds	
<i>Single-Family Residential Major Improvements:</i>	
Roadway improvements (including right of way acquisition)	\$553,459
Water improvements	\$409,913
Sanitary sewer improvements	\$312,837
Storm drainage improvements	\$852,711
Other soft and miscellaneous costs:	
Engineering	\$103,097
City inspection	\$36,864
Project management fee	\$70,827
PID creation	\$75,222
Contingency (15%)	\$244,606
<i>Subtotal Single-Family Residential Major Improvement costs</i>	<i>\$2,659,537</i>
<i>Improvement Area #1 Improvements:</i>	
Roadway improvements	\$5,074,761
Water improvements	\$1,452,749
Sanitary sewer improvements	\$1,506,709
Storm drainage improvements	\$4,536,594
Landscaping	\$396,000
Other soft and miscellaneous costs:	
Engineering	\$631,573
City inspection	\$291,273
Project management fee	\$441,278
Contingency (15%)	\$1,516,367
<i>Subtotal Improvement Area #1 costs</i>	<i>\$15,847,305</i>
Total Uses	\$18,506,842

The Improvement Area #1 Bonds were issued in 2022 to reimburse the Actual Costs of the Improvement Area #1 Improvements pursuant to the Omnibus Reimbursement Agreement.

Table IV-B.2 shows the sources and uses for the Improvement Area #1 Improvements.

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Table IV-B.2
Sources and Uses – Improvement Area #1

Sources of Funds	Improvement Area # 1 Bonds
Bond Proceeds	\$17,205,000
Other funding sources	\$4,010,867
Total Sources	\$21,215,867
Uses of Funds	
<i>Single-Family Residential Major Improvements:</i>	
Roadway improvements	\$553,231
Water improvements	\$409,744
Sanitary sewer improvements	\$312,708
Storm drainage improvements	\$852,360
Other soft and miscellaneous costs:	
Soft and miscellaneous costs	\$530,398
<i>Subtotal Single-Family Residential Major Improvement costs</i>	<i>\$2,658,440</i>
<i>Improvement Area #1 Improvements:</i>	
Roadway improvements	\$5,074,761
Water improvements	\$1,452,749
Sanitary sewer improvements	\$1,506,709
Storm drainage improvements	\$4,536,594
Landscaping	\$396,000
Other soft and miscellaneous costs:	
Soft and miscellaneous costs	\$2,880,491
<i>Subtotal Improvement Area #1 costs</i>	<i>\$15,847,305</i>
<i>Bond Issuance Costs:</i>	
Cost of issuance	\$859,105
Capitalized interest	\$0
Reserve fund	\$1,279,868
Administrative Expense	\$55,000
Underwriter's discount	\$516,150
<i>Subtotal Bond Issuance Costs</i>	<i>\$2,710,123</i>
Total Uses	\$21,215,867

Table IV-C shows the projected sources and uses for the Improvement Area #2 Improvements.

Table IV-C
Projected Sources and Uses – Improvement Area #2

Sources of Funds	Improvement Area # 2 Bonds
Bond Proceeds	\$16,408,000
Other funding sources	\$1,970,592
Total Sources	\$18,378,592
Uses of Funds	
<i>Improvement Area #2 Improvements:</i>	
Roadway improvements	\$4,581,419
Water improvements	\$2,064,989
Sanitary sewer improvements	\$1,654,263
Storm drainage improvements	\$3,253,699
Landscaping	\$400,000
Other soft and miscellaneous costs	
Engineering	\$800,505
City inspection	\$190,624
Project management fee	\$524,330
PID set up	\$272,652
Contingency (15%)	\$1,523,111
<i>Subtotal Improvement Area #2 costs</i>	<i>\$15,265,592</i>
<i>Bond Issuance Costs:</i>	
Cost of issuance	\$892,595
Capitalized interest	\$475,969
Reserve fund	\$1,197,196
Administrative Expense	\$55,000
Underwriter's discount	\$492,240
<i>Subtotal bond issuance costs</i>	<i>\$3,113,000</i>
Total Uses	\$18,378,592

The Improvement Area #2 Bonds are anticipated to be issued in 2025 to reimburse a portion of the Improvement Area #2 Improvements pursuant to the Omnibus Reimbursement Agreement.

As Future Improvement Areas are developed, additional Future Improvement Area Bonds may be issued and/or related reimbursement agreements executed to finance the Authorized Improvements required for each new Improvement Area. Future Improvement Area Bonds may also be issued and/or reimbursement agreements executed in one or more series.

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B. FIVE YEAR SERVICE PLAN

The annual projected costs and annual projected indebtedness for the Single-Family Residential Major Improvement Area is shown in Table IV-D. The annual projected costs and indebtedness are subject to revision and each shall be updated in the Annual Service Plan Update to reflect any changes in the costs or indebtedness expected for each year.

Table IV-D
Annual Projected Costs and Annual Projected Indebtedness – Single-Family Residential Major Improvement Area

Year Ending 9/1	Annual Projected Cost	Annual Projected Indebtedness	Other Funding Sources	Projected SFRMIA Annual Installments¹
2022-24	\$6,445,975	\$5,453,000	\$992,975	\$986,359
2025	\$0	\$0	\$0	\$492,277
2026	\$0	\$0	\$0	\$493,207
2027	\$0	\$0	\$0	\$492,822
2028	\$0	\$0	\$0	\$493,189
2029	\$0	\$0	\$0	\$493,243
2030	\$0	\$0	\$0	\$492,982
Total	\$6,445,975	\$5,453,000	\$992,975	\$3,944,080

¹Administrative Expenses for year 2023 were funded with bond proceeds.

The annual projected costs shown in Table IV-D are the annual expenditures relating to the Single-Family Residential Major Improvements shown in Table III-A and the costs associated with setting up the PID, including bond issuance costs and reserves as shown in Table IV-A.2. The difference between the total projected costs and the total projected indebtedness, if any, is the amount contributed by the Developer.

The annual projected costs and annual projected indebtedness for the Single-Family Residential Major Improvement Area is shown in Table IV-D. The annual projected costs and indebtedness are subject to revision and each shall be updated in the Annual Service Plan Update to reflect any changes in the costs or indebtedness expected for each year.

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Table IV-E
Annual Projected Costs and Annual Projected Indebtedness – Improvement Area #1

Year Ending 9/1	Annual Projected Cost	Annual Projected Indebtedness	Other Funding Sources	Projected Improvement Area #1 Annual Installments¹
2022-24	\$21,215,867	\$17,205,000	\$4,010,867	\$2,766,615
2025	\$0	\$0	\$0	\$1,382,905
2026	\$0	\$0	\$0	\$1,382,831
2027	\$0	\$0	\$0	\$1,383,018
2028	\$0	\$0	\$0	\$1,383,404
2029	\$0	\$0	\$0	\$1,383,579
2030	\$0	\$0	\$0	\$1,382,818
Total	\$21,215,867	\$17,205,000	\$4,010,867	\$11,065,169

¹Administrative Expenses for year 2023 were funded with bond proceeds.

The annual projected costs shown in Table IV-E are the annual expenditures relating to the Improvement Area #1 Projects shown in Table III-B and the costs associated with setting up the PID, including bond issuance costs and reserves as shown in Table IV-B.2. The difference between the total projected cost and the total projected indebtedness, if any, is the amount contributed by the Developer.

The annual projected costs and annual projected indebtedness for Improvement Area #2 is shown in Table IV-F. The annual projected costs and indebtedness are subject to revision and each shall be updated in the Annual Service Plan Update to reflect any changes in the costs or indebtedness expected for each year.

Table IV-F
Annual Projected Costs and Annual Projected Indebtedness – Improvement Area #2

Year Ending 9/1	Annual Projected Cost	Annual Projected Indebtedness	Other Funding Sources	Projected Improvement Area #2 Annual Installments
2024	\$9,189,296	\$0	\$0	\$0
2025	\$9,189,296	\$16,408,000	\$1,970,592	\$0
2026	\$0	\$0	\$0	\$1,303,212
2027	\$0	\$0	\$0	\$1,303,726
2028	\$0	\$0	\$0	\$1,303,494
2029	\$0	\$0	\$0	\$1,303,518
2030	\$0	\$0	\$0	\$1,303,732
Total	\$18,378,592	\$16,408,000	\$1,970,592	\$6,517,683

¹Administrative Expenses for year 2025 will be funded with bond proceeds.

The annual projected costs shown in Table IV-F are the annual expenditures relating to the Improvement Area #2 Improvements shown in Table III-C and the costs associated with setting up the PID, including bond issuance costs and reserves as shown in Table IV-C. The difference between the total projected cost and the total projected indebtedness, if any, is the amount contributed by the Developer.

As Future Improvement Areas are developed, in association with issuing Future Improvement Area Bonds and/or execution of a reimbursement agreement for each Future Improvement Area, a Table IV-G be added to identify the Authorized Improvements to be financed by each new series of the Future Improvement Area Bonds and/or reimbursement agreements and the projected indebtedness resulting from each additional series of the Future Improvement Area Bonds and/or reimbursement agreements.

C. PID ASSESSMENT NOTICE

The PID Act requires that this Service and Assessment Plan and each Annual Service Plan update include a copy of the notice form required by Section 5.014 of the Texas Property Code (the “PID Assessment Notice”). The PID Assessment Notice is attached hereto as Appendix E and may be updated in an Annual Service Plan Update.

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V. ASSESSMENT PLAN

A. INTRODUCTION

The PID Act requires the City Council to apportion the costs of the Authorized Improvements on the basis of special benefits conferred upon the property because of the Authorized Improvements. The PID Act provides that the costs of the Authorized Improvements may be assessed: (i) equally per front foot or square foot; (ii) according to the value of the property as determined by the governing body, with or without regard to improvements on the property; or (iii) in any other manner that results in imposing equal shares of the cost 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.

The proposed Authorized Improvement program anticipates reimbursement agreements potentially followed by a series of bond financings that are intended to finance the public infrastructure required for the development. This financing will necessarily be undertaken in phases to coincide with the private investment and development of the Authorized Improvements. This Service and Assessment Plan is being updated to reflect for the Single-Family Residential Major Improvement Bonds, the Improvement Area #1 Bonds, and the Improvement Area #2 Bonds. Following the issuance of the Bonds subsequent financings may be issued and/or executed over the upcoming decade as the subsequent Future Improvement Areas are gradually constructed.

The purpose of this gradual levy of Assessment and related execution of a reimbursement agreement and/or issuance of bonds in phases is to mirror the actual private development of the Authorized Improvements. The levy of Assessment and related execution of a reimbursement agreement and/or issuance of bonds are most prudently and efficiently utilized when directly coinciding with construction of public infrastructure needed for private development that is to occur once the infrastructure is completed; it is most effective to issue the Bonds and/or execute the reimbursement agreement when the infrastructure is needed, not before. Furthermore, there is no economic advantage, and several disadvantages, to issuing debt and encumbering property within the PID prior to the need for the Authorized Improvements.

For purposes of this Service and Assessment Plan, the City Council has determined that the costs of the Single-Family Residential Major Improvement Area Projects, Improvement Area #1 Projects, and Improvement Area #2 Improvements shall be allocated as described on the following page:

1. The costs of the Improvement Area #1 Projects that only benefit Improvement Area #1 shall be allocated on the basis of Equivalent Units calculated using the average home price of each Lot Type once such property is developed, and that such method of allocation will result in the imposition of equal shares of the costs of the Authorized Improvements to Parcels similarly benefited.

2. The Single-Family Residential Major Improvement costs are proportionally allocated to the Single-Family Residential Major Improvement Area Assessed Property and the Improvement Area #1 Assessed Property based on estimated Equivalent Units calculated using the average home price for the Single-Family Residential Major Improvement Area Assessed Property and the Improvement Area #1 Assessed Property.
3. The Single-Family Residential Major Improvement Area Projects are allocated to each Parcel within the Single-Family Residential Major Improvement Area Assessed Property based on estimated Equivalent Units calculated using the average home price of each Lot Type.
4. The costs of the Improvement Area #2 Improvements that only benefit Improvement Area #2 shall be allocated on the basis of Equivalent Units calculated using the average home price of each Lot Type at the time of the Improvement Area #1 and Single-Family Residential Major Improvement Area Assessment levies, and that such method of allocation will result in the imposition of equal shares of the costs of the Authorized Improvements to Parcels similarly benefited.

Table V-A and Table V-B provide the estimated allocation of Actual Costs of the Single-Family Residential Major Improvements to Improvement Area #1, Improvement Area #2, and Future Improvement Areas.

At this time, it is impossible to determine with absolute certainty the amount of special benefit each Parcel within Future Improvement Areas will receive from the direct Authorized Improvements that will benefit each individual Improvement Area and that are to be financed with Future Improvement Area Bonds. Therefore, Parcels will only be assessed for the special benefits conferred upon the Parcel at this time because of the Single-Family Residential Major Improvements, Improvement Area #1 Improvements, and Improvement Area #2 Improvements, as applicable.

In connection with the issuance of Future Improvement Area Bonds and/or execution of related reimbursement agreements, this Service and Assessment Plan will be updated to reflect the special benefit each Parcel of Assessed Property within a Future Improvement Areas receives from the specific Authorized Improvements funded with those Future Improvement Area Bonds issued and/or reimbursement agreements executed with respect to that Future Improvement Areas. Prior to assessing Parcels located within Future Improvement Areas in connection with issuance of Future Improvement Area Bonds and/or execution of reimbursement agreements, each owner of the Parcels to be assessed must acknowledge that the Authorized Improvements to be financed confer a special benefit on their Parcel and must consent to the imposition of the Assessments to pay for the Actual Costs of such Authorized Improvements.

This section of this Service and Assessment Plan currently (i) describes the special benefit received by each Parcel within the Single-Family Residential Property within the PID as a result of the Single-Family Residential Major Improvements, Improvement Area #1 Improvements, and Improvement Area #2 Improvements, as applicable, (ii) provides the basis and justification for the determination that this special benefit exceeds the amount of the Assessments were levied on the Improvement Area #1 Assessed Property and Single-Family Residential Major Improvement

Area Assessed Property, and to be levied on Improvement Area #2 Assessed Property for such improvements, and (iii) establishes the methodologies by which the City Council allocates and reallocates the special benefit of the Single-Family Residential Major Improvements, Improvement Area #1 Improvements, and Improvement Area #2 Improvements, as applicable, to Parcels in a manner that results in equal shares of the Actual Costs of such improvements being apportioned to Parcels similarly benefited. The determination by the City Council of the assessment methodologies set forth below is the result of the discretionary exercise by the City Council of its legislative authority and governmental powers and is conclusive and binding on the Developer and all future owners and developers of the Assessed Property.

As Future Improvement Areas are developed, in connection with the issuance of Future Improvement Area Bonds and/or execution of related reimbursement agreements, this Service and Assessment Plan will be updated based on the City's determination of the assessment methodology for each Future Improvement Areas.

B. SPECIAL BENEFIT

Assessed Property must receive a direct and special benefit from the Authorized Improvements, and this benefit must be equal to or greater than the amount of the Assessments. The Authorized Improvements are provided specifically for the benefit of the Assessed Property. The Authorized Improvements (more particularly described in line-item format in Appendix B to this Service and Assessment Plan) and the costs of issuance and payment of costs incurred in the establishment of the PID shown in Table IV-A.2, Table IV-B.2, and Table IV-C are authorized by the PID Act. These Authorized Improvements are provided specifically for the benefit of the Assessed Property.

Each owner of the Assessed Property has acknowledged that the Authorized Improvements confer a special benefit on the Assessed Property and has consented to the imposition of the Assessments to pay for the Actual Costs associated therewith. Each of the owners is acting in its interest in consenting to this apportionment and levying of the Assessments because the special benefit conferred upon the Assessed Property by the Authorized Improvements exceeds the amount of the Assessments.

The Authorized Improvements provide a special benefit to the Assessed Property as a result of the close proximity of these improvements to the Assessed Property and the specific purpose of these improvements of providing infrastructure for the Assessed Property. In other words, the Assessed Property could not be used in the manner proposed without the construction of the Authorized Improvements. The Authorized Improvements are being provided specifically to meet the needs of the Assessed Property as required for the proposed use of the property.

The Assessments are being levied to provide the Authorized Improvements that are required for the highest and best use of the Assessed Property (i.e., the use of the property that is most valuable, including any costs associated with that use). Highest and best use can be defined as “the reasonably probable and legal use of property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value.” (*Dictionary of Real Estate Appraisal, Third Edition.*) The Authorized Improvements are expected to be required for the

proposed use of the Assessed Property to be physically possible, appropriately supported, financially feasible, and maximally productive.

The Developer has evaluated the potential use of the property and has determined that the highest and best use of the property is the use intended and the legal use for the property as described in Section II of this Service and Assessment Plan. The use of the Assessed Property as described herein will require the construction of the Authorized Improvements.

The special assessments will repay financing that is on advantageous terms, as the Bonds issued to finance the Authorized Improvements will pay interest that is exempt from federal income tax. As a result, all other terms being equal (e.g., maturity, fixed vs. variable rate, credit quality), the tax-exempt bonds will have a lower interest rate than debt that is not tax-exempt. The Bonds also have a longer term than other available financings and may either be repaid or assumed by a buyer at the buyer's option. As a result of these advantageous terms, the financing provided by the PID is the most beneficial means of financing the Authorized Improvements.

Each owner of the Assessed Property will ratify, confirm, accept, agree to and approve: (i) the determinations and finding by the City Council as to the special benefits described in this Service and Assessment Plan and the Assessment Ordinance; (ii) the Service and Assessment Plan and the Assessment Ordinance, and (iii) the levying of Assessments on the Assessed Property. Use of the Assessed Property as described in this Service and Assessment Plan and as authorized by the PID Act requires that Authorized Improvements be acquired, constructed, installed, and/or improved. Funding the Actual Costs of the Authorized Improvements through the PID has been determined by the City Council to be the most beneficial means of doing so. As a result, the Authorized Improvements result in a special benefit to the Assessed Property, and this special benefit exceeds the amount of the Assessment. This conclusion is based on and supported by the evidence, information, and testimony provided to the City Council.

In summary, the Authorized Improvements result in a special benefit to the Assessed Property for the following reasons:

1. The Authorized Improvements are being provided specifically for the use of the Assessed Property, are necessary for the proposed best use of the property and provide a special benefit to the Assessed Property as a result;
2. The Developer has consented to the imposition of the Assessments for the purpose of providing the Authorized Improvements and the Developer is acting in its interest by consenting to this imposition;
3. The Authorized Improvements are required for the highest and best use of the property;
4. The highest and best use of the Assessed Property is the use of the Assessed Property that is most valuable (including any costs associated with the use of the Assessed Property);
5. Financing of the costs of the Authorized Improvement through the PID is determined to be the most beneficial means of providing for the Authorized Improvements; and,

6. As a result, the special benefits to the Assessed Property from the Authorized Improvements will be equal to or greater than the Assessments.

C. ALLOCATION OF COSTS TO ASSESSED PROPERTY

The Single-Family Residential Major Improvements will provide a special benefit to all Single-Family Residential Property within the PID. Accordingly, the estimated Major Improvement costs must be allocated throughout all Assessed Property within the PID. Table V-A summarizes the allocation of Actual Costs of the Single-Family Residential Major Improvements to the Single-Family Residential Major Improvement Area and Improvement Area #1. Table V-B summarizes the allocation of the portion of the Actual Costs of the Single Family Residential Major Improvements originally allocated to the Single Family Residential Major Improvement Area to Improvement Area #2 and the Future Improvement Area.

The total projected Equivalent Units in the PID is, therefore, calculated to be 969.60 (i.e., $317.72 + 651.88 = 969.60$). Improvement Area #1 contains 329 residential units. As shown in Appendix F, the total Equivalent Units for Improvement Area #1 is calculated as 317.72. The Single-Family Residential Major Improvement Area is projected to contain 674 residential units resulting in a total of 651.88 Equivalent Units as shown in Appendix F. As a result, 32.77 percent of the Actual Costs of the Single-Family Residential Major Improvements (i.e. $317.72 \div 969.60 = 32.77\%$) are allocated to the Improvement Area #1 Assessed Property and 67.23 percent of the Actual Costs Single-Family Residential Major Improvements (i.e. $651.88 \div 969.60 = 67.23\%$) are allocated to the Single-Family Residential Major Improvement Area Assessed Property. The Single-Family Residential Major Improvement Bonds funded the proportionate share of the Actual Costs of the Single-Family Residential Major Improvements allocated to the Single-Family Residential Major Improvement Area; and Improvement Area #1 Bonds will fund Improvement Area #1's proportionate share of the Actual Costs of the Single-Family Residential Major Improvements.

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Table V-A
Allocation of the Single-Family Residential Major Improvement Costs (Improvement Area #1 and Single-Family Residential Major Improvement Area)

Authorized Improvement	Budgeted Costs
Roadway improvements	\$1,688,318
Water improvements	\$1,250,433
Sanitary sewer improvements	\$954,306
Storm drainage improvements	\$2,601,183
Other soft and miscellaneous costs	\$1,618,638
Total Single-Family Residential Major Improvements	\$8,112,878
IA #1	
Projected Equivalent Units	317.72
% of total units ¹	32.77%
Proportionate share of costs	\$2,658,440
SFRMIA	
Projected Equivalent Units	651.88
% of total units ¹	67.23%
Proportionate share of costs	\$5,454,438

¹Percentages shown are rounded to two decimal places, and calculations are based on unrounded values.

As shown in Table V-A above, 67.23% of the costs of the Single-Family Residential Major Improvements have been allocated to the Single-Family Major Improvement Area, which is composed of Improvement Area #2 and the Future Improvement Area. Improvement Area #2 is projected to contain 335 residential units. As shown in Appendix F, the total Equivalent Units for Improvement Area #2 is calculated as 323.36. The Future Improvement Area is projected to contain 339 residential units resulting in a total of 328.52 Equivalent Units as shown in Appendix F. The total projected Equivalent Units in the Improvement Area #2 and the Future Improvement Area is, therefore, calculated to be 651.88 (i.e., 323.36 + 328.52 = 651.88). As a result, 49.60% of the portion of the Actual Costs of the Single-Family Residential Major Improvements allocable to the Single-Family Residential Major Improvement Area (i.e. $323.36 \div 651.88 = 49.60\%$) are allocated to Improvement Area #2 and 50.40% of the portion of the Actual Costs of the Single-Family Residential Major Improvements (i.e. $328.52 \div 651.88 = 50.40\%$) are allocated to the Future Improvement Area.

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Table V-B
Allocation of Proportional Single-Family Residential Major Improvement Costs to Improvement Area #2 and Future Improvement Areas

Authorized Improvement	Budgeted Costs
Roadway improvements	\$1,135,087
Water improvements	\$840,689
Sanitary sewer improvements	\$641,598
Storm drainage improvements	\$1,748,823
Other soft and miscellaneous costs	\$1,088,240
Total Proportional Single-Family Residential Major Improvements¹	\$5,454,438
Improvement Area #2	
Projected Equivalent Units	323.36
% of total units ²	49.60%
Proportionate share of costs	\$2,705,631
Future Improvement Areas	
Projected Equivalent Units	328.52
% of total units ²	50.40%
Proportionate share of costs	\$2,748,806

¹Represents the proportionate share of the Actual Costs of the Single-Family Residential Major Improvements allocable to the Single-Family Residential Major Improvement Area.

²Percentages shown are rounded to two decimal places, and calculations are based on unrounded values.

D. ASSESSMENT METHODOLOGY

The costs of the Authorized Improvements may be assessed by the City Council against the Assessed Property so long as the special benefit conferred upon the Assessed Property by the Authorized Improvements equals or exceeds the Assessments. The costs of the Authorized Improvements may be assessed using any methodology that results in the imposition of equal shares of the Actual Costs on Assessed Property similarly benefited.

1. Assessment Methodology for the Single-Family Residential Major Improvement Area

For purpose of this Service and Assessment Plan, the City Council has determined that the Actual Costs of the Single-Family Residential Major Improvements, were allocated to the Single-Family Residential Major Improvement Area Assessed Property by spreading the corresponding Assessment across the Parcels based on the estimated Equivalent Units as calculated and shown in Appendix F using the types and number of lots anticipated to be developed on each Parcel within Single-Family Residential Major Improvement Area.

Upon subsequent divisions of any Parcel, the Assessment applicable to it will then be apportioned pro rata based on the estimated Equivalent Units of each newly created Parcel. For residential Lots, when final residential building sites are platted, Assessments will be apportioned proportionately among each Parcel based on the ratio of the estimated Equivalent Units at the time residential Lots are platted to the total estimated Equivalent Units of all Lots in the platted Parcel, as determined by the Administrator and confirmed by the City Council.

The Assessment and Annual Installments for each Parcel or Lot located within the Single-Family Residential Major Improvement Area is shown on the Single-Family Residential Major Improvement Area Assessment Roll, attached as Appendix G, and no Assessment shall be changed except as authorized by this Service and Assessment Plan or the PID Act.

2. Assessment Methodology for Improvement Area #1

For purpose of this Service and Assessment Plan, the City Council has determined that the Actual Costs of the Improvement Area #1 Improvements, were allocated to the Improvement Area #1 Assessed Property by spreading the corresponding Assessment across the Parcels based on the estimated Equivalent Units as calculated and shown in Appendix F using the types and number of lots anticipated to be developed on each Parcel within Improvement Area #1.

Based on the estimates of the costs of the Improvement Area #1 Projects, as set forth in Table III-B, the City Council has determined that the benefit to Improvement Area #1 Assessed Property of the Improvement Area #1 Projects is at least equal to the Assessments levied on the Improvement Area #1 Assessed Property.

Upon subsequent divisions of any Parcel, the Assessment applicable to it will then be apportioned pro rata based on the estimated Equivalent Units of each newly created Parcel. For residential Lots, when final residential building sites are platted, Assessments will be apportioned proportionately among each Parcel based on the ratio of the estimated Equivalent Units at the time residential Lots are platted to the total estimated Equivalent Units for Lots in the platted Parcel, as determined by the Administrator and confirmed by the City Council.

The Assessment and Annual Installments for each Parcel or Lot located within Improvement Area #1 is shown on the Improvement Area #1 Assessment Roll, attached as Appendix H, and no Assessment shall be changed except as authorized by this Service and Assessment Plan or the PID Act.

3. Assessment Methodology for Improvement Area #2

For purpose of this Service and Assessment Plan, the City Council has determined that the Actual Costs of the Improvement Area #2 Improvements, shall be allocated to the Improvement Area #2 Assessed Property by spreading the corresponding Assessment across the Parcels based on the estimated Equivalent Units as calculated and shown in Appendix F using the types and number of lots anticipated to be developed on each Parcel within Improvement Area #2.

Based on the estimates of the costs of the Improvement Area #2 Improvements, as set forth in Table III-C, the City Council has determined that the benefit to Improvement Area #2 Assessed Property of the Improvement Area #2 Improvements is at least equal to the Assessments levied on the Improvement Area #2 Assessed Property.

Upon subsequent divisions of any Parcel in Improvement Area #2, the Assessment applicable to it will then be apportioned pro rata based on the estimated Equivalent Units of each newly created Parcel. For residential Lots, when final residential building sites are platted, Assessments will be apportioned proportionately among each Parcel based on the ratio of the estimated Equivalent Units at the time residential Lots are platted to the total estimated Equivalent Units for Lots in the platted Parcel, as determined by the Administrator and confirmed by the City Council.

The Assessment and Annual Installments for each Parcel or Lot located within Improvement Area #2 is shown on the Improvement Area #2 Assessment Roll, attached as Appendix I, and no Assessment shall be changed except as authorized by this Service and Assessment Plan or the PID Act.

4. *Assessment Methodology for Future Improvement Areas*

When any given Future Improvement Area is developed, and Future Improvement Area Bonds for that Future Improvement Areas are to be issued and/or a reimbursement agreement is executed, this Service and Assessment Plan will be amended to determine the assessment methodology that results in the imposition of equal shares of the Actual Costs on Assessed Property similarly benefited within that Improvement Area.

E. ASSESSMENTS

The Assessments for the Single-Family Residential Major Improvement Bonds and Improvement Area #1 Bonds have been levied on each Parcel or Lot according to the Single-Family Residential Major Improvement Area Assessment Roll and the Improvement Area #1 Assessment Roll, attached hereto as Appendix G and Appendix H, respectively. The Annual Installments for the Single-Family Residential Major Improvement Bonds and Improvement Area #1 Bonds will be collected on the dates and in the amounts shown on the Single-Family Residential Major Improvement Area Assessment Roll and the Improvement Area #1 Assessment Roll, respectively, subject to revisions made during an Annual Service Plan Update. Non-Benefited Property will not be subject to any Assessments.

The Assessments for the Improvement Area #2 Bonds will be levied on each Parcel or Lot according to the Improvement Area #2 Assessment Roll, attached hereto as Appendix I. The Annual Installments for the Improvement Area #2 Bonds will be collected on the dates and in the amounts shown on the Improvement Area #2 Assessment Roll, respectively, subject to revisions made during an Annual Service Plan Update. Non-Benefited Property will not be subject to any Assessments.

See Appendix F for Assessment Per Unit, leverage, and estimated tax rate equivalent calculation details.

F. ADMINISTRATIVE EXPENSES

The cost of administering the PID and collecting the Annual Installments shall be paid for on a pro rata basis by each Parcel based on the amount of Assessment levied against the Parcel. The Administrative Expenses shall be collected as part of and in the same manner as Annual Installments in the amounts shown on each Assessment Roll, which may be revised based on Actual Costs incurred in Annual Service Plan Updates.

G. ADDITIONAL INTEREST RESERVE

Pursuant to the PID Act, the interest rate for Assessments may exceed the actual interest rate per annum paid on the related Bonds by the Additional Interest. The interest rate used to determine the Assessments is one half of one percent (0.50%) per annum higher than the actual rate paid on the Bonds, with the Additional Interest Component of the Annual Installments allocated to fund a reserve to be used for paying interest associated with a prepayment and to offset any possible delinquency related costs (the “Additional Interest Reserve”). The Additional Interest Reserve for the Improvement Area #1 Bonds shall be funded until it reaches 2.56% of the outstanding Improvement Area #1 Bonds. The Additional Interest Reserve for the Single-Family Residential Major Improvement Area Bonds shall be funded until it reaches 2.19% of the outstanding Single-Family Residential Major Improvement Area Bonds. The Additional Interest Reserve for the Improvement Area #2 Bonds shall be funded until it reaches 2.56% of the outstanding Improvement Area #2 Bonds. The Additional Interest Reserve for any Future Improvement Area Bonds shall be funded as stipulated in the Bond documents. Once the Additional Interest Reserve for any series of Bonds is funded in full, the City may allocate the Additional Interest Component of the Annual Installments as provided in the applicable Trust Indenture.

H. TIRZ CREDIT

Pursuant to the TIRZ Ordinance and the TIRZ No. 1 Reimbursement Agreement, the City has agreed to use TIRZ Revenues representing 65% of the City’s increments generated from each Parcel in an applicable Improvement Area to offset a portion of such Parcel’s Assessments. The County has agreed to use TIRZ Revenues representing 50% of the County’s increments generated from each Parcel in an applicable Improvement Area to offset a portion of such Parcel’s Assessments. The TIRZ Annual Credit Amount applicable to each Parcel shall be calculated as described under Section VI of this Service and Assessment Plan.

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VI. TERMS OF THE ASSESSMENTS

A. AMOUNT OF ASSESSMENTS AND ANNUAL INSTALLMENTS FOR PARCELS LOCATED WITHIN THE SINGLE-FAMILY RESIDENTIAL MAJOR IMPROVEMENT AREA

The Assessment and Annual Installments for each Assessed Property located within the Single-Family Residential Major Improvement Area are shown on the Single-Family Residential Major Improvement Area Assessment Roll, attached as Appendix G, and no Assessment shall be changed except as authorized by this Service and Assessment Plan and the PID Act.

The Annual Installments shall be collected from Single-Family Residential Major Improvement Area Assessed Property in an amount sufficient to pay (i) principal and interest on the Single-Family Residential Major Improvement Bonds and (ii) to pay Administrative Expenses related to the Single-Family Residential Major Improvement Area. Single-Family Residential Major Improvement Bonds are issued, the Annual Installments shall include Additional Interest as described in Section V.G. The Annual Installment for each Parcel shall be calculated by taking into consideration any available capitalized interest, TIRZ Annual Credit Amount, or other funds applicable to the Parcel. The TIRZ Annual Credit Amount shall be calculated separately for each Parcel in the Single-Family Residential Major Improvement Area and such TIRZ Annual Credit Amount shall be applied on a Parcel-by-Parcel basis. As described in Section V.H., the TIRZ Revenues attributable to each Parcel of Assessed Property in the Single-Family Residential Major Improvement Area collected in any given year shall be used to calculate each Parcel's TIRZ Annual Credit Amount for such Parcel in the following year (i.e., TIRZ Revenues collected in 2022 shall be used to calculate the TIRZ Annual Credit Amount applicable to Annual Installments to be collected in 2023). TIRZ Annual Credit Amounts shall be calculated for those Parcels in the Single-Family Residential Major Improvement Area that are subject to Assessments in the PID. The number of units to be used for the calculation of the TIRZ Annual Credit Amount, if applicable, shall be determined by the Administrator based on the information available to the Administrator at the time of such calculations.

B. AMOUNT OF ASSESSMENTS AND ANNUAL INSTALLMENTS FOR PARCELS LOCATED WITHIN IMPROVEMENT AREA #1

The Assessment and Annual Installments for each Assessed Property located within Improvement Area #1 is shown on the Improvement Area #1 Assessment Roll, attached as Appendix H, and no Assessment shall be changed except as authorized by this Service and Assessment Plan and the PID Act.

The Annual Installments shall be collected from Improvement Area #1 Assessed Property in an amount sufficient to pay (i) principal and interest on the Improvement Area #1 Bonds and (ii) to pay Administrative Expenses related to the PID. The Annual Installments shall include Additional Interest as described in Section V.G. The Annual Installment for each Parcel shall be calculated by taking into consideration any available capitalized interest, TIRZ Annual Credit Amount, or other funds applicable to the Parcel. The TIRZ Annual Credit Amount shall be calculated separately for each Parcel in Improvement Area #1 and such TIRZ Annual Credit Amount shall

be applied on a Parcel-by-Parcel basis. As described in Section V.H., the TIRZ Revenues attributable to each Parcel of Assessed Property in Improvement Area #1 collected in any given year shall be used to calculate each Parcel's TIRZ Annual Credit Amount for such Parcel in the following year (i.e., TIRZ Revenues collected in 2022 shall be used to calculate the TIRZ Annual Credit Amount applicable to Annual Installments to be collected in 2023). TIRZ Annual Credit Amounts shall be calculated for those Parcels in Improvement Area #1 that are subject to Assessments in the PID. The number of units to be used for the calculation of the TIRZ Annual Credit Amount, if applicable, shall be determined by the Administrator based on the information available to the Administrator at the time of such calculations.

C. AMOUNT OF ASSESSMENTS AND ANNUAL INSTALLMENTS FOR PARCELS LOCATED WITHIN IMPROVEMENT AREA #2

The Assessment and Annual Installments for each Assessed Property located within Improvement Area #2 is shown on the Improvement Area #2 Assessment Roll, attached as Appendix I, and no Assessment shall be changed except as authorized by this Service and Assessment Plan and the PID Act.

The Annual Installments shall be collected from Improvement Area #2 Assessed Property in an amount sufficient to pay (i) principal and interest on the Improvement Area #2 Bonds and (ii) to pay Administrative Expenses related to the PID. The Annual Installments shall include Additional Interest as described in Section V.G. The Annual Installment for each Parcel shall be calculated by taking into consideration any available capitalized interest, TIRZ Annual Credit Amount, or other funds applicable to the Parcel. The TIRZ Annual Credit Amount shall be calculated separately for each Parcel in Improvement Area #2 and such TIRZ Annual Credit Amount shall be applied on a Parcel-by-Parcel basis. As described in Section V.H., the TIRZ Revenues attributable to each Parcel of Assessed Property in Improvement Area #2 collected in any given year shall be used to calculate each Parcel's TIRZ Annual Credit Amount for such Parcel in the following year (i.e., TIRZ Revenues collected in 2025 shall be used to calculate the TIRZ Annual Credit Amount applicable to Annual Installments to be collected in 2026). TIRZ Annual Credit Amounts shall be calculated for those Parcels in Improvement Area #2 that are subject to Assessments in the PID. The number of units to be used for the calculation of the TIRZ Annual Credit Amount, if applicable, shall be determined by the Administrator based on the information available to the Administrator at the time of such calculations.

D. AMOUNT OF ASSESSMENTS AND ANNUAL INSTALLMENTS FOR PARCELS LOCATED WITHIN FUTURE IMPROVEMENT AREAS

As Future Improvement Areas are developed, this Service and Assessment Plan will be amended to determine the Assessment and Annual Installments for each Assessed Property located within Future Improvement Areas (e.g., an Appendix will be added as the Assessment Roll for Improvement Area #3, etc.). The Assessments shall not exceed the benefit received by the Assessed Property.

E. REALLOCATION OF ASSESSMENTS

1. Subdivision

Upon the subdivision of any Parcel, the Assessment for the Parcel prior to the subdivision shall be reallocated among the new subdivided Parcels according to the following formula:

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

Where the terms have the following meanings:

- A = the Assessment for each new subdivided Parcel
- B = the Assessment for the Parcel prior to subdivision
- C = the estimated number of Equivalent Units to be built on each new subdivided Parcel
- D = the sum of the estimated number of Equivalent Units to be built on all of the new subdivided Parcels

The calculation of the estimated number of Equivalent Units to be built on a Parcel shall be performed by the Administrator and confirmed by the City Council based on the information available regarding the use of the Parcel. The estimate as confirmed shall be conclusive. The number of Equivalent Units to be built on a Parcel may be estimated by net land area and reasonable density ratios.

The sum of the Assessments for all newly subdivided Parcels shall equal the Assessment for the Parcel prior to subdivision. The calculation shall be made separately for each newly subdivided Parcel. The reallocation of an Assessment for a Parcel that is a homestead under Texas law may not exceed the Assessment prior to the reallocation and to the extent the reallocation would exceed such amount, it shall be prepaid by such amount by the party requesting the subdivision of the Parcels. Any reallocation pursuant to this section shall be reflected in an Annual Service Plan Update approved by the City Council.

2. Consolidation

Upon the consolidation of two or more Parcels, the Assessment for the consolidated Parcel shall be the sum of the Assessments for the Parcels prior to consolidation. The reallocation of an Assessment for a Parcel that is a homestead under Texas law may not exceed the Assessment prior to the reallocation and to the extent the reallocation would exceed such amount, it shall be prepaid by such amount by the party requesting the consolidation of the Parcels. Any reallocation pursuant to this section shall be reflected in an Annual Service Plan Update approved by the City Council.

F. MANDATORY PREPAYMENT OF ASSESSMENTS

1. If a Parcel subject to Assessments is transferred to a party that is exempt from the payment of the Assessment under applicable law, or if an owner causes a Parcel subject to Assessments to become Non-Benefited Property, the owner of such Parcel shall pay to the City the full

amount of the principal portion of the Assessment on such Parcel, plus all Prepayment Costs, prior to any such transfer or act.

2. If at any time the Assessment Per Unit on a Parcel exceeds the applicable Improvement Area #1 Maximum Assessment Per Unit or Improvement Area #2 Maximum Assessment Per Unit calculated in this Service and Assessment Plan as a result of any changes in land use, subdivision, consolidation or reallocation of the Assessment authorized by this Service and Assessment Plan and initiated by the owner of the Parcel, then such owner shall pay to the City prior to the recordation of the document subdividing the Parcel the amount calculated by the Administrator by which the Assessment Per Unit for the Parcel exceeds the applicable Improvement Area #1 Maximum Assessment Per Unit or Improvement Area #2 Maximum Assessment Per Unit calculated in this Service and Assessment Plan.
3. The payments required above shall be treated the same as any Assessment that is due and owing under the PID Act, the Assessment Ordinance, and this Service and Assessment Plan, including the same lien priority, penalties, procedures, and foreclosure specified by the PID Act.

G. REDUCTION OF ASSESSMENTS

1. If after all Authorized Improvements to be funded with a series of Bonds and/or reimbursement agreement have been completed and Actual Costs for such Authorized Improvements are less than the Actual Costs or Budgeted Costs of the Authorized Improvements used to calculate the Assessments securing such series of Bonds and/or related reimbursement agreements, resulting in excess proceeds being available to redeem Bonds and/or reduce obligations under a reimbursement agreement, and such excess proceeds shall be applied to redeem Bonds and/or the obligations under a reimbursement agreement may be reduced as provided in the Indenture or the terms of the reimbursement agreement, then the Assessment securing such series of Bonds and/or related reimbursement agreement for each Parcel of Assessed Property shall be reduced by the City Council pro rata such that the sum of the resulting reduced Assessments for all Assessed Properties equals the actual reduced Actual Costs. The Assessments shall not be reduced to an amount less than the related outstanding series of Bonds and/or amounts due under a related reimbursement agreement. If all of the Authorized Improvements are not completed, the City may reduce the Assessments in another method if it determines such method would better reflect the benefit received by the Parcels from the Authorized Improvements completed.
2. If all the Authorized Improvements are not undertaken, resulting in excess Bonds proceeds being available to redeem Bonds and/or a need to reduce the obligations under a reimbursement agreement, and such excess proceeds shall be applied to redeem Bonds and/or reduce obligations under a reimbursement agreement, as the case may be, as provided in the Indenture or the terms of the reimbursement agreement, then the Assessments and Annual Installments for each Parcel shall be appropriately reduced by the City Council to reflect only the amounts required to repay the Bonds and/or repay obligations under a reimbursement agreement, including interest on the Bonds (including Additional Interest) and/or interest due under a reimbursement agreement and Administrative Expenses. The City Council may

reduce the Assessments and the Annual Installments for each Parcel (i) in an amount that represents the Authorized Improvements provided for each Parcel or (ii) by an equal percentage calculated based on number of units, if determined by the City Council to be the most fair and practical means of reducing the Assessments for each Parcel, such that the sum of the resulting reduced Assessments equals the amount required to repay the Bonds and/or repay the obligations under a reimbursement agreement, including interest thereon and Administrative Expenses. The principal portion of the Assessment for each Parcel shall be reduced pro rata to the reduction in the Assessments for each Parcel such that the sum of the resulting reduced principal portion of the Bonds and/or obligations under a reimbursement agreement is equal to the outstanding principal amount of the Bonds and/or reimbursement agreement.

H. PAYMENT OF ASSESSMENTS

1. Payment in Full

- (a) The Assessment for any Parcel may be paid in full at any time. Such payment shall include all Prepayment Costs. If prepayment in full will result in redemption of Bonds, the payment amount shall be reduced by the amount, if any, of interest through the date of redemption of Bonds and reserve funds applied to the redemption under the Trust Indenture, net of any other costs applicable to the redemption of Bonds.
- (b) If an Annual Installment has been billed prior to payment in full of an Assessment, the Annual Installment shall be due and payable and shall be credited against the payment-in-full amount.
- (c) Upon payment in full of the Assessment and all Prepayment Costs, the City shall deposit the payment in accordance with the Trust Indenture; whereupon, the Assessment shall be reduced to zero, and the owner's obligation to pay the Assessment and Annual Installments thereof shall automatically terminate.
- (d) At the option of the owner, the Assessment on any Parcel plus Prepayment Costs may be paid in part in an amount sufficient to allow for a convenient redemption of Bonds as determined by the Administrator. Upon the payment of such amounts for a Parcel, the Assessment for the Parcel shall be reduced, the Assessment Roll shall be updated to reflect such partial payment, and the obligation to pay the Annual Installment for such Parcel shall be reduced to the extent the partial payment is made.

2. Payment in Annual Installments

The PID Act provides that an Assessment for a Parcel may be paid in full at any time. If not paid in full, the PID Act authorizes the Assessment to be paid in installments and additionally allows the City to collect interest, administrative expenses and other authorized charges in installments. An Assessment for a Parcel that is not paid in full will be collected in Annual Installments each year in the amounts shown on the Assessment Rolls, as updated as provided for herein, which include interest, Administrative Expenses, and payments required for the Additional Interest

Reserve if and when Bonds are issued. Payment of the Annual Installments shall commence with tax bills mailed after the initial issuance of Bonds.

Each Assessment for the Single-Family Residential Major Improvement Area Assessed Property shall be paid with interest related to the actual interest rate paid on the Single-Family Residential Major Improvement Bonds (plus additional interest) allocable to the Single-Family Residential Major Improvement Area, as shown in the Single-Family Residential Major Improvement Area Assessment Roll. Interest on the Single-Family Residential Major Improvement Bonds is based on the interest rate of 6.125% in years 1 through 10 (2023-2032) and 6.75% in years 11 through 30 (2033-2052), plus the Additional Interest at the rate of 0.5% to fund the Additional Interest Reserve. Furthermore, the Annual Installments may not exceed the amounts shown on the Single-Family Residential Major Improvement Area Assessment Roll. The Single-Family Residential Major Improvement Area Assessment Roll is shown as Appendix G.

Each Assessment for the Improvement Area #1 Assessed Property shall be paid with interest related to the actual interest rate paid on the Improvement Area #1 Bonds (plus additional interest) as shown in the Improvement Area #1 Assessment Roll. Interest on the Improvement Area #1 Bonds is based on the interest rate of 5.375% in years 1 through 5 (2023-2027), 5.500% in years 6 through 10 (2028-2032), and 6.125% in years 11 through 30 (2033-2052), plus the Additional Interest at the rate of 0.5% to fund the Additional Interest Reserve. Furthermore, the Annual Installments may not exceed the amounts shown on the Improvement Area #1 Assessment Roll. The Improvement Area #1 Assessment Roll is shown as Appendix H.

Each Assessment for the Improvement Area #2 Assessed Property shall be paid with interest related to the actual interest rate paid on the Improvement Area #2 Bonds (plus additional interest) as shown in the Improvement Area #2 Assessment Roll. Interest on the Improvement Area #2 Bonds is based on the estimated interest rate of 5.900%, plus the Additional Interest at the rate of 0.5% to fund the Additional Interest Reserve. Furthermore, the Annual Installments may not exceed the amounts shown on the Improvement Area #2 Assessment Roll. The Improvement Area #2 Assessment Roll is shown as Appendix I.

The Annual Installments shall be reduced to equal the Actual Costs of repaying the Bonds and actual Administrative Expenses (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 City reserves and shall have the right and option to refund the Bonds, if any, and/or issue additional Bonds in accordance with Section 372.027 of the PID Act. In the event of such refunding, the Administrator shall recalculate the Annual Installments, and if necessary, may adjust, or decrease, the amount of the Annual Installments so that total Annual Installments of Assessments will be produced in annual amounts that are required to pay the refunding bonds when due and payable as required by and established in the ordinance and/or the indenture authorizing and securing the refunding bonds, and such refunding bonds shall constitute Bonds for purposes of this Service and Assessment Plan.

I. COLLECTION OF ANNUAL INSTALLMENTS

No less frequently than annually, the Administrator shall prepare, and the City Council shall consider, 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 a calculation of the Annual Installment for each Parcel. Administrative Expenses shall be allocated among Parcels in proportion to the amount of the Annual Installments for the Parcels. Each Annual Installment shall be reduced by any credits applied under the applicable Trust Indenture, such as capitalized interest, interest earnings on any account balances, and any other funds available to the Trustee for such purpose, including any existing deposits for a prepayment reserve and for Parcels located within Improvement Area #1, any applicable TIRZ Annual Credit Amount. Annual Installments shall be collected by the City in the same manner and at the same time as 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 Council may provide for other means of collecting the Annual Installments to the extent permitted under the PID Act. The Assessments shall have lien priority as specified in the PID Act.

The collection of the first Annual Installment for an Improvement Area #1 Lot or Parcel shall commence upon the earlier of: (i) with tax bills sent the first October after issuance of a series of Bonds for Improvement Area #1 Assessed Property, such that upon the issuance of Bonds all Assessments in the applicable Improvement Area shall begin collection, or (ii) with tax bills sent the first October occurring after the expiration of two years from the date of the levy of Assessments on the Improvement Area #1 Assessed Property, such that all Assessments in the applicable Improvement Area begin collection immediately after the expiration of such two year period.

The collection of the first Annual Installments for a Single-Family Residential Major Improvement Area Lot or Parcel shall commence upon the earlier of: (i) with tax bills sent the first October after issuance of a series of Bonds for Single-Family Residential Major Improvement Area Assessed Property, such that upon the issuance of Bonds all Assessments in the applicable Improvement Area shall begin collection, or (ii) with tax bills sent the first October occurring after the expiration of two years from the date of the levy of Assessments on the Single-Family Residential Major Improvement Area Assessed Property, such that all Assessments in the applicable Improvement Area begin collection immediately after the expiration of such two year period.

Any sale of Assessed Property for nonpayment of the Annual Installments shall be subject to the lien established for the remaining unpaid Annual Installments against such Assessed Property and such Assessed Property may again be sold at a judicial foreclosure sale if the purchaser thereof fails to make timely payment of the non-delinquent Annual Installments against such Assessed Property as they become due and payable.

Each Annual Installment, including the interest on the unpaid amount of an Assessment, shall be calculated as of September 1 and updated annually. 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 of the Improvement Area #1 Assessments and the Single Family Residential Major

Improvement Assessments became due on January 31, 2023. The initial Annual Installments of the Improvement Area #2 Assessments will be due on January 31, 2026.

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VII. THE ASSESSMENT ROLL

A. SINGLE-FAMILY RESIDENTIAL MAJOR IMPROVEMENT AREA ASSESSMENT ROLL

The City Council has evaluated each Parcel within the Single-Family Residential Major Improvement Area (based on numerous factors such as the applicable zoning for developable area, the use of proposed Homeowner Association Property, the Public Property, the types of public improvements, and other development factors deemed relevant by the City Council) to determine the amount of Assessed Property within The Single-Family Residential Major Improvement Area.

The Single-Family Residential Major Improvement Area Assessed Property has been assessed for the special benefits conferred upon the property resulting from the Single-Family Residential Major Improvement Area Projects. Table VII-A.1 summarizes the \$6,445,975 in special benefit received by the Single-Family Residential Major Improvement Area Assessed Property from the Single-Family Residential Major Improvement Area Projects, including a portion of the costs of PID formation and applicable Bond issuance costs. The par amount of the Single-Family Residential Major Improvement Bonds is \$5,453,000, which is less than the benefit received by the Single-Family Residential Major Improvement Area Assessed Property. Accordingly, the total Assessment applied to all the Single-Family Residential Major Improvement Area Assessed Property is \$5,453,000 plus interest and annual Administrative Expenses. The Assessment for each Single-Family Residential Major Improvement Area Assessed Property is calculated based on the allocation methodologies described in Section V.D. The Single-Family Residential Major Improvement Area Assessment Roll is attached hereto as Appendix G.

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Table VII-A
Single-Family Residential Major Improvement Area
Special Benefit Summary

Special Benefit	Total Cost
Total Authorized Improvements	\$5,454,438
Bond Issuance Costs:	
Cost of issuance	\$425,929
Capitalized interest	\$0
Reserve fund	\$40,000
Administrative Expense	\$163,590
Underwriter's discount	\$362,018
<i>Subtotal Bond Issuance Costs</i>	<i>\$991,537</i>
Total Special Benefit	\$6,445,975
Special Benefit:	
Total Special Benefit	\$6,445,975
Assessment	\$5,453,000
Excess Benefit	\$992,975

¹See Table III-A for details.

B. IMPROVEMENT AREA #1 ASSESSMENT ROLL

The City Council has evaluated each Parcel in Improvement Area #1 (based on numerous factors such as the applicable zoning for developable area, the use of proposed Homeowner Association Property, the Public Property, the types of public improvements, and other development factors deemed relevant by the City Council) to determine the amount of Assessed Property within the Improvement Area #1.

The Improvement Area #1 Assessed Property has been assessed for the special benefits conferred upon the property resulting from the Improvement Area #1 Projects. Table VII-B summarizes the \$21,215,867 in special benefit received by the Improvement Area #1 Assessed Property from the Improvement Area #1 Projects, including a portion of the costs of the PID formation and applicable Bond issuance costs. The par amount of the Improvement Area #1 Bonds is \$17,205,000, which is less than the benefit received by the Improvement Area #1 Assessed Property. Accordingly, the total Assessment to be applied to all the Improvement Area #1 Assessed Property is \$17,205,000 plus interest and annual Administrative Expenses. The Assessment for each Improvement Area #1 Assessed Property is calculated based on the allocation methodologies described in Section V.D. The Improvement Area #1 Assessment Roll is attached hereto as Appendix H.

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**Table VII-B
Improvement Area #1
Special Benefit Summary**

Special Benefit	Total Cost
Total Authorized Improvements	\$18,505,745
Bond Issuance Costs:	
Cost of issuance	\$1,279,868
Capitalized interest	\$0
Reserve fund	\$55,000
Administrative Expense	\$516,150
Underwriter's discount	\$859,105
<i>Subtotal Bond Issuance Costs</i>	<i>\$2,710,123</i>
Total Special Benefit	\$21,215,867
Special Benefit:	
Total Special Benefit	\$21,215,867
Assessment	\$17,205,000
Excess Benefit	\$4,010,867

¹See Table III-B for details.

C. IMPROVEMENT AREA #2 ASSESSMENT ROLL

The City Council has evaluated each Parcel in Improvement Area #2 (based on numerous factors such as the applicable zoning for developable area, the use of proposed Homeowner Association Property, the Public Property, the types of public improvements, and other development factors deemed relevant by the City Council) to determine the amount of Assessed Property within Improvement Area #2.

The Improvement Area #2 Assessed Property has been assessed for the special benefits conferred upon the property resulting from the Improvement Area #2 Improvements. Table VII-C summarizes the \$18,378,592 in special benefit received by the Improvement Area #2 Assessed Property from the Improvement Area #2 Improvements, including a portion of the costs of the PID formation and applicable Bond issuance costs. The par amount of the Improvement Area #2 Bonds is \$16,408,000, which is less than the benefit received by the Improvement Area #2 Assessed Property. Accordingly, the total Assessment to be applied to all the Improvement Area #2 Assessed Property is \$16,408,000 plus interest and annual Administrative Expenses. The Assessment for each Improvement Area #2 Assessed Property is calculated based on the allocation methodologies described in Section V.D. The Improvement Area #2 Assessment Roll is attached hereto as Appendix I.

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**Table VII-C
Improvement Area #2
Special Benefit Summary**

Special Benefit	Total Cost
Total Authorized Improvements ¹	\$15,265,592
Bond Costs of Issuance	
Reserve Fund	\$1,197,196
Capitalized Interest	\$475,969
Administrative Expense	\$55,000
Underwriter's Discount	\$492,240
Other Cost of Issuance	\$892,595
<i>Subtotal Bond Cost of Issuance</i>	<i>\$3,113,000</i>
Total Special Benefit	\$18,378,592
Special Benefit:	
Total Special Benefit	\$18,378,592
Projected Assessment	\$16,408,000
Excess Benefit	\$1,970,592

¹See Table III-C for details.

D. FUTURE IMPROVEMENT AREAS ASSESSMENT ROLL

As Future Improvement Areas are developed, this SAP will be amended to determine the Assessment for each Parcel or Lot located within such Future Improvement Areas (e.g. an appendix will be added as the Assessment Roll for Future Improvement Areas).

E. ANNUAL ASSESSMENT ROLL UPDATES

The Administrator shall prepare, and shall submit to the City Council for approval, annual updates to the Single-Family Residential Major Improvement Area Assessment Roll, the Improvement Area #1 Assessment Roll, and the Improvement Area #2 Assessment Roll in conjunction with the Annual Service Plan Update to reflect the following matters, together with any other changes helpful to the Administrator or the City and permitted by the PID Act: (i) the identification of each Parcel (ii) the Assessment for each Parcel of Assessed Property, including any adjustments authorized by this Service and Assessment Plan or in the PID Act; (iii) the Annual Installment for the Assessed Property for the year (if the Assessment is payable in installments); and (iv) payments of the Assessment, if any, as provided by Section VI.G of this Service and Assessment Plan.

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VIII. MISCELLANEOUS PROVISIONS

A. ADMINISTRATIVE REVIEW

The City may elect to designate a third party to serve as Administrator. The City shall notify the Developer in writing at least thirty (30) days in advance before appointing a third-party Administrator.

To the extent consistent with the PID Act, an owner of an Assessed Parcel claiming that a calculation error has been made in the Assessment Roll(s), including the calculation of the Annual Installment, shall send a written notice describing the error to the City not later than thirty (30) days after the date any amount which is alleged to be incorrect is due prior to seeking any other remedy. The Administrator shall promptly review the notice, and if necessary, meet with the Assessed Parcel owner, consider written and oral evidence regarding the alleged error and decide whether, in fact, such a calculation error occurred.

If the Administrator determines that a calculation error has been made and the Assessment Roll should be modified or changed in favor of the Assessed Parcel owner, such change or modification shall be presented to the City Council for approval to the extent permitted by the PID Act. A cash refund may not be made for any amount previously paid by the Assessed Parcel owner (except for the final year during which the Annual Installment shall be collected or if it is determined there are sufficient funds to meet the expenses of the PID for the current year), but an adjustment may be made in the amount of the Annual Installment to be paid in the following year. The decision of the Administrator regarding a calculation error relating to the Assessment Roll may be appealed to the City Council. Any amendments made to the Assessment Roll(s) pursuant to calculation errors shall be made pursuant to the PID Act.

The decision of the Administrator, or if such decision is appealed to the City Council, the decision of the City Council shall be conclusive as long as there is a reasonable basis for such determination. This procedure shall be exclusive and its exhaustion by any property owner shall be a condition precedent to any other appeal or legal action by such owner.

B. TERMINATION OF ASSESSMENTS

Each Assessment shall be extinguished on the date the Assessment is paid in full, including unpaid Annual Installments and Delinquent Collection Costs, if any. After the extinguishment of an Assessment and the collection of any delinquent Annual Installments and Delinquent Collection Costs, the City shall provide the owner of the affected Parcel a recordable “Notice of the PID Assessment Termination”.

C. AMENDMENTS

Amendments to the Service and Assessment Plan can be made as permitted or required by the PID Act and under Texas law.

The City Council reserves the right to the extent permitted by the PID Act to amend this Service and Assessment Plan without notice under the PID Act and without notice to property owners of Parcels:(i) to correct mistakes and clerical errors; (ii) to clarify ambiguities; and (iii) to provide procedures for the collection and enforcement of Assessments, Prepayment Costs, collection costs, and other charges imposed by the Service and Assessment Plan.

D. ADMINISTRATION AND INTERPRETATION OF PROVISIONS

The City Council shall administer the PID, this Service and Assessment Plan, and all Annual Service Plan Updates consistent with the PID Act and shall make all interpretations and determinations related to the application of this Service and Assessment Plan unless stated otherwise herein or in the Trust Indenture, such determination shall be conclusive.

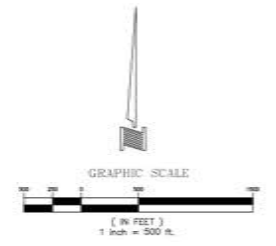
E. SEVERABILITY

If any provision, section, subsection, sentence, clause or phrase of this Service and Assessment Plan or the application of same to an assessed Parcel or any person or set of circumstances is for any reason held to be unconstitutional, void or invalid, the validity of the remaining portions of this Service and Assessment Plan or the application to other persons or sets of circumstances shall not be affected thereby, it being the intent of the City Council in adopting this Service and Assessment Plan that no part hereof or provision or regulation contained herein shall become inoperative or fail by reason of any unconstitutionality, voidness or invalidity of any other part hereof, and all provisions of this Service and Assessment Plan are declared to be severable for that purpose.

If any provision of this Service and Assessment Plan is determined by a court to be unenforceable, the unenforceable provision shall be deleted from this Service and Assessment Plan and the unenforceable provision shall, to the extent possible, be rewritten to be enforceable and to give effect to the intent of the City.

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APPENDIX A
PID MAP



- POD "A"
JWS LAND, LTD
TEXAS OPPORTUNITIES LP
- POD "B"
TEXAS OPPORTUNITIES LP
- POD "C"
JWS LAND LTD
- POD "D"
JWS LAND LTD
JACK SCHULER
- POD "E-1" AND "E-2"
PUBLIC RIGHT-OF-WAY

PROPERTY POD EXHIBIT
RIVER RIDGE
CRANDALL TEXAS
APRIL 14, 2020 SCALE: 1" = 500'

OWNERS
JACK SCHULER
TEXAS OPPORTUNITIES LP
JWS LAND LTD
5800 S. LAKE FOREST STE. 295
MCKINNEY, TEXAS 75070
CONTACT: KELLY CANNELL
KCANNELL@SCHULERDEVELOPMENT.COM
469-213-3005

DOWDEY, ANDERSON & ASSOCIATES, INC.
5225 Village Creek Drive, Suite 200 Plano, Texas 75093 972-921-0894
SOUTH REGISTRATION NUMBER: 1-88

CONTACT: TONY KRAUSKA 1 OF 1

RIVER RIDGE



OVERALL SITE MAP

Crandall, Texas

6-1-2020
15032

- Single Family
- Multi-Family
- Highway Business / Retail

This layout is for conceptual purposes only, based on preliminary information. It is subject to change without notice and also subject to governmental approvals.

Image is shown at a scale of 1" = 400' when printed at 24x36.

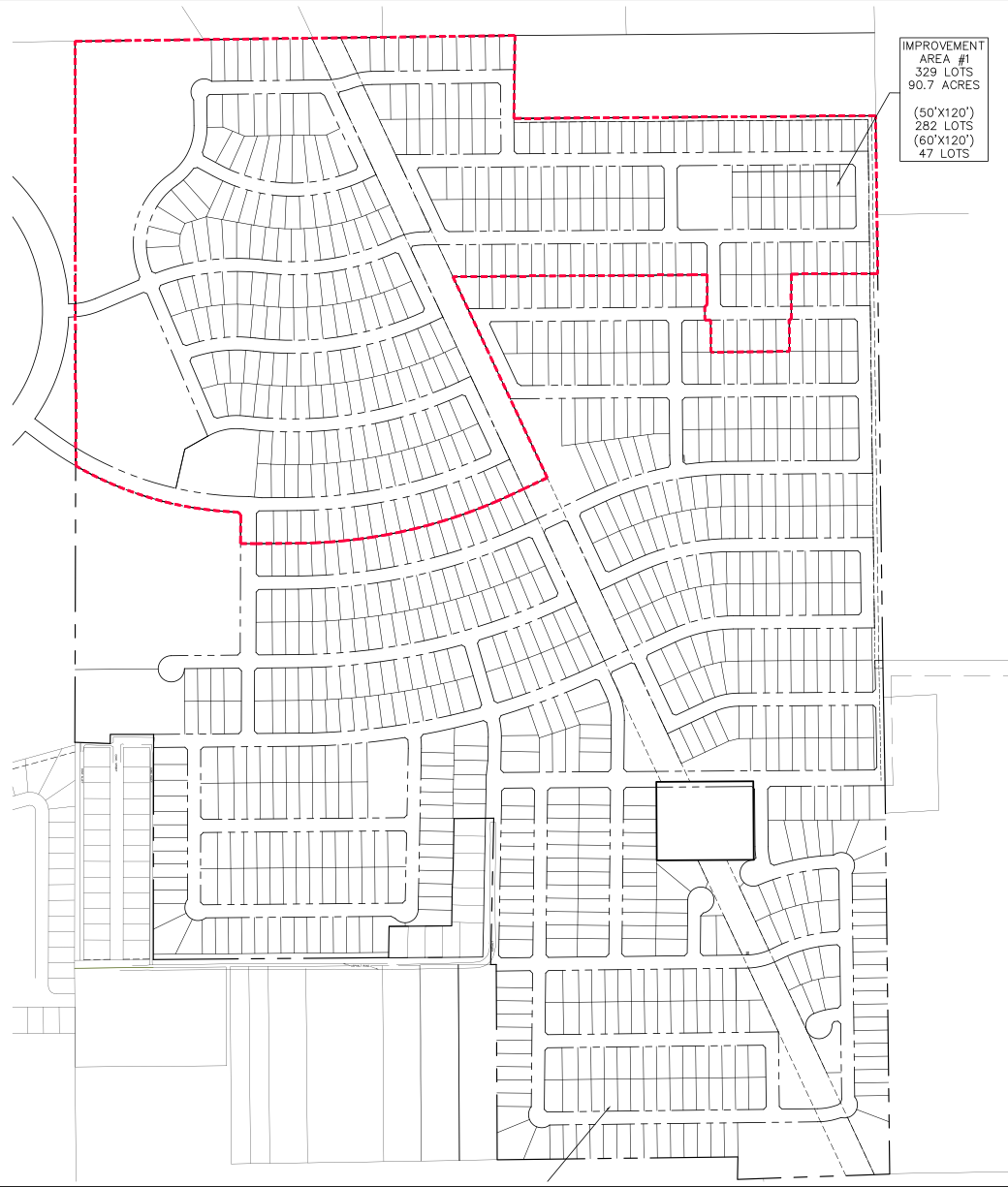


**DOWDEY, ANDERSON
& ASSOCIATES, INC.**

Land Planning ♦ Civil Engineering ♦ Water Resources ♦ Construction Services

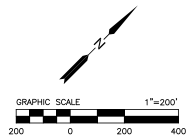
MERRA

APPENDIX A-1
IMPROVEMENT AREA # 1 MAP



IMPROVEMENT
AREA #1
329 LOTS
90.7 ACRES

(50'x120')
282 LOTS
(60'x120')
47 LOTS



JBIPARTNERS
2121 Midway Road
Suite 300
Carrollton, Texas 75006
972.248.7676
TBPE No. F-438
TBPLS No. 10076000

IMPROVEMENT AREA #1 BOUNDARY

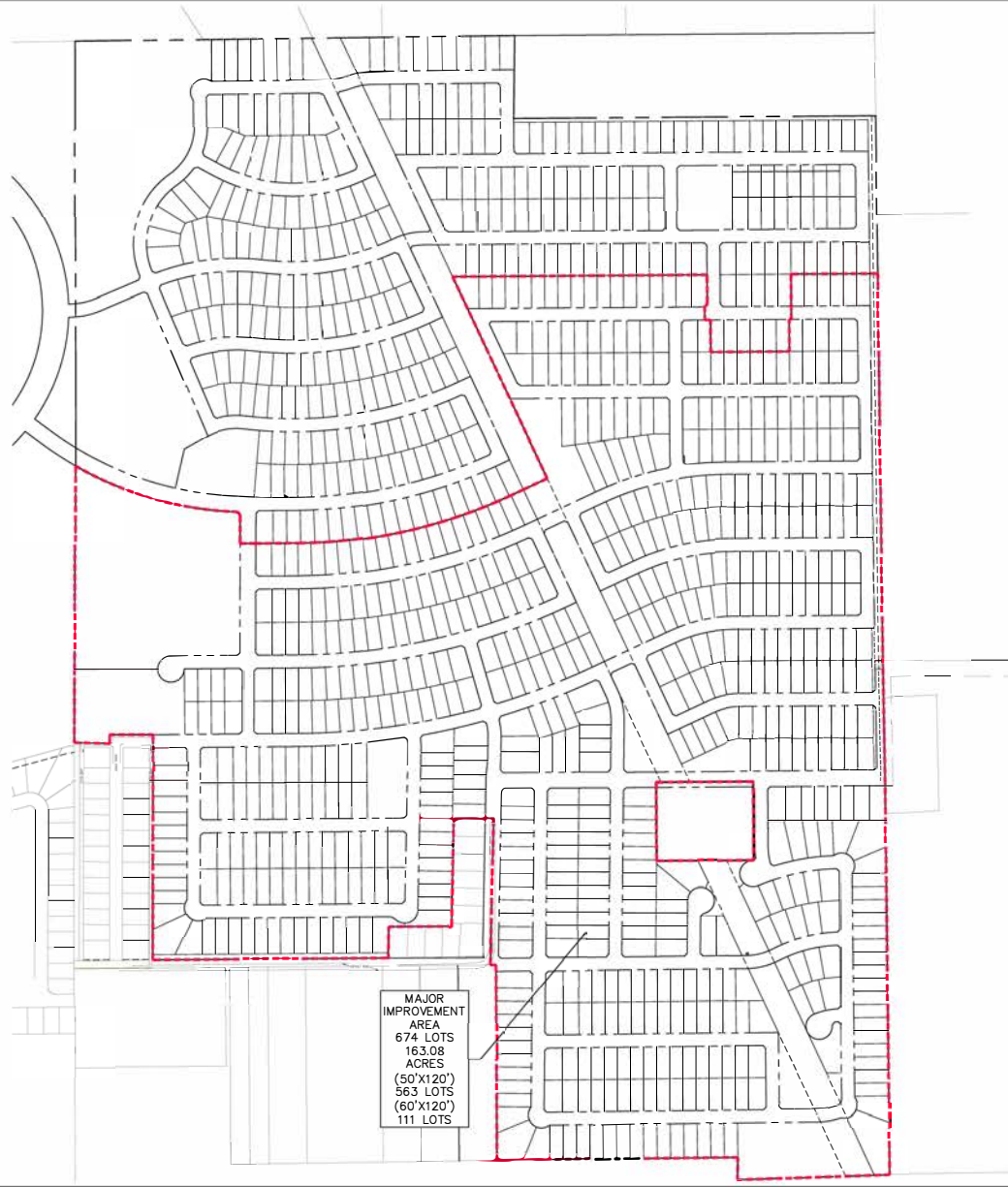
RIVER RIDGE NORTH

River Ridge Planned Improvement District of Kaufman County City of Granddall, Kaufman County, Texas

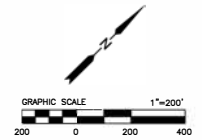
PROJECT NO.
PMBO01

SHEET NO.
1 of 1

APPENDIX A-2
SINGLE-FAMILY RESIDENTIAL MAJOR IMPROVEMENT AREA MAP



MAJOR
IMPROVEMENT
AREA
674 LOTS
163.08
ACRES
(50'X120')
563 LOTS
(60'X120')
111 LOTS



	2121 Midway Road Suite 300 Carrollton, Texas 75006 972.248.7676 TBPE No. F-438 TBPLS No. 10076000	MAJOR IMPROVEMENT AREA BOUNDARY	PROJECT NO. PMBO01
	RIVER RIDGE NORTH		SHEET NO.
	River Ridge Planned Improvement District of Kaufman County City of Granddall, Kaufman County, Texas		1 of 1

Drawing: C:\Projects\PMBO01\River Ridge\Phase I\Engineering\GIS\Map\Improvement Area Boundary.dwg Revised By: JZovine Date: 11/02/2011 2:24 PM
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APPENDIX A-3
NON-SINGLE-FAMILY RESIDENTIAL PROPERTY MAP

RIVER RIDGE NORTH



Crandall, Texas
1-21-2020
1922

- Single Family
- Multi-family
- Commercial
- Water Line
- Sewer Line

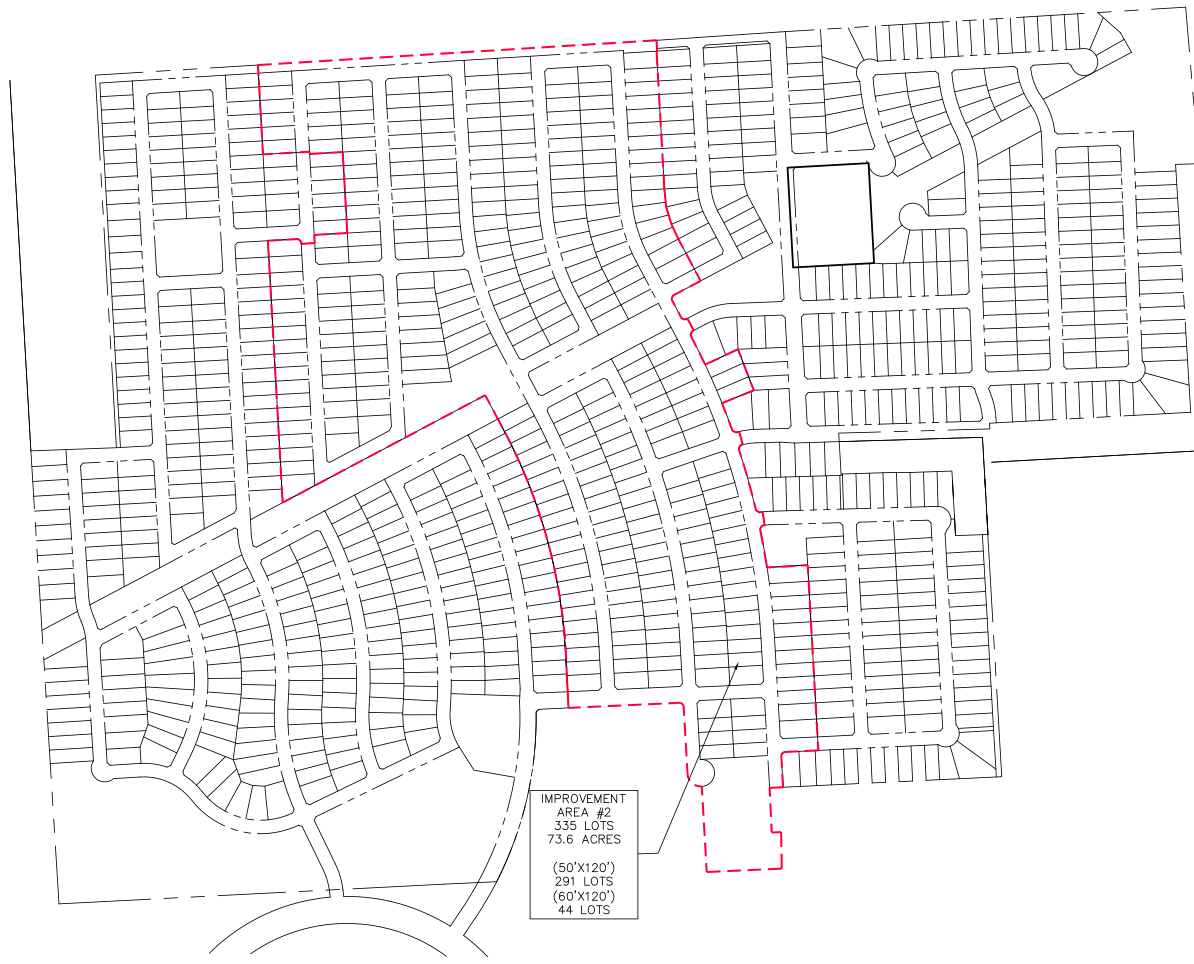
**Concept Plan for
Meara Company Developments**
5900 S. Lake Forest, Suite 295
McKinney, Texas 75070
(469) 213-3005

This layout is for conceptual purposes only, based on preliminary information. It is subject to change without notice and also subject to governmental approvals.
Image is shown at a scale of 1" = 300' when printed 26x36.



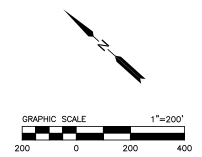
**DOWDEY, ANDERSON
& ASSOCIATES, INC.**

APPENDIX A-4
IMPROVEMENT AREA #2 PROPERTY MAP



IMPROVEMENT
AREA #2
335 LOTS
73.6 ACRES

(50'x120')
291 LOTS
(60'x120')
44 LOTS



JBI
PARTNERS
2121 Midway Road
Suite 300
Carrollton, Texas 75006
972.248.7676
TBPE No. F-438
TBPLS No. 10076000

IMPROVEMENT AREA #2 BOUNDARY

RIVER RIDGE NORTH, PHASE 2
River Ridge Planned Improvement District of Kaufman County
City of Grandall, Kaufman County, Texas

PROJECT
NO.
PMB001

SHEET NO.
1 OF 1

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APPENDIX B
BUDGETED COSTS OF AUTHORIZED IMPROVEMENTS

PRELIMINARY DEVELOPMENT COST ESTIMATE
 PREPARED BY JBI PARTNERS, INC.
 RIVER RIDGE
 CRANDALL, KAUFMAN COUNTY, TEXAS
 JBI Project No. PMB001
 2/10/2022



	PHASE 1
APPROXIMATE GROSS ACRES	91.38
APPROXIMATE NET DEVELOPABLE ACRES	76.61
APPROXIMATE TOTAL NUMBER OF LOTS	329
APPROXIMATE TOTAL NUMBER OF LOTS	330
APPROXIMATE DENSITY	3.61
APPROXIMATE LENGTH OF ONSITE STREETS (lf)	14,940
APPROXIMATE LENGTH OF OFFSITE STREETS (lf)	-

I. ONSITE COSTS	Total	Private	IA - 1 Within PID	IA - 1 Outside of PID
			Boundary	Boundary
A. EROSION CONTROL	\$79,157	\$79,157		
B. EARTHWORK	\$1,224,936	\$1,220,932	\$4,004	
B1. MOISTURE CONDITIONING	\$660,000	\$660,000		
C. PAVING	\$2,213,057		\$2,213,057	
D. WATER SYSTEM	\$1,452,749		\$1,452,749	
E. SANITARY SEWER SYSTEM	\$1,506,709		\$1,506,709	
F. DRAINAGE SYSTEM	\$4,536,594		\$4,536,594	
G. RETAINING WALLS	\$273,042	\$273,042		
H. ENTRY SIGN AND SCREENING	\$200,000	\$200,000		
H1. OPEN SPACE LANDSCAPING	\$396,000		\$396,000	
H2. AMENITY CENTER	\$1,400,000	\$1,400,000		
I. ENGINEERING & SURVEYING	\$871,050	\$239,477	\$631,573	
J. CITY PLATTING FEES	\$2,810	\$2,810		
K. CITY INSPECTION FEE (3.0% of Paving & Wet Utilities)	\$291,273		\$291,273	
L. 4% PROJECT MGMT FEE	\$604,295	\$163,017	\$441,278	
M. PID SET UP COST	\$312,650	\$83,186	\$229,465	
N. ROW DEDICATION (16.81 ACRES)	16.81 170,000/ACRE	\$2,857,700	\$2,857,700	
O. 15% CONTINGENCY (ITEMS A THRU H1)	15%	\$2,091,337	\$574,970	\$1,516,367
TOTAL DIRECT COSTS	\$20,973,359	\$4,896,590	\$16,076,769	
TOTAL COST PER LOT	\$63,556			

II. OFFSITE COSTS	Total	Private/TIRZ	MIA - Within PID	MIA - Outside of PID
			Boundary	Boundary
A. EROSION CONTROL	\$175,351	\$175,351		
B. EARTHWORK	\$173,798	\$5,280		\$168,518
C. PAVING	\$1,543,741	\$1,543,741		
D. WATER SYSTEM	\$1,250,433		\$324,375	\$926,058
E. SANITARY SEWER SYSTEM	\$954,306			\$954,306
F. DRAINAGE	\$2,601,183			\$2,601,183
G. ENGINEERING & SURVEYING	\$393,121	\$78,624	\$19,656	\$294,841
H. CITY INSPECTION FEE (3.0% of Paving & Wet Utilities)	\$112,454			\$112,454
I. 4% PROJECT MGMT FEE	\$288,176	\$72,120	\$13,761	\$202,294
J. ROW DEDICATION (16.81 ACRES)	8.94 170,000/ACRE	\$1,519,800		\$1,519,800
K. 15% CONTINGENCY (ITEMS A THRU F)	15%	\$1,004,822	\$258,656	\$697,510
TOTAL DIRECT COSTS	\$10,017,185	\$2,133,773	\$406,449	\$7,476,964

NOTES & ASSUMPTIONS

- 1 This Cost Estimate is based on JBI Partners Preliminary Plat dated January 22, 2021.
- 2 This Cost Estimate assumes onsite detention is required and retention ponds can be utilized.
- 3 Unit pricing based on current pricing seen in the marketplace. Subject to change.
- 4 Installation of telephone and cable assumed to be performed at no cost to developer; need to verify with provider.
- 5 Tree survey and tree mitigation are not included in this estimate.
- 6 Excavation quantities are based on an assumed 1.5' cut across the site. An overall grading analysis has not been completed.
- 7 This estimate includes costs for common area improvement (budget only).
- 8 Cost of common area sidewalks is included in this estimate.
- 9 Construction administration/management fee is not included in this estimate.
- 10 Impact fees (if any) are not included in this estimate. Paid at building permit.
- 11 Park fees (if any) are not included in this estimate.
- 12 Costs of rock excavation are not included in this cost estimate.
- 13 Pad moisture conditioning is included in this estimate as budget only; need geotechnical report to confirm.
- 14 This estimate assumes onsite batch plant to be used. If transit mix concrete to be used, unit price will be higher.
- 15 Retaining Wall Budget assumes 18" exposed grade beams and minimum 24" retaining walls.
- 16 This estimate does not include Water/Sewer Connection fees. Paid at building permit.
- 17 Cost for treatment of high PVR's or Sulfates is not included; need geotechnical report to confirm.
- 18 Per City of Crandall, the existing sanitary sewer system has capacity for 600-700 single-family homes; however, the depth of the existing sanitary sewer pipes are unknown.

**RIVER RIDGE
CRANDALL, KAUFMAN COUNTY, TEXAS
JBI Project No. PMB001
2/10/2022**

PHASE 1
Approximate # of lots: 330
Approximate Developable Acres: 91.38
Approximate length 27' streets (lf): 13,900
Approximate length 37' streets (lf): 1,040

ONSITE COSTS

A. Erosion Control	Units	Cost	Quantity	Total
1 Stabilized construction entrance	EA	\$2,000.00	1	\$2,000
2 Silt fence prior to earthwork	LF	\$1.50	5,920	\$8,880
3 Rock check dam	EA	\$950.00	0	\$0
4 Inlet protection	EA	\$200.00	54	\$10,800
5 4' curlex at back of curb after paving	LF	\$0.65	30,627	\$19,908
6 Seed disturbed area	AC	\$400.00	77.67	\$31,069
7 SWPPP book and inspections	LS	\$6,500.00	1	\$6,500
TOTAL				\$79,157

B. Earthwork	Units	Cost	Quantity	Total
1 Clearing & grubbing	AC	\$900.00	87.27	\$78,543
2 Moisture Conditioning	LOT	\$2,000.00	330.00	\$660,000
3 Clearing & grubbing (with trees)	AC	\$1,700.00	4.11	\$6,987
4 Unclassified street & lot excavation (1.5' across site)	CY	\$2.20	221,140	\$486,507
5 Pond excavation	CY	\$2.40	100,000	\$240,000
6 Lot benching	LOT	\$130.00	330	\$42,900
7 Process and place wet utility spoils	CY	\$2.75	32,870	\$90,393
8 Final grading and cleanup	LOT	\$150.00	330	\$49,500
9 Earthwork density testing	CY	\$0.65	354,010	\$230,106
TOTAL				\$1,884,936

C. Paving	Units	Cost	Quantity	Total
1 8"-4,000 psi conc. street pavement w/ #4 bars @ 18" OC	SY	\$38.00	4,276	\$162,471
2 6"-4,000 psi conc. street pvmt. w/ #4 bars @ 18" OC	SY	\$31.60	41,520	\$1,311,921
3 8" (48 lbs./sy) lime stabilized subgrade	SY	\$4.20	4,618	\$19,394
4 6" (48 lbs./sy) lime stabilized subgrade	SY	\$3.40	44,842	\$152,461
5 Hydrated lime material	TN	\$163.00	1,186	\$193,318
6 Connect to existing pavement	LF	\$12.50	164	\$2,050
7 Concrete header	LF	\$15.00	91	\$1,365
8 Street barricade	LF	\$47.50	91	\$4,323
9 Barrier free ramps	EA	\$1,850.00	26	\$48,100
10 5' wide sidewalk	SF	\$5.50	35,750	\$196,625
11 Street signs & poles	EA	\$950.00	27	\$25,650
12 Traffic Control	LS	\$5,000.00	1	\$5,000
13 Testing	SY	\$0.95	49,459	\$46,986
14 Maintenance bond (2% of total \$)	LS			\$43,393
TOTAL				\$2,213,057

D. Water System	Units	Cost	Quantity	Total
1 12" PVC Pipe	LF	\$47.23	4,763	\$224,956
2 8" PVC Pipe	LF	\$39.00	15,105	\$589,095
3 12" Valve	EA	\$2,400.00	10	\$24,000
4 8" Valve	EA	\$1,375.00	32	\$44,000
5 Fire hydrant with 6" valve (500' spacing)	EA	\$4,450.00	32	\$142,400
6 Fittings (1 TN/ 1,000 LF)	TON	\$5,500.00	15.07	\$82,885
7 2" Irrigation service	EA	\$2,000.00	1	\$2,000
8 1" Irrigation service	EA	\$900.00	3	\$2,700
9 1" Single domestic service	EA	\$750.00	330	\$247,500
10 Irrigation sleeves	LF	\$14.25	160	\$2,280
11 Connect to existing pipe	EA	\$925.00	2	\$1,850
12 Trench safety	LF	\$0.30	19,868	\$5,960
13 Testing	LF	\$2.75	19,868	\$54,637
14 Maintenance bond (2% of total \$)	LS			\$28,485
TOTAL				\$1,452,749

E. Sanitary Sewer System	Units	Cost	Quantity	Total
1 18" PVC Pipe	LF	\$63.00	720	\$45,360
2 15" PVC Pipe	LF	\$48.00	331	\$15,888
3 12" PVC Pipe	LF	\$39.00	150	\$5,850
4 8" SDR-26 PVC Pipe	LF	\$70.04	7,316	\$512,405
5 8" SDR-35 PVC Pipe	LF	\$49.00	7,316	\$358,484
6 5' Manhole	EA	\$5,390.00	7	\$37,730
7 4' Manhole	EA	\$3,080.00	55	\$169,400
8 Connect to existing pipe	EA	\$925.00	1	\$925

**RIVER RIDGE
 CRANDALL, KAUFMAN COUNTY, TEXAS
 JBI Project No. PMB001
 2/10/2022**

	PHASE 1
Approximate # of lots:	330
Approximate Developable Acres:	91.38
Approximate length 27' streets (lf):	13,900
Approximate length 37' streets (lf):	1,040

ONSITE COSTS

9 4" SDR-26 sanitary service	EA	\$950.00	165	\$156,750
10 4" SDR-35 sanitary service	EA	\$625.00	165	\$103,125
11 Trench safety	LF	\$0.75	15,833	\$11,875
12 Testing	LF	\$3.75	15,833	\$59,374
13 Maintenance bond (2% of total \$)	LS			\$29,543
TOTAL				\$1,506,709

**RIVER RIDGE
CRANDALL, KAUFMAN COUNTY, TEXAS
JBI Project No. PMB001
2/10/2022**

	PHASE 1
Approximate # of lots:	330
Approximate Developable Acres:	91.38
Approximate length 27' streets (lf):	13,900
Approximate length 37' streets (lf):	1,040

ONSITE COSTS

F. Drainage System

	Units	Cost	Quantity	Total
1 9'x5' RCB	LF	\$615.00	1,032	\$634,680
2 8'x5' RCB	LF	\$550.00	90	\$49,500
3 7'x5' RCB	LF	\$490.00	165	\$80,850
4 6'x5' RCB	LF	\$503.00	2,002	\$1,006,902
5 6'x4' RCB	LF	\$390.00	80	\$31,200
6 5'x5' RCB	LF	\$383.00	1,751	\$670,633
7 5'x4' RCB	LF	\$316.00	1,341	\$423,756
8 4'x4' RCB	LF	\$271.00	509	\$137,939
9 48" RCP	LF	\$201.00	915	\$183,915
9 42" RCP	LF	\$193.00	1,950	\$376,350
10 36" RCP	LF	\$112.00	565	\$63,280
11 33" RCP	LF	\$100.00	472	\$47,200
12 30" RCP	LF	\$87.00	40	\$3,480
13 27" RCP	LF	\$82.00	1,752	\$143,664
14 24" RCP	LF	\$71.00	592	\$42,032
15 21" RCP	LF	\$62.00	1,021	\$63,302
16 18" RCP	LF	\$54.00	146	\$7,884
17 10' Curb Inlet	EA	\$4,200.00	52	\$218,400
18 4'x4' drop inlet with apron	EA	\$4,350.00	2	\$8,700
19 6'x6' standard storm manhole	EA	\$6,750.00	0	\$0
20 5'x5' standard storm manhole	EA	\$5,600.00	2	\$11,200
21 4'x4' standard storm manhole	EA	\$4,650.00	7	\$32,550
22 24" Dia manhole riser on RCB	EA	\$2,000.00	7	\$14,000
23 Type FW headwall at 9'x5' RCB	EA	\$16,500.00	1	\$16,500
24 Type PW headwall at 8'x5' RCB	EA	\$20,000.00	2	\$40,000
25 Type FW headwall at 7'x5' RCB	EA	\$12,500.00	1	\$12,500
26 Type FW headwall at 6'x5' RCB	EA	\$12,000.00	1	\$12,000
27 Type FW headwall at 6'x4' RCB	EA	\$8,000.00	1	\$8,000
28 Type FW headwall at 5'x4' RCB	EA	\$7,500.00	1	\$7,500
29 Type FW headwall at 5'x5' RCB	EA	\$7,500.00	1	\$7,500
30 Sloped headwall at 42" RCP	EA	\$4,400.00	2	\$8,800
31 12"-15" rock rip-rap	SY	\$90.00	0	\$0
32 8"-12" rock rip-rap	SY	\$87.00	130	\$11,310
33 Trench safety	LF	\$0.25	14,423	\$3,606
34 Testing	LF	\$4.75	14,423	\$68,508
35 Maintenance bond (2% of total \$)	LS			\$88,953
TOTAL				\$4,536,594

G. Retaining Walls

	Units	Cost	Quantity	Total
1 1' to 2' high walls	FF	\$16.25	5,100	\$82,875
2 2' to 3' high walls	FF	\$17.00	7,930	\$134,807
3 3' to 4' high walls	FF	\$17.30	3,200	\$55,360
4 4' to 5' high walls	FF	\$14.50	0	\$0
5 5' to 6' high walls	FF	\$15.75	0	\$0
TOTAL				\$273,042

H. Entry Sign & Screening

Entry Sign	EA	\$40,000.00	2	\$80,000
4" cal. Shade Trees	EA	\$550.00	50	\$27,500
Thin Wall Screening	LF	\$100.00	925	\$92,500
TOTAL				\$200,000

H1 Open Space Landscaping

	Units	Cost	Quantity	Total
1 Landscaping	LOT	\$1,200.00	330	\$396,000
TOTAL				\$396,000

TOTAL ONSITE COSTS PHASE 1 \$12,342,244

\$11,946,244

RIVER RIDGE
CRANDALL, KAUFMAN COUNTY, TEXAS
JBI Project No. PMB001
2/10/2022

PHASE 2
Approximate # of lots: 336
Approximate Developable Acres: 76.18
Approximate length 27' streets (lf): 14,546
Approximate length 37' streets (lf): 1,505

ONSITE COSTS

A. Erosion Control	Units	Cost	Quantity	Total
1 Stabilized construction entrance	EA	\$2,000.00	1	\$2,000
2 Silt fence prior to earthwork	LF	\$1.50	4,230	\$6,345
3 Rock check dam	EA	\$950.00	0	\$0
4 Inlet protection	EA	\$200.00	67	\$13,400
5 4' curlex at back of curb after paving	LF	\$0.65	28,650	\$18,622
6 Seed disturbed area	AC	\$400.00	63	\$25,392
7 SWPPP book and inspections	LS	\$6,500.00	1	\$6,500
TOTAL				\$72,260

B. Earthwork	Units	Cost	Quantity	Total
1 Clearing & grubbing	AC	\$900.00	73.43	\$66,084
2 Clearing & grubbing (with trees)	AC	\$1,700.00	2.75	\$4,675
3 Unclassified street & lot excavation (1.5' across site)	CY	\$2.20	184,349	\$405,567
4 Pond Excavation	CY	\$2.40	8,250	\$19,800
5 Lot benching	LOT	\$130.00	336	\$43,680
6 Process and place wet utility spoils	CY	\$2.75	28,666	\$78,832
7 Final grading and cleanup	LOT	\$150.00	336	\$50,400
8 Earthwork density testing	CY	\$0.65	235,723	\$153,220
TOTAL				\$822,258

C. Paving	Units	Cost	Quantity	Total
1 8"-4,000 psi conc. street pavement w/ #4 bars @ 18" OC	SY	\$38.00	5,664	\$215,235
2 6"-4,000 psi conc. street pvmt. w/ #4 bars @ 18" OC	SY	\$33.00	43,733	\$1,443,179
3 8" (48 lbs./sy) lime stabilized subgrade	SY	\$4.20	6,117	\$25,692
4 6" (48 lbs./sy) lime stabilized subgrade	SY	\$3.40	47,231	\$160,586
5 Hydrated lime material	TN	\$163.00	1,280	\$208,699
6 Connect to existing pavement	LF	\$12.50	106	\$1,320
7 Concrete header	LF	\$15.00	0	\$0
8 Street barricade	LF	\$47.50	0	\$0
9 Barrier free ramps	EA	\$1,850.00	37	\$69,190
10 5' wide sidewalk	SF	\$5.50	21,832	\$120,077
11 Street signs & poles	EA	\$950.00	34	\$32,395
12 Traffic Control	LS	\$5,000.00	1	\$5,000
13 Testing	SY	\$0.95	53,349	\$50,681
14 Maintenance bond (2% of total \$)	LS			\$46,641
TOTAL				\$2,378,697

RIVER RIDGE
 CRANDALL, KAUFMAN COUNTY, TEXAS
 JBI Project No. PMB001
 2/10/2022

PHASE 2
 Approximate # of lots: **336**
 Approximate Developable Acres: **76.18**
 Approximate length 27' streets (lf): **14,546**
 Approximate length 37' streets (lf): **1,505**

ONSITE COSTS

D. Water System	Units	Cost	Quantity	Total
1 12" PVC Pipe	LF	\$36.00	1,988	\$71,550
2 8" PVC Pipe	LF	\$24.00	12,529	\$300,696
3 12" Valve	EA	\$2,400.00	9	\$21,600
4 8" Valve	EA	\$1,350.00	40	\$54,000
5 Fire hydrant with 6" valve (500' spacing)	EA	\$4,350.00	28	\$121,800
6 Fittings (1 TN/ 1,000 LF)	TON	\$5,500.00	15	\$79,833
7 2" Irrigation service	EA	\$2,000.00	2	\$4,000
8 1" Irrigation service	EA	\$900.00	3	\$2,700
9 1" Single domestic service	EA	\$635.00	337	\$213,678
10 Irrigation sleeves	LF	\$14.25	120	\$1,710
11 Trench safety	LF	\$0.30	14,517	\$4,355
12 Testing	LF	\$2.75	14,517	\$39,920
13 Maintenance bond (2% of total \$)	LS			\$18,317
TOTAL				\$934,158

E. Sanitary Sewer System	Units	Cost	Quantity	Total
1 12" PVC Pipe	LF	\$50.00	203	\$10,125
2 10" PVC Pipe	LF	\$45.00	135	\$6,075
3 8" SDR-26 PVC Pipe	LF	\$35.00	5,380	\$188,307
4 8" SDR-35 PVC Pipe	LF	\$28.00	5,380	\$150,646
5 5' Manhole	EA	\$5,390.00	1	\$7,277
6 4' Manhole	EA	\$3,080.00	45	\$138,600
7 Connect to existing pipe	EA	\$925.00	1	\$1,249
8 4" SDR-26 sanitary service	EA	\$925.00	152	\$140,276
9 4" SDR-35 sanitary service	EA	\$600.00	151	\$90,720
10 Trench safety	LF	\$0.75	11,098	\$8,323
11 Testing	LF	\$3.75	11,098	\$41,617
12 Maintenance bond (2% of total \$)	LS			\$15,664
TOTAL				\$798,879

RIVER RIDGE
 CRANDALL, KAUFMAN COUNTY, TEXAS
 JBI Project No. PMB001
 2/10/2022

PHASE 2
 Approximate # of lots: 336
 Approximate Developable Acres: 76.18
 Approximate length 27' streets (lf): 14,546
 Approximate length 37' streets (lf): 1,505

ONSITE COSTS

F. Drainage System	Units	Cost	Quantity	Total
1 9'x5' RCB	LF	\$484.00	83	\$40,274
2 6'x5' RCB	LF	\$351.00	239	\$83,714
3 6'x4' RCB	LF	\$313.00	531	\$166,222
4 5'x5' RCB	LF	\$246.00	30	\$7,432
5 5'x4' RCB	LF	\$247.00	537	\$132,612
6 5'x3' RCB	LF	\$228.00	329	\$74,921
7 4'x4' RCB	LF	\$223.00	1,071	\$238,862
8 54" RCP	LF	\$197.00	80	\$15,662
9 48" RCP	LF	\$172.00	1,253	\$215,502
10 42" RCP	LF	\$147.00	425	\$62,484
11 36" RCP	LF	\$112.00	1,181	\$132,254
12 33" RCP	LF	\$100.00	1,092	\$109,180
13 30" RCP	LF	\$87.00	522	\$45,372
14 27" RCP	LF	\$77.00	720	\$55,420
15 24" RCP	LF	\$69.00	1,169	\$80,673
16 21" RCP	LF	\$57.00	1,961	\$111,777
17 18" RCP	LF	\$52.00	239	\$12,402
18 10' Curb Inlet	EA	\$3,200.00	65	\$208,000
19 4'x4' drop inlet with apron	EA	\$4,350.00	2	\$8,700
20 6'x6' standard storm manhole	EA	\$6,750.00	0	\$0
21 5'x5' standard storm manhole	EA	\$5,600.00	4	\$22,400
22 4'x4' standard storm manhole	EA	\$4,650.00	12	\$55,800
23 24" Dia manhole riser on RCB	EA	\$2,000.00	3	\$6,000
24 Type FW headwall at 5'x5' RCB	EA	\$7,500.00	1	\$7,500
25 Sloped headwall at 54" RCP	EA	\$8,250.00	1	\$8,250
26 Sloped headwall at 48" RCP	EA	\$5,250.00	1	\$5,250
27 Sloped headwall at 42" RCP	EA	\$4,400.00	0	\$0
28 Sloped headwall at 30" RCP	EA	\$3,000.00	0	\$0
29 Sloped headwall at 27" RCP	EA	\$2,900.00	1	\$2,900
30 Sloped headwall at 21" RCP	EA	\$2,700.00	1	\$2,700
31 Detention pond outfall structure	LF	\$20,000.00	14	\$280,000
32 Trench safety	LF	\$0.25	11,527	\$2,882
33 Testing	LF	\$4.75	11,527	\$54,752
34 Maintenance bond (2% of total \$)	LS			\$44,998
TOTAL				\$2,294,893

RIVER RIDGE
 CRANDALL, KAUFMAN COUNTY, TEXAS
 JBI Project No. PMB001
 2/10/2022

	PHASE 2
Approximate # of lots:	336
Approximate Developable Acres:	76.18
Approximate length 27' streets (lf):	14,546
Approximate length 37' streets (lf):	1,505

ONSITE COSTS

G. Retaining Walls	Units	Cost	Quantity	Total
1 1' to 2' high walls	FF	\$9.50	7,889	\$74,945
2 2' to 3' high walls	FF	\$10.00	6,709	\$67,093
3 3' to 4' high walls	FF	\$10.50	2,327	\$24,428
4 4' to 5' high walls	FF	\$11.00	0	\$0
5 5' to 6' high walls	FF	\$12.00	0	\$0
TOTAL				\$166,466

RIVER RIDGE
 CRANDALL, KAUFMAN COUNTY, TEXAS
 JBI Project No. PMB001
 2/10/2022

PHASE 3
 Approximate # of lots: 337
 Approximate Developable Acres: 73.19
 Approximate length 27' streets (lf): 10,900
 Approximate length 37' streets (lf): 1,000

ONSITE COSTS

A. Erosion Control	Units	Cost	Quantity	Total
1 Stabilized construction entrance	EA	\$2,000.00	0	\$0
2 Silt fence prior to earthwork	LF	\$1.50	4,230	\$6,345
3 Rock check dam	EA	\$950.00	0	\$0
4 Inlet protection	EA	\$200.00	56	\$11,200
5 4' curlex at back of curb after paving	LF	\$0.65	28,650	\$18,622
6 Seed disturbed area	AC	\$400.00	63	\$25,392
7 SWPPP book and inspections	LS	\$6,500.00	0	\$0
TOTAL				\$61,560

B. Earthwork	Units	Cost	Quantity	Total
1 Clearing & grubbing	AC	\$900.00	73.19	\$65,871
2 Clearing & grubbing (with trees)	AC	\$1,700.00	0.00	\$0
3 Unclassified street & lot excavation (1.5' across site)	CY	\$2.20	177,119	\$389,663
4 Pond Excavation	CY	\$2.40	6,750	\$16,200
5 Lot benching	LOT	\$130.00	337	\$43,810
6 Process and place wet utility spoils	CY	\$2.75	23,454	\$64,499
7 Final grading and cleanup	LOT	\$150.00	337	\$50,550
8 Earthwork density testing	CY	\$0.65	192,865	\$125,362
TOTAL				\$755,954

C. Paving	Units	Cost	Quantity	Total
1 8"-4,000 psi conc. street pavement w/ #4 bars @ 18" OC	SY	\$38.00	4,634	\$176,102
2 6"-4,000 psi conc. street pvmt. w/ #4 bars @ 18" OC	SY	\$33.00	35,781	\$1,180,783
3 8" (48 lbs./sy) lime stabilized subgrade	SY	\$4.20	5,005	\$21,021
4 6" (48 lbs./sy) lime stabilized subgrade	SY	\$3.40	38,644	\$131,389
5 Hydrated lime material	TN	\$163.00	1,048	\$170,754
6 Connect to existing pavement	LF	\$12.50	86	\$1,080
7 Concrete header	LF	\$15.00	0	\$0
8 Street barricade	LF	\$47.50	0	\$0
9 Barrier free ramps	EA	\$1,850.00	31	\$56,610
10 5' wide sidewalk	SF	\$5.50	17,863	\$98,245
11 Street signs & poles	EA	\$950.00	28	\$26,505
12 Traffic Control	LS	\$5,000.00	0	\$0
13 Testing	SY	\$0.95	43,649	\$41,466
14 Maintenance bond (2% of total \$)	LS			\$38,079
TOTAL				\$1,942,034

RIVER RIDGE
 CRANDALL, KAUFMAN COUNTY, TEXAS
 JBI Project No. PMB001
 2/10/2022

PHASE 3
 Approximate # of lots: 337
 Approximate Developable Acres: 73.19
 Approximate length 27' streets (lf): 10,900
 Approximate length 37' streets (lf): 1,000

ONSITE COSTS

D. Water System	Units	Cost	Quantity	Total
1 12" PVC Pipe	LF	\$36.00	1,988	\$71,550
2 8" PVC Pipe	LF	\$24.00	12,529	\$300,696
3 12" Valve	EA	\$2,400.00	6	\$14,400
4 8" Valve	EA	\$1,350.00	29	\$39,150
5 Fire hydrant with 6" valve (500' spacing)	EA	\$4,350.00	28	\$121,800
6 Fittings (1 TN/ 1,000 LF)	TON	\$5,500.00	15	\$79,833
7 2" Irrigation service	EA	\$2,000.00	0	\$0
8 1" Irrigation service	EA	\$900.00	0	\$0
9 1" Single domestic service	EA	\$635.00	337	\$213,678
10 Irrigation sleeves	LF	\$14.25	80	\$1,140
11 Trench safety	LF	\$0.30	14,517	\$4,355
12 Testing	LF	\$2.75	14,517	\$39,920
13 Maintenance bond (2% of total \$)	LS			\$17,730
TOTAL				\$904,252

E. Sanitary Sewer System	Units	Cost	Quantity	Total
1 12" PVC Pipe	LF	\$50.00	248	\$12,375
2 10" PVC Pipe	LF	\$45.00	165	\$7,425
3 8" SDR-26 PVC Pipe	LF	\$35.00	6,576	\$230,153
4 8" SDR-35 PVC Pipe	LF	\$28.00	6,576	\$184,122
5 5' Manhole	EA	\$5,390.00	2	\$8,894
6 4' Manhole	EA	\$3,080.00	55	\$169,400
7 Connect to existing pipe	EA	\$925.00	2	\$1,526
8 4" SDR-26 sanitary service	EA	\$925.00	185	\$171,449
9 4" SDR-35 sanitary service	EA	\$600.00	185	\$110,880
10 Trench safety	LF	\$0.75	13,564	\$10,173
11 Testing	LF	\$3.75	13,564	\$50,865
12 Maintenance bond (2% of total \$)	LS			\$19,145
TOTAL				\$976,408

RIVER RIDGE
CRANDALL, KAUFMAN COUNTY, TEXAS
JBI Project No. PMB001
2/10/2022

PHASE 3
Approximate # of lots: 337
Approximate Developable Acres: 73.19
Approximate length 27' streets (lf): 10,900
Approximate length 37' streets (lf): 1,000

ONSITE COSTS

F. Drainage System	Units	Cost	Quantity	Total
1 9'x5' RCB	LF	\$484.00	74	\$35,714
2 6'x5' RCB	LF	\$351.00	212	\$74,237
3 6'x4' RCB	LF	\$313.00	471	\$147,404
4 5'x5' RCB	LF	\$246.00	27	\$6,590
5 5'x4' RCB	LF	\$247.00	476	\$117,599
6 5'x3' RCB	LF	\$228.00	291	\$66,439
7 4'x4' RCB	LF	\$223.00	950	\$211,821
8 54" RCP	LF	\$197.00	71	\$13,889
9 48" RCP	LF	\$172.00	1,111	\$191,106
10 42" RCP	LF	\$147.00	377	\$55,410
11 36" RCP	LF	\$112.00	1,047	\$117,282
12 33" RCP	LF	\$100.00	968	\$96,820
13 30" RCP	LF	\$87.00	462	\$40,236
14 27" RCP	LF	\$77.00	638	\$49,146
15 24" RCP	LF	\$69.00	1,037	\$71,541
16 21" RCP	LF	\$57.00	1,739	\$99,123
17 18" RCP	LF	\$52.00	212	\$10,998
18 10' Curb Inlet	EA	\$3,200.00	54	\$172,800
19 4'x4' drop inlet with apron	EA	\$4,350.00	2	\$8,700
20 6'x6' standard storm manhole	EA	\$6,750.00	0	\$0
21 5'x5' standard storm manhole	EA	\$5,600.00	3	\$16,800
22 4'x4' standard storm manhole	EA	\$4,650.00	11	\$51,150
23 24" Dia manhole riser on RCB	EA	\$2,000.00	2	\$4,000
24 Type FW headwall at 5'x5' RCB	EA	\$7,500.00	0	\$0
25 Sloped headwall at 54" RCP	EA	\$8,250.00	0	\$0
26 Sloped headwall at 48" RCP	EA	\$5,250.00	0	\$0
27 Sloped headwall at 42" RCP	EA	\$4,400.00	0	\$0
28 Sloped headwall at 30" RCP	EA	\$3,000.00	0	\$0
29 Sloped headwall at 27" RCP	EA	\$2,900.00	0	\$0
30 Sloped headwall at 21" RCP	EA	\$2,700.00	0	\$0
31 Detention pond outfall structure	LF	\$20,000.00	0	\$0
32 Trench safety	LF	\$0.25	10,218	\$2,555
33 Testing	LF	\$4.75	10,218	\$48,537
34 Maintenance bond (2% of total \$)	LS			\$34,198
TOTAL				\$1,744,094

RIVER RIDGE
 CRANDALL, KAUFMAN COUNTY, TEXAS
 JBI Project No. PMB001
 2/10/2022

	PHASE 3
Approximate # of lots:	337
Approximate Developable Acres:	73.19
Approximate length 27' streets (lf):	10,900
Approximate length 37' streets (lf):	1,000

ONSITE COSTS

G. Retaining Walls

	Units	Cost	Quantity	Total
1 1' to 2' high walls	FF	\$9.50	8,896	\$84,512
2 2' to 3' high walls	FF	\$10.00	7,566	\$75,658
3 3' to 4' high walls	FF	\$10.50	2,624	\$27,547
4 4' to 5' high walls	FF	\$11.00	0	\$0
5 5' to 6' high walls	FF	\$12.00	0	\$0

TOTAL

\$187,717

RIVER RIDGE
CRANDALL, KAUFMAN COUNTY, TEXAS
JBI Project No. PMB001
2/10/2022

OFFSITE
Approximate # of lots: 0
Approximate Acres: 9.00
Approximate length 2-25' streets (lf): 3,950

OFFSITE COSTS

A. Erosion Control	Units	Cost	Quantity	Total
1 Stabilized construction entrance	EA	\$2,000.00	1	\$2,000
2 Silt fence prior to earthwork	LF	\$1.50	7,900	\$11,850
3 Rock check dam	EA	\$950.00	0	\$0
4 Inlet protection	EA	\$200.00	12	\$2,400
5 4' curlex at back of curb after paving	LF	\$0.65	8,098	\$5,263
6 Seed disturbed area	AC	\$400.00	7.20	\$2,880
7 Solid bermuda sod disturbed area	SY	\$3.75	10,771	\$40,391
8 Hydromulch disturbed area	SF	\$0.20	438,333	\$87,667
9 Truck watering	WK	\$4,100.00	4.00	\$16,400
10 SWPPP book and inspections	LS	\$6,500.00	1	\$6,500
TOTAL				\$175,351

B. Earthwork	Units	Cost	Quantity	Total
1 Clearing & grubbing	AC	\$900.00	7.17	\$6,453
1 Clearing & grubbing (with trees)	AC	\$1,700.00	5.10	\$8,670
2 Unclassified street excavation (1.5' across site)	CY	\$2.20	17,500	\$38,500
3 Process and place wet utility spoils	CY	\$2.75	32,000	\$88,000
4 Earthwork density testing	CY	\$0.65	49,500	\$32,175
TOTAL				\$173,798

C. Paving	Units	Cost	Quantity	Total
1 8"-4,000 psi conc. street pavement w/ #4 bars @ 18" OC	SY	\$42.52	21,944	\$933,028
2 6"-4,000 psi conc. street pvmt. w/ #4 bars @ 18" OC	SY	\$33.00	0	\$0
3 8" (48 lbs./sy) lime stabilized subgrade	SY	\$4.20	23,700	\$99,540
4 6" (48 lbs./sy) lime stabilized subgrade	SY	\$3.40	0	\$0
5 Hydrated lime material	TN	\$163.00	569	\$92,714
6 Right turn lanes (HWY175 service road & CR741)	EA	\$175,000.00	2	\$350,000
7 Connect to existing pavement	LF	\$12.50	86	\$1,075
8 Street signs & poles	EA	\$950.00	8	\$7,600
9 Traffic Control	LS	\$7,000.00	1	\$7,000
10 Testing	SY	\$0.95	23,700	\$22,515
11 Maintenance bond (2% of total \$)	LS			\$30,269
TOTAL				\$1,543,741

D. Water System	Units	Cost	Quantity	Total
1 12" PVC Pipe	LF	\$57.90	12,200	\$706,322
2 12" PVC Pipe (south of Hwy 175)	LF	\$50.00	1,650	\$82,500
3 12" Valve	EA	\$2,400.00	18	\$43,200
4 Fire hydrant with 6" valve (500' spacing)	EA	\$4,350.00	18	\$78,300
5 Fittings (1 TN/ 1,000 LF)	TON	\$5,500.00	13.85	\$76,175
6 Connect to existing pipe	EA	\$925.00	1	\$925
7 Trench safety	LF	\$0.30	13,850	\$4,155
8 Bore under US Hwy 175 with 18" dia. steel encasement	LF	\$500.00	350	\$175,000
9 Bore under Trinity Road with 18" dia. steel encasement	LF	\$425.00	50	\$21,250
10 Testing	LF	\$2.75	13,850	\$38,088
11 Maintenance bond (2% of total \$)	LS			\$24,518
TOTAL				\$1,250,433

E. Sanitary Sewer System	Units	Cost	Quantity	Total
1 18" PVC Pipe	LF	\$85.00	6,194	\$526,458
2 12" PVC Pipe	LF	\$58.00	150	\$8,700
3 10" PVC Pipe	LF	\$51.00	180	\$9,180
4 8" PVC Pipe	LF	\$41.00	50	\$2,050
5 5' Manhole	EA	\$5,100.00	12	\$61,200
6 Connect to existing pipe	EA	\$925.00	1	\$925
7 Trench safety	LF	\$0.75	6,574	\$4,930
8 Bore under US Hwy 175 with 30" dia. steel encasement	LF	\$850.00	350	\$297,500
9 Testing	LF	\$3.75	6,574	\$24,651
10 Maintenance bond (2% of total \$)	LS			\$18,712
TOTAL				\$954,306

F. Drainage System	Units	Cost	Quantity	Total
1 8'x7' RCB	LF	\$500.00	1,883	\$941,480
2 8'x5' RCB	LF	\$437.00	2,290	\$1,000,730
3 36" RCP	LF	\$112.00	215	\$24,080
4 30" RCP	LF	\$87.00	760	\$66,120
5 24" RCP	LF	\$69.00	150	\$10,350
6 21" RCP	LF	\$57.00	365	\$20,805
7 10' Curb Inlet	EA	\$3,200.00	12	\$38,400
8 Type PW headwall at 9-8'x7' RCB	EA	\$75,000.00	2	\$150,000
9 Type PW headwall at 7-8'x5' RCB	EA	\$55,000.00	2	\$110,000
10 Type PW headwall at 3-8'x5' RCB	EA	\$25,000.00	2	\$50,000
11 Sloped headwall at 36" RCP	EA	\$3,900.00	2	\$7,800
12 Sloped headwall at 24" RCP	EA	\$2,800.00	2	\$5,600
13 12"-15" rock rip-rap	SY	\$90.00	1,200	\$108,000
14 8"-12" rock rip-rap	SY	\$87.00	80	\$6,960
15 Trench safety	LF	\$0.25	5,663	\$1,416
16 Testing	LF	\$4.75	5,663	\$26,899
17 Maintenance bond (2% of total \$)	LS			\$32,543
TOTAL				\$2,601,183

PRELIMINARY DEVELOPMENT COST ESTIMATE
 PREPARED BY PMBS RIVER RIDGE
 RIVER RIDGE
 CRANDALL, KAUFMAN COUNTY, TEXAS
 JBI Project No. PMB001
 2/18/2024



	PHASE 2
APPROXIMATE GROSS ACRES	91.38
APPROXIMATE NET DEVELOPABLE ACRES	76.61
APPROXIMATE TOTAL NUMBER OF LOTS	335
APPROXIMATE TOTAL NUMBER OF LOTS	335
APPROXIMATE DENSITY	3.67
APPROXIMATE LENGTH OF ONSITE STREETS (lf)	14,940
APPROXIMATE LENGTH OF OFFSITE STREETS (lf)	-

I. ONSITE COSTS	Total	Private	IA - 2 Within PID Boundary	IA - 2 Outside of PID Boundary
A. EROSION CONTROL	\$95,478	\$95,478		
B. EARTHWORK	\$1,219,625	\$1,158,644	\$60,981	
B1. MOISTURE CONDITIONING	\$371,564	\$371,564		
C. PAVING	\$2,720,138		\$2,720,138	
D. WATER SYSTEM	\$2,064,989		\$2,064,989	
E. SANITARY SEWER SYSTEM	\$1,654,263		\$1,654,263	
F. DRAINAGE SYSTEM	\$3,253,699		\$3,253,699	
G. RETAINING WALLS	\$193,917	\$193,917		
H. ENTRY SIGN AND SCREENING	\$0			
H1. OPEN SPACE LANDSCAPING	\$400,000		\$400,000	
H2. AMENITY CENTER	\$0			
I. ENGINEERING & SURVEYING	\$943,956	\$143,450.07	\$800,505	
J. CITY PLATTING FEES	\$3,250		\$3,250	
K. CITY INSPECTION FEE (3.0% of Paving & Wet Utilities)	\$187,374		\$187,374	
L. 4% PROJECT MGMT FEE	4%	\$524,330	\$524,330	
M. PID SET UP COST	2%	\$272,652	\$272,652	
N. ROW DEDICATION (10.59 ACRES)	10.59	170,000/ACRE	\$1,800,300	\$1,800,300
O. 15% CONTINGENCY (ITEMS A THRU H1)	15%	\$1,923,322	\$280,136	\$1,643,186
TOTAL DIRECT COSTS	\$17,628,856	\$2,243,189	\$15,385,667	
TOTAL COST PER LOT	\$52,623	\$6,696	\$45,927	
				\$11,942,181

NOTES & ASSUMPTIONS

- 1 This Cost Estimate is based on JBI Partners Preliminary Plat dated January 22, 2024.
- 2 This Cost Estimate assumes onsite detention is required and retention ponds can be utilized.
- 3 Unit pricing based on current pricing seen in the marketplace. Subject to change.
- 4 Installation of telephone and cable assumed to be performed at no cost to developer; need to verify with provider.
- 5 Tree survey and tree mitigation are not included in this estimate.
- 6 Excavation quantities are based on an assumed 1.5' cut across the site. An overall grading analysis has not been completed.
- 7 This estimate includes costs for common area improvement (budget only).
- 8 Cost of common area sidewalks is included in this estimate.
- 9 Construction administration/management fee is not included in this estimate.
- 10 Impact fees (if any) are not included in this estimate. Paid at building permit.
- 11 Park fees (if any) are not included in this estimate.
- 12 Costs of rock excavation are not included in this cost estimate.
- 13 Pad moisture conditioning is included in this estimate as budget only; need geotechnical report to confirm.
- 14 This estimate assumes onsite batch plant to be used. If transit mix concrete to be used, unit price will be higher.
- 15 Retaining Wall Budget assumes 18" exposed grade beams and minimum 24" retaining walls.
- 16 This estimate does not include Water/Sewer Connection fees. Paid at building permit.

APPENDIX C-1
**LEGAL DESCRIPTION OF IMPROVEMENT AREA #1 AND SINGLE-FAMILY
RESIDENTIAL MAJOR IMPROVEMENT AREA**

Improvement Area #1 and the Single-Family Residential Major Improvement Area

Legal Description of the Property

POD "A" LEGAL DESCRIPTION 253.78 ACRES

BEING a tract of land situated in the D. WILKERSON SURVEY, ABSTRACT NO. 566, Kaufmann County, Texas and being all of those tracts of land conveyed in deeds to Texas Opportunities, L.P. according to the documents of record filed in Volume 1984, Page 308, Volume 1734, Page 109, and all of those tracts conveyed in deeds to JWS Land, Ltd. according to the documents filed in Volume 2846, Page 379, Volume 2846, Page 374 and part of that tract conveyed in deed to Texas Opportunities, L.P. according to the document of record filed in Volume 1805, Page 195 Deed Records, Kaufman County, Texas, and being more particularly described as follows:

BEGINNING at the most northern corner of the 106.789 acre tract of land as recorded in Volume 1805, Page 195;

THENCE S 44° 33' 19" E with the northeastern line of said 106.789 acre tract, a distance of 316.70 feet to the most westerly corner of the 80.78 acre tract of land conveyed by Deed in Volume 1734 Page 109;

THENCE N 45° 40' 40" E with the northwesterly line of said 80.78 acre tract a distance of 1380.39 feet to the most northerly corner of said 80.78 tract;

THENCE S 44° 39' 59" E with the northeasterly line of said 80.78 tract a distance of 2110.06 feet;

THENCE S 44° 51' 32" E with the northeasterly line of said 80.78 tract a distance of 427.94 feet to the most easterly corner of said 80.78 tract and the most northern corner of the 47.479 acre tract conveyed to JWS Land, L:td. in Volume 2846 Page 379;

THENCE S 44° 35' 09" E with the northeastern line of said 47.479 acre tract a distance of 1506.50 feet to the most easterly corner of said 47.494 acre tract;

THENCE S 45° 20' 21" W with the southeastern line of said 47.479 acre tract a distance of 581.45 feet;

THENCE N 44° 35' 09" W with the southeastern line of said 47.479 acre tract a distance of 78.00 feet;

THENCE S 45° 20' 21" W with the southeastern line of said 47.479 acre tract a distance of 915.35 feet to the most southern corner of said 47.479 acre tract;

THENCE N 44° 22' 50" W with the southwestern line of said 47.479 acre tract a distance of 745.12 feet;

THENCE S 45° 43' 51" W with the southwestern line of said 47.479 acre tract a distance of 21.30 feet;

THENCE N 42° 32' 39" W with the southwestern line of said 47.479 acre tract a distance of 485.00 feet;

THENCE N 42° 51' 24" W with the southwestern line of said 47.479 acre tract a distance of 92.98 feet to the most eastern corner of the 50.029 acre tract conveyed in Volume 2846, Page 374;

THENCE S 45° 38' 39" W with the southeastern lie of said 50.029 acre tract a distance of 150.08 feet to the most northern corner of Tract 2, a 2.245 acre tract conveyed to Texas Opportunities, L.P. in Volume 1984, Page 308;

THENCE S 42° 38' 28" E with the northeast line of said 2.245 acre tract a distance of 409.93 feet to the most eastern corner of said 2.245 acre tract;

THENCE S 45° 38' 36" W with the southeastern line of said 2.245 acre tract a distance of 239.94 feet to a point in the northeast line of said 50.029 acre tract;

THENCE S 42° 38' 46" E with the southeastern line of said 50.029 acre tract a distance of 120.05 feet;

THENCE S 45° 38' 25" W with the southeastern line of said 50.029 acre tract a distance of 897.64 feet to the most southern corner of said 50.029 acre tract;

THENCE N 43° 46' 25" W with the southwestern line of said 50.029 acre tract a distance of 883.45 feet to the most easterly southern corner of Tract 1, a 17.704 acre tract conveyed to Texas Opportunities, L.P. in Volume 1984, Page 308 ;

THENCE S 46° 13' 35" W with the southeastern line of said 17.704 acre tract a distance of 165.14 feet;

THENCE S 43° 46' 25" E with the southeastern line of said 17.704 acre tract a distance of 35.00 feet;

THENCE S 46° 13' 35" W with the southeastern line of said 17.704 acre tract a distance of 121.83 feet;

THENCE N 44° 20' 01" W with the southwestern line of said 17.704 acre tract a distance of 1203.55 feet to point in the southeast line of said 106.789 acre tract;

THENCE N 44° 18' 41" W a distance of 1426.89 feet to a point in the northwest line of said 106.789 acre tract;

THENCE N 45° 03' 37" E with the northwest line of said 106.789 acre tract a distance of 1678.58 feet to the **POINT OF BEGINNING**, and containing 256.159 acres of land;

SAVE AND EXCEPT that 2.379acre tract conveyed to Texas Power & Light Company in Deed recorded in Volume 875, Page 795, leaving a net of 253.78 acres of land, more or less.

APPENDIX C-2
LEGAL DESCRIPTION OF IMPROVEMENT AREA #2

LEGAL DESCRIPTION (82.795 ACRES) – Improvement Area #2

BEING a tract of land located in the City of Crandall, Kaufman County, Texas, a part of the David Wilkason Survey, Abstract No. 566, and being part of that called 254.582 acre tract (net) described in deed to said Taylor Morrison of Texas, Inc. recorded as Instrument No. 2021-0027878, Official Public Records, Kaufman County, Texas, and being more particularly described as follows;

BEGINNING at a 1 inch iron pipe found in the northeasterly line of said 254.582 acre tract, being the common south corner of a tract of land described in deed to Carolyn J. Clark and Marilyn Adams recorded in Volume 740, Page 208, Deed Records, Kaufman County, Texas and the most northerly northwest corner of a tract of land described in deed to Matthew W. Muncrief and Steve Muncrief recorded in Volume 1805, Page 243, Deed Records, Kaufman County, Texas;

THENCE, over and across said 254.582 acre tract as follows:

South 44 degrees 47 minutes 20 seconds West a distance of 40.00 feet to a one-half inch iron rod with yellow plastic cap stamped “JBI” set (hereinafter called “a one-half inch iron rod set”);

North 45 degrees 44 minutes 53 seconds West a distance of 1.99 feet to a one-half inch iron rod set;

South 44 degrees 34 minutes 26 seconds West a distance of 510.69 feet to a one-half inch iron rod set;

South 41 degrees 55 minutes 59 seconds West a distance of 66.77 feet to a one-half inch iron rod set;

South 31 degrees 03 minutes 16 seconds West a distance of 66.95 feet to a one-half inch iron rod set;

South 22 degrees 31 minutes 44 seconds West a distance of 60.24 feet to a one-half inch iron rod set;

South 19 degrees 51 minutes 47 seconds West a distance of 175.65 feet to a one-half inch iron rod set;

North 70 degrees 08 minutes 13 seconds West a distance of 116.93 feet to a one-half inch iron rod set;

South 64 degrees 51 minutes 47 seconds West a distance of 14.14 feet to a one-half inch iron rod set;

South 19 degrees 51 minutes 47 seconds West a distance of 80.00 feet to a one-half inch iron rod set;

South 25 degrees 08 minutes 13 seconds East a distance of 14.14 feet to a one-half inch iron rod set;

South 70 degrees 08 minutes 13 seconds East a distance of 8.51 feet to a one-half inch iron rod set;

South 19 degrees 55 minutes 52 seconds West a distance of 50.00 feet to a one-half inch iron rod set;

North 70 degrees 08 minutes 13 seconds West a distance of 8.45 feet to a one-half inch iron rod set;

South 64 degrees 54 minutes 47 seconds West a distance of 14.15 feet to the beginning of a non-tangent curve to the right;

Along said curve to the right through a central angle of 02 degrees 32 minutes 39 seconds, having a radius of 2,740.00 feet, an arc length of 121.66 feet, a chord bearing of South 21 degrees 20 minutes 24 seconds West and a chord distance of 121.65 feet to a one-half inch iron rod set;

South 67 degrees 23 minutes 17 seconds East a distance of 133.76 feet to a one-half inch iron rod set;

South 26 degrees 44 minutes 48 seconds West a distance of 162.93 feet to a one-half inch iron rod set;

North 64 degrees 08 minutes 18 seconds West a distance of 126.62 feet to the beginning of a non-tangent curve to the right;

Along said curve to the right through a central angle of 02 degrees 17 minutes 10 seconds, having a radius of 2,740.00 feet, an arc length of 109.32 feet, a chord bearing of South 27 degrees 00 minutes 17 seconds West and a chord distance of 109.31 feet to a one-half inch iron rod set;

South 16 degrees 16 minutes 01 seconds East a distance of 14.43 feet to the beginning of a non-tangent curve to the right;

Along said curve turning to the right through a central angle of 02 degrees 32 minutes 26 seconds, having a radius of 275.00 feet, an arc length of 12.19 feet, a chord bearing of South 57 degrees 46 minutes 00 seconds East and a chord distance of 12.19 feet to a one-half inch iron rod set;

South 32 degrees 27 minutes 43 seconds West a distance of 50.01 feet to the beginning of a non-tangent curve to the left;

Along said curve to the left through a central angle of 02 degrees 20 minutes 26 seconds, having a radius of 225.00 feet, an arc length of 9.19 feet, a chord bearing of North 57 degrees 26 minutes 06 seconds West and a chord distance of 9.19 feet to a one-half inch iron rod set;

South 74 degrees 48 minutes 51 seconds West a distance of 14.07 feet to the beginning of a non-tangent curve to the right;

Along said curve to the right through a central angle of 04 degrees 57 minutes 17 seconds, having a radius of 2,740.00 feet, an arc length of 236.94 feet, a chord bearing of South 32 degrees 05 minutes 19 seconds West and a chord distance of 236.87 feet to a one-half inch iron rod set;

South 09 degrees 49 minutes 24 seconds East a distance of 14.43 feet to the beginning of a non-tangent curve to the right;

Along said curve to the right through a central angle of 02 degrees 32 minutes 35 seconds, having a radius of 275.00 feet, an arc length of 12.21 feet, a chord bearing of South 51 degrees 20 minutes 49 seconds East and a chord distance of 12.20 feet to a one-half inch iron rod set;

South 38 degrees 52 minutes 58 seconds West a distance of 50.01 feet to the beginning of a non-tangent curve to the left;

Along said curve to the left through a central angle of 02 degrees 20 minutes 27 seconds, having a radius of 225.00 feet, an arc length of 9.19 feet, a chord bearing of North 51 degrees 00 minutes 52 seconds West and a chord distance of 9.19 feet to a one-half inch iron rod set;

South 81 degrees 14 minutes 01 seconds West a distance of 14.07 feet to the beginning of a non-tangent curve to the right;

Along said curve to the right through a central angle of 03 degrees 02 minutes 30 seconds, having a radius of 2,740.00 feet, an arc length of 145.46 feet, a chord bearing of South 37 degrees 33 minutes 02 seconds West and a chord distance of 145.44 feet to a one-half inch iron rod;

South 45 degrees 29 minutes 01 seconds East a distance of 150.36 feet to a one-half inch iron rod set;

South 44 degrees 30 minutes 59 seconds West a distance of 686.30 feet to a one-half inch iron rod set;

North 44 degrees 56 minutes 50 seconds West a distance of 128.01 feet to a one-half inch iron rod set;

South 89 degrees 47 minutes 05 seconds West a distance of 14.08 feet to a one-half inch iron rod set;

South 44 degrees 30 minutes 59 seconds West a distance of 120.01 feet to a one-half inch iron rod set;

North 44 degrees 56 minutes 50 seconds West a distance of 50.00 feet to a one-half inch iron rod set;

South 45 degrees 03 minutes 58 seconds West a distance of 165.14 feet to a one-half inch iron rod set;

South 44 degrees 42 minutes 42 seconds East a distance of 35.00 feet to a one-half inch iron rod set;

South 46 degrees 57 minutes 51 seconds West a distance of 135.07 feet to a one-half inch iron rod set, being in the southwest line said 254.582 acre tract, being in the northeast line of a called 46.232 acre tract of land described in deed to JWS Land, Ltd. recorded in Volume 6443, Page 453 ;

THENCE, along said southwest line of said 254.582 acre tract and the northeast line of said 46.232 acre tract, North 44 degrees 49 minutes 49 seconds West a distance of 1,055.54 feet to a one-half inch iron rod set, being in the southeasterly right-of-way line of Thule Way (60' R.O.W.) as shown on plat of River Ridge North, Phase 1, an addition to the City of Crandall recorded as Instrument No. 2023-0003239, Official Public Records, Kaufman County, Texas, the beginning of a non-tangent curve to the left;

THENCE, along said southeasterly right-of-way line and along said curve to the left having a central angle 28 degrees 01 minutes 42 seconds, a radius of 1,330.00 feet, an arc length of 650.62, a tangent of 331.96 feet, a chord bearing of North 60 degrees 54 minutes 26 seconds and a chord distance of 644.15 feet to a one-half inch iron rod set, being the westerly end of a corner clip at the southerly right-of-way line of Toyah Lane (50' R.O.W.) as shown on said River Ridge North, Phase 1 addition;

THENCE, along said corner clip and the southerly right-of-way of Toyah Lane as follows:

South 89 degrees 04 minutes 35 seconds East, a distance of 14.33 feet to a one-half inch iron rod set;

South 44 degrees 49 minutes 49 seconds East, a distance of 110.01 feet to a one-half inch iron rod set, being in the easterly line of said River Ridge North, Phase 1;

THENCE, along the easterly line of said River Ridge North, Phase 1 as follows:

North 45 degrees 10 minutes 11 seconds East a distance of 60.00 feet to a one-half inch iron rod with yellow cap stamped "JBI" found (herein after called "one-half inch iron rod found");

North 44 degrees 30 minutes 59 seconds East a distance of 171.22 feet to a one-half inch iron rod found;

North 43 degrees 13 minutes 47 seconds East a distance of 54.79 feet to a one-half inch iron rod found;

North 41 degrees 41 minutes 24 seconds East a distance of 54.79 feet to a one-half inch iron rod found;

North 40 degrees 05 minutes 33 seconds East a distance of 54.79 feet to a one-half inch iron rod found;

North 38 degrees 29 minutes 42 seconds East a distance of 54.79 feet to a one-half inch iron rod found;

North 36 degrees 53 minutes 51 seconds East a distance of 54.79 feet to a one-half inch iron rod found;

North 35 degrees 18 minutes 00 seconds East a distance of 54.79 feet to a one-half inch iron rod found;

North 33 degrees 42 minutes 09 seconds East a distance of 54.79 feet to a one-half inch iron rod found;

North 32 degrees 06 minutes 17 seconds East a distance of 54.79 feet to a one-half inch iron rod found;

North 30 degrees 30 minutes 26 seconds East a distance of 54.79 feet to a one-half inch iron rod found;

North 28 degrees 54 minutes 35 seconds East a distance of 54.79 feet to a one-half inch iron rod found;

North 27 degrees 18 minutes 44 seconds East a distance of 54.79 feet to a one-half inch iron rod found;

North 25 degrees 42 minutes 53 seconds East a distance of 54.79 feet to a one-half inch iron rod found;

North 24 degrees 07 minutes 02 seconds East a distance of 54.79 feet to a one-half inch iron rod found;

North 22 degrees 31 minutes 11 seconds East a distance of 54.79 feet to a one-half inch iron rod found;

North 20 degrees 55 minutes 20 seconds East a distance of 54.79 feet to a one-half inch iron rod found;

North 19 degrees 52 minutes 58 seconds East a distance of 59.13 feet to a one-half inch iron rod found;

North 19 degrees 51 minutes 47 seconds East a distance of 100.00 feet to a one-half inch iron rod found;

North 70 degrees 08 minutes 13 seconds West a distance of 848.09 feet to a one-half inch iron rod found;

North 44 degrees 34 minutes 26 seconds East a distance of 970.25 feet to a one-half inch iron rod found;

South 45 degrees 25 minutes 34 seconds East a distance of 112.50 feet to a one-half inch iron rod found;

South 00 degrees 25 minutes 34 seconds East a distance of 14.14 feet to a one-half inch iron rod found;

South 44 degrees 34 minutes 26 seconds West a distance of 8.50 feet to a one-half inch iron rod found;

South 45 degrees 25 minutes 34 seconds East a distance of 50.00 feet to a one-half inch iron rod found;

North 44 degrees 34 minutes 26 seconds East a distance of 30.39 feet to a one-half inch iron rod found;

South 45 degrees 25 minutes 34 seconds East a distance of 122.50 feet to a one-half inch iron rod found;

North 44 degrees 34 minutes 26 seconds East a distance of 300.00 feet to a one-half inch iron rod found;

North 45 degrees 25 minutes 34 seconds West a distance of 122.50 feet to a one-half inch iron rod found;

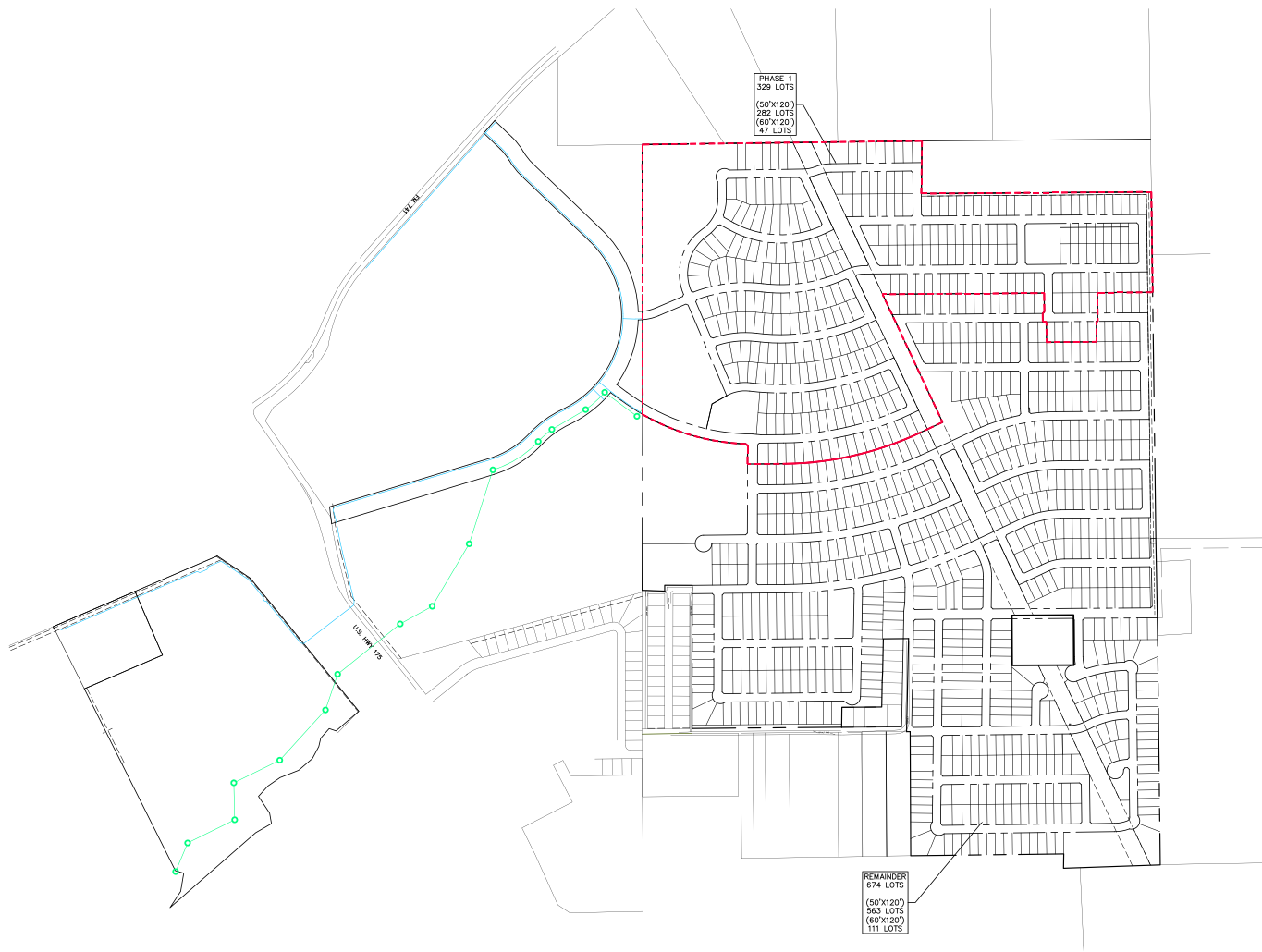
North 44 degrees 34 minutes 26 seconds East a distance of 8.11 feet to a one-half inch iron rod found;

North 45 degrees 25 minutes 34 seconds West a distance of 172.50 feet to a one-half inch iron rod found;

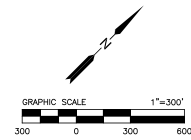
North 44 degrees 34 minutes 26 seconds East a distance of 330.92 feet to a one-half inch iron rod found, being in the northeasterly line of said 254.582 acre tract and the aforementioned Carolyn J. Clark and Marilyn Adams tract of land;

THENCE, along the common line of said 254.582 acre tract and said Clark/Adams tract, South 45 degrees 44 minutes 53 seconds East a distance of 1,477.16 feet to the **POINT OF BEGINNING** and containing 3,606,533 square feet or 82.795 acre of land.

APPENDIX D
DIAGRAMS OF THE AUTHORIZED IMPROVEMENTS



LEGEND	
WATER INFRASTRUCTURE IMPROVEMENTS	
SANITARY SEWER INFRASTRUCTURE IMPROVEMENTS	
PHASE 1 BOUNDARY	

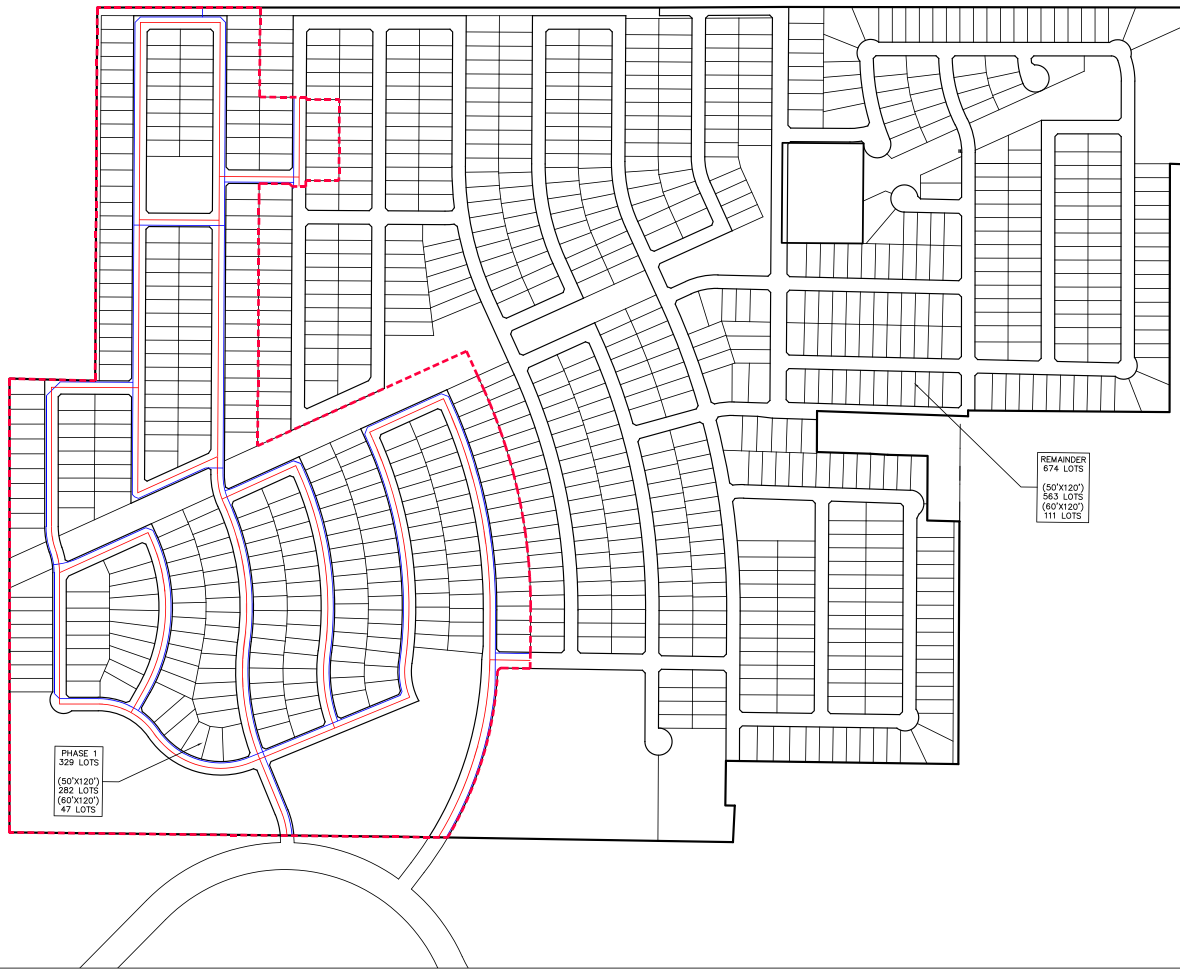


JBI PARTNERS
2121 Midway Road
Suite 300
Carrollton, Texas 75006
972.248.7676
TBPE No. F-438
TBPLS No. 10076000

MASTER INFRASTRUCTURE IMPROVEMENTS	
RIVER RIDGE NORTH	
River Ridge Planned Improvement District of Kaufman County City of Granddall, Kaufman County, Texas	

PROJECT NO.	PMB001
SHEET NO.	1 of 1

Drawing: H:\Projects\PM001 - River Ridge\Phase 1\Engineering\DWG\MASTER Infrastructure Improvements.dwg Saved By: jcoffey Date Time: 24/02/22 2:30 PM

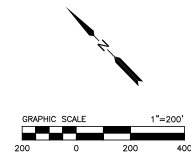


PHASE 1
329 LOTS
(50'x120')
282 LOTS
(60'x120')
47 LOTS

REMAINDER
974 LOTS
(50'x120')
563 LOTS
(60'x120')
111 LOTS

- - - - - PHASE 1 BOUNDARY
- STREET AND ALLEY PAVING
- WATER, STORM AND SEWER

RESIDENTIAL: 51.5 AC
OPEN SPACE: 20.7 AC



JBI PARTNERS
2121 Midway Road
Suite 300
Carrollton, Texas 75006
972.248.7676
TBPE No. F-438
TBPLS No. 10076000

PHASE 1 IMPROVEMENTS	
RIVER RIDGE NORTH	
River Ridge Planned Improvement District of Kaufman County City of Grandall, Kaufman County, Texas	

PROJECT NO. PMB001
SHEET NO. 1 of 1

Drawing: H:\Projects\PMB001-River Ridge\Phase 1-Engineering\DWG\External\Phase1-Improvements.dwg Saved By: jcooville Save Time: 24/02/2022 2:27 PM Plotted By: jcooville Plot Date: 24/02/2022 2:28 PM



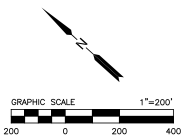
REMAINDER
339 LOTS
(50'x120')
282 LOTS
(60'x120')
57 LOTS

PHASE 2
335 LOTS
(50'x120')
291 LOTS
(60'x120')
44 LOTS

PHASE 1
329 LOTS
(50'x120')
282 LOTS
(60'x120')
47 LOTS

LEGEND	
	STREET AND ALLEY PAVING
	PHASE 2 BOUNDARY
	WATER, STORM, AND SEWER

RESIDENTIAL: 64.9 AC
OPEN SPACE: 8.7 AC



Drawing: H:\Projects\A\B\B\B\River Ridge\Phase 2 Improvements.dwg Saved By: jharr Save Time: 01/17/2024 2:27 PM Plotted by: jharr Plot Date: 01/17/2024 8:41 AM

JBI
PARTNERS
2121 Midway Road
Suite 300
Carrollton, Texas 75006
972.248.7676
TBPE No. F-438
TBPLS No. 10070000

PHASE 2 IMPROVEMENTS	
RIVER RIDGE NORTH, PHASE 2	
River Ridge Planned Improvement District of Kaufman County City of Grandall, Kaufman County, Texas	

PROJECT NO.	PMB001
SHEET NO.	1 OF 1

APPENDIX E
PID ASSESSMENT NOTICE

AFTER RECORDING RETURN TO:

_____]¹

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

STREET ADDRESS

LOT TYPE _____ PRINCIPAL ASSESSMENT: \$ _____

As the purchaser of the real property described above, you are obligated to pay assessments to the City of Crandall, Texas (the "City"), for the costs of a portion of a public improvement or services project (the "Authorized Improvements") undertaken for the benefit of the property within ***River Ridge 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. The exact amount of each annual installment will be approved each year by the 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.

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

¹ To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Kaufman County.

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

DATE:

DATE:

SIGNATURE OF
PURCHASER

SIGNATURE OF
PURCHASER

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

DATE:

DATE:

SIGNATURE OF SELLER

SIGNATURE OF SELLER]²

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

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

DATE:

DATE:

SIGNATURE OF
PURCHASER

SIGNATURE OF
PURCHASER

STATE OF TEXAS §
 §
COUNTY OF KAUFMAN §

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

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

Notary Public, State of Texas]³

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

§

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

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

Notary Public, State of Texas]⁴

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

APPENDIX F
ASSESSMENT PER UNIT, PROJECTED LEVERAGE AND PROJECTED TAX RATE
EQUIVALENTS

Appendix F

For the purposes of calculating and allocating the Assessments, the Assessed Property has been classified in one of two Lot Types.

“**Lot Type 1**” means lots identified as such on the Assessment Roll, being lots typically with a Lot width of approximately 60 feet.

“**Lot Type 2**” means lots identified as such on the Assessment Roll, being lots typically with a Lot width of approximately 50 feet.

A) Proposed Residential Development

Table F-1 shows the original proposed residential units to be developed in the Single-Family Residential Property within the PID.

Table F-1
Proposed Residential Development of the Single-Family Residential Property within the PID - Original

Description	Proposed Development	
Lot Type 1 (60 Ft)	158	Units
Lot Type 2 (50 Ft)	845	Units
Total	1,003	Units

Table F-2 shows the revised proposed residential units to be developed in the Single-Family Residential Property within the PID.

Table F-2
Proposed Residential Development of the Single-Family Residential Property within the PID - Revised

Description	Proposed Development	
Lot Type 1 (60 Ft)	168	Units
Lot Type 2 (50 Ft)	835	Units
Total	1,003	Units

Table F-3 shows the proposed residential units within Improvement Area #1.

Table F-3
Proposed Residential Development – Improvement Area #1

Description	Proposed Development	
Lot Type 1 (60 Ft)	47	Units
Lot Type 2 (50 Ft)	282	Units
Total	329	Units

Table F-4 shows the original proposed residential Lot Types within the Single-Family Residential Major Improvement Area.

Table F-4
Proposed Residential Development – Single-Family Residential Major Improvement Area - Original

Description	Proposed Development	
Lot Type 1 (60 Ft)	111	Units
Lot Type 2 (50 Ft)	563	Units
Total	674	Units

Table F-5 shows the original proposed residential Lot Types within the Single-Family Residential Major Improvement Area.

Table F-5
Proposed Residential Development – Single-Family Residential Major Improvement Area - Revised

Description	Proposed Development	
Lot Type 1 (60 Ft)	121	Units
Lot Type 2 (50 Ft)	553	Units
Total	674	Units

Table F-6 shows the proposed residential Lot Types within Improvement Area #2.

Table F-6
Proposed Residential Development – Improvement Area #2

Description	Proposed Development	
Lot Type 1 (60 Ft)	44	Units
Lot Type 2 (50 Ft)	291	Units
Total	335	Units

B) Calculation of Equivalent Units

As explained under Section V.D, for purpose of this Service and Assessment Plan, the City Council has determined that the Actual Costs of the Single-Family Residential Major Improvement Area Projects to be financed with the Single-Family Residential Major Improvement Bonds were allocated to the Single-Family Residential Major Improvement Area Assessed Property by spreading the entire Assessment across the Parcels based on the estimated Equivalent Units.

For purposes of this Service and Assessment Plan, the City Council has determined that the Assessments were allocated to the Single-Family Residential Major Improvement Area Assessed Property on the basis of the average home value of each Lot Type, and that such method of allocation will result in the imposition of equal shares of the Assessments on Parcels similarly benefited. In determining the average home value of each Lot Type, the City Council has taken into consideration (i) the type of lots (i.e., 60 Ft, 50 Ft, etc.); (ii) current and projected home prices; (iii) the costs of the Authorized Improvements, and (iv) the ability of different property types to utilize and benefit from the Authorized Improvements.

Having taken into consideration the matters described above, the City Council has determined that allocating the Assessments among Parcels based on average home value is best accomplished by creating classifications of benefited Parcels based on the “Lot Types” defined above. These classifications from Lot Type 1 (60 Ft Lots) representing the highest value to Lot Type 2 (50 Ft Lot) representing the lowest value for residential lots are set forth in Table F-7. Assessments are allocated to each Lot Type on the basis of the average home value for each class of lots. This is accomplished by giving each Lot Type an Equivalent Unit factor. Equivalent Units are the ratio of the average value of lots within each assessment class, setting the Equivalent Unit factor for Lot Type 1 (60 Ft Lots) to 1.0.

Table F-7
Equivalent Unit Factors

Lot Type	Estimated Average Unit Value¹	Equivalent Unit Factor
Lot Type 1 (60 Ft)	\$365,000	1.00 per dwelling unit
Lot Type 2 (50 Ft)	\$350,000	0.96 per dwelling unit

¹Calculated based on the estimated average unit value provided by the Developer at the time of levy of Improvement Area #1 Assessment and Single-Family Residential Major Improvement Area Assessment.

The total estimated Equivalent Units for Improvement Area #1 are shown in Table F-8 as calculated based on the Equivalent Unit factors shown in Table F-7, estimated Lot Types, and number of units estimated to be built within Improvement Area #1.

Table F-8
Estimated Equivalent Units - Improvement Area #1

Lot Type	Planned No. of units	Equivalent Unit Factor¹	Total Equivalent Units
Lot Type 1 (60 Ft)	47	1.00	47.00
Lot Type 2 (50 Ft)	282	0.96	270.72
Total Equivalent Units	329		317.72

¹Calculated based on the estimated average unit value provided by the Developer at the time of levy of Improvement Area #1 Assessment and Single-Family Residential Major Improvement Area Assessment.

The original total estimated Equivalent Units for the Single-Family Residential Major Improvement Area is shown in Table F-9 as calculated based on the Equivalent Unit factors shown in Table F-7, estimated Lot Types and number of units estimated to be built within the Single-Family Residential Major Improvement Area.

Table F-9
Estimated Equivalent Units -Single-Family Residential Major Improvement Area - Original

Lot Type	Planned No. of units	Equivalent Unit Factor¹	Total Equivalent Units
Lot Type 1 (60 Ft)	111	1.00	111
Lot Type 2 (50 Ft)	563	0.96	540
Total Equivalent Units	674		651.48

¹Calculated based on the estimated average unit value provided by the Developer at the time of levy of Improvement Area #1 Assessment and Single-Family Residential Major Improvement Area Assessment.

The revised total estimated Equivalent Units for the Single-Family Residential Major Improvement Area is shown in Table F-10 as calculated based on the Equivalent Unit factors shown in Table F-7, estimated Lot Types and number of units estimated to be built within the Single-Family Residential Major Improvement Area.

Table F-10
Estimated Equivalent Units -Single-Family Residential Major Improvement Area - Revised

Lot Type	Planned No. of units	Equivalent Unit Factor¹	Total Equivalent Units
Lot Type 1 (60 Ft)	121	1.00	121.00
Lot Type 2 (50 Ft)	553	0.96	530.88
Total Equivalent Units	674		651.88

¹Calculated based on the estimated average unit value provided by the Developer at the time of levy of SFRMIA Assessments.

The total estimated Equivalent Units for Improvement Area #2 are shown in Table F-11 as calculated based on the Equivalent Unit factors shown in Table F-7, estimated Lot Types, and number of units estimated to be built within Improvement Area #2.

Table F-11
Estimated Equivalent Units - Improvement Area #2

Lot Type	Planned No. of units	Equivalent Unit Factor¹	Total Equivalent Units
Lot Type 1 (60 Ft)	44	1.00	44.00
Lot Type 2 (50 Ft)	291	0.96	279.36
Total Equivalent Units	335		323.36

¹Calculated based on the estimated average unit value provided by the Developer at the time of levy of Single-Family Residential Major Improvement Area Assessments.

C) 2022 Allocation of Assessments to Lots within Improvement Area #1

As shown in Section IV of this Service and Assessment Plan, the total amount of the Improvement Area #1 Bonds which represents the total Assessment to be allocated on all Parcels within Improvement Area #1, is \$18,506,842. As shown in Table F-6, there are a total of 317.72 estimated Equivalent Units in Improvement Area #1, resulting in an original Assessment per Equivalent Unit of \$58,248.90.

The original Assessment per dwelling unit or acre is calculated as the product of (i) \$58,248.90 multiplied by (ii) the applicable Equivalent Unit value for each Lot Type. For example, the Assessment for a Lot Type 1 (60 Ft Lot) dwelling unit is \$58,248.90 (i.e. \$58,248.90 × 1.00). The Assessment for a Lot Type 2 (50 Ft Lot) dwelling unit is \$55,918.95 (i.e. \$58,248.90 × 0.96). Table F-12.1 sets forth the Assessment per dwelling unit for each Lot Type in Improvement Area #1.

Table F-12.1
Assessment Per Unit – Improvement Area #1 - Original

Type	Planned No. of Units	Assessment per Equivalent Unit	Equivalent Unit Factor¹	Assessment Per Unit	Total Assessments
Lot Type 1 (60 Ft)	47	\$58,248.90	1.00	\$58,248.90 per dwelling unit	\$2,737,699
Lot Type 2 (50 Ft)	282	\$58,248.90	0.96	\$55,918.95 per dwelling unit	\$15,769,143
Total	329				\$18,506,842

¹Calculated based on the estimated average unit value provided by the Developer at the time of levy.

The revised Assessment per dwelling unit or acre is calculated as the product of (i) \$54,151.45 multiplied by (ii) the applicable Equivalent Unit value for each Lot Type. For example, the Assessment for a Lot Type 1 (60 Ft Lot) dwelling unit is \$54,151.45 (i.e. \$54,151.45 × 1.00). The Assessment for a Lot Type 2 (50 Ft Lot) dwelling unit is \$51,985.40 (i.e. \$54,151.45 × 0.96). Table F-12.2 sets forth the Assessment per dwelling unit for each Lot Type in Improvement Area #1.

Table F-12.2
Assessment Per Unit – Improvement Area #1 - Revised

Type	Planned No. of Units	Assessment per Equivalent Unit	Equivalent Unit Factor ¹	Assessment per Unit	Total Assessments
Lot Type 1 (60 Ft)	47	\$54,151.45	1.00	\$54,151.45 per dwelling unit	\$2,545,118
Lot Type 2 (50 Ft)	282	\$54,151.45	0.96	\$51,985.40 per dwelling unit	\$14,659,882
Total	329				\$17,205,000

¹ Calculated based on the estimated average unit value provided by the Developer at the time of levy.

The original projected leverage calculated based on the original estimated land values, finished lot values and home values provided by the Developer for each unit is shown in Table F-13.1

Table F-13.1
Projected Leverage – Improvement Area #1 - Original

Description	Planned No. of Units	Projected Finished Lot Value per unit ¹	Projected Home Value per unit ¹	Assessment Per Unit	Leverage (Lot Value)	Leverage (Home Value)
Lot Type 1 (60 Ft)	111	\$78,000	\$365,000	\$58,248.90	1.34	6.27
Lot Type 2 (50 Ft)	563	\$65,000	\$350,000	\$55,918.95	1.16	6.26

¹ Calculated based on the projected finished lot value per unit and projected home value per unit provided by the Developer at the time of levy.

The revised projected leverage calculated based on the updated estimated land values, finished lot values and home values provided by the Developer for each unit is shown in Table F-13.2

Table F-13.2
Projected Leverage – Improvement Area #1 - Revised

Description	Planned No. of Units	Projected Finished Lot Value per unit ¹	Projected Home Value per unit ¹	Assessment Per Unit	Leverage (Lot Value)	Leverage (Home Value)
Lot Type 1 (60 Ft)	111	\$84,840	\$385,000	\$54,151.45	1.57	7.11
Lot Type 2 (50 Ft)	563	\$74,235	\$375,000	\$51,985.40	1.43	7.21

¹ Calculated based on the updated projected finished lot value per unit and projected home value per unit provided by the Developer at the time of issuance of the Improvement Area #1 Bonds.

The projected tax rate equivalent per unit calculated based on the original estimated finished lot values and home values provided the Developer for each unit is shown in Table F-14.1 on the following page.

Table F-14.1
Projected Tax Rate Equivalent Per Unit – Improvement Area #1 - Original

Description	Planned No. of Units	Projected Finished Lot Value per unit¹	Projected Home Value per unit¹	Projected Average Annual Installment per unit	Tax Rate Equivalent (per \$100 Lot Value)	Tax Rate Equivalent (per \$100 Home Value)
Lot Type 1 (60 Ft)	47	\$78,000	\$365,000	\$3,841.07	\$4.92	\$1.05
Lot Type 2 (50 Ft)	282	\$65,000	\$350,000	\$3,687.42	\$5.67	\$1.05

¹Calculated based on the original projected finished lot value per unit and projected home value per unit provided by the Developer at the time of levy.

The revised projected tax rate equivalent per unit calculated based on the updated estimated finished lot values and home values provided the Developer for each unit is shown in Table F-14.2.

Table F-14.2
Projected Tax Rate Equivalent Per Unit – Improvement Area #1 - Revised

Description	Planned No. of Units	Projected Finished Lot Value per unit¹	Projected Home Value per unit¹	Projected Average Annual Installment per unit	Tax Rate Equivalent (per \$100 Lot Value)	Tax Rate Equivalent (per \$100 Home Value)
Lot Type 1 (60 Ft)	47	\$84,840	\$385,000	\$4,353.97	\$5.13	\$1.13
Lot Type 2 (50 Ft)	282	\$74,235	\$375,000	\$4,179.81	\$5.63	\$1.11

¹Calculated based on the updated projected finished lot value per unit and projected home value per unit provided by the Developer at the time of issuance of the Improvement Area #1 Bonds.

The Assessment and Annual Installments for each Parcel or Lot located within Improvement Area #1 is shown on the Improvement Area #1 Assessment Roll, attached as Appendix H, and no Assessment shall be changed except as authorized by this Service and Assessment Plan and the PID Act.

D) Allocation of Single-Family Residential Major Improvement Area Assessments to Lot Types in the Single-Family Residential Major Improvement Area

As shown in Section IV of this Service and Assessment Plan, the total amount of the Single-Family Residential Major Improvement Area which represents the total Assessment to be allocated on all Parcels within the Single-Family Residential Major Improvement Area is \$5,453,340. As shown in Table F-9, there was originally a total of 651.48 estimated Equivalent Units in the Single-Family Residential Major Improvement Area, resulting in an original Assessment per Equivalent Unit of \$8,370.70.

The original Assessment per dwelling unit or acre is calculated as the product of (i) \$8,370.70 multiplied by (ii) the applicable Equivalent Unit value for each Lot Type. For example, the Assessment for a Lot Type 1 (60 Ft Lot) dwelling unit is \$8,370.70 (i.e. \$8,370.70 × 1.00). The Assessment for a Lot Type 2 (50 Ft Lot) dwelling unit is \$8,035.87 (i.e. \$8,370.70 × 0.96). Table

F-14.1 sets forth the Assessment per dwelling unit for each Lot Type in the Single-Family Residential Major Improvement Area.

Table F-14.1
Assessment Per Unit – Single-Family Residential Major Improvement Area - Original

Type	Planned No. of Units	Assessment per Equivalent Unit	Equivalent Unit Factor ¹	Assessment Per Unit	Total Assessments
Lot Type 1 (60 Ft)	111	\$8,370.70	1.00	\$8,370.70 per dwelling unit	\$929,147
Lot Type 2 (50 Ft)	563	\$8,370.70	0.96	\$8,035.87 per dwelling unit	\$4,524,193
Total	674				\$5,453,340

¹ Calculated based on the estimated average unit value provided by the Developer at the time of levy.

The revised Assessment per dwelling unit or acre is calculated as the product of (i) \$8,065.90 multiplied by (ii) the applicable Equivalent Unit value for each Lot Type. For example, the Assessment for a Lot Type 1 (60 Ft Lot) dwelling unit is \$8,065.90 (i.e. \$8,065.90 × 1.00). The Assessment for a Lot Type 2 (50 Ft Lot) dwelling unit is \$7,743.27 (i.e. \$8,065.90 × 0.96). Table F-14.2 sets forth the Assessment per dwelling unit for each Lot Type in the Single-Family Residential Major Improvement Area.

Table F-14.2
Assessment Per Unit – Single-Family Residential Major Improvement Area – Revised Outstanding

Type	Planned No. of Units	Outstanding Assessment per Equivalent Unit	Equivalent Unit Factor ¹	Outstanding Assessment Per Unit	Total Outstanding Assessments
Lot Type 1 (60 Ft)	121	\$8,065.90	1.00	\$8,065.90 per dwelling unit	\$975,974
Lot Type 2 (50 Ft)	553	\$8,065.90	0.96	\$7,743.27 per dwelling unit	\$4,282,026
Total	674				\$5,258,000

¹ Calculated based on the estimated average unit value provided by the Developer at the time of levy.

The projected leverage calculated based on the original estimated land values, finished lot values and home values provided by the Developer for each unit is shown in Table F-15.1.

Table F-15.1
Projected Leverage – Single-Family Residential Major Improvement Area - Original

Description	Planned No. of Units	Projected Finished Lot Value per unit ¹	Projected Home Value per unit ¹	Assessment Per Unit	Leverage (Lot Value)	Leverage (Home Value)
Lot Type 1 (60 Ft)	111	\$78,000	\$365,000	\$8,370.70	9.32	43.60
Lot Type 2 (50 Ft)	563	\$65,000	\$350,000	\$8,035.87	8.09	43.55

¹ Calculated based on the original projected finished lot value per unit and projected home value per unit provided by the Developer at the time of levy.

The revised projected leverage calculated based on the updated estimated land values, finished lot values and home values provided by the Developer for each unit is shown in Table F-15.2.

Table F-15.2
Projected Leverage – Single-Family Residential Major Improvement Area – Revised Outstanding

Description	Planned No. of Units	Projected Finished Lot Value per unit ¹	Projected Home Value per unit ¹	Outstanding Assessment Per Unit	Leverage (Lot Value)	Leverage (Home Value)
Lot Type 1 (60 Ft)	121	\$103,800	\$385,000	\$8,065.90	12.87	47.73
Lot Type 2 (50 Ft)	553	\$88,000	\$355,000	\$7,743.27	11.36	45.85

¹ Calculated based on the updated projected finished lot value per unit and projected home value per unit provided by the Developer at the time of issuance of the Single-Family Residential Major Improvement Area Bonds.

The projected tax rate equivalent per unit calculated based on the estimated finished lot values and home values for each unit within the Single-Family Residential Major Improvement Area is shown in Table F-16.1.

Table F-16.1
Projected Tax Rate Equivalent Per Unit – Single-Family Residential Major Improvement Area - Original

Description	Planned No. of Units	Projected Finished Lot Value per unit ¹	Projected Home Value per unit ¹	Projected Average Annual Installment per unit	Tax Rate Equivalent (per \$100 Lot Value)	Tax Rate Equivalent (per \$100 Home Value)
Lot Type 1 (60 Ft)	111	\$78,000	\$365,000	\$651.97	\$0.84	\$0.18
Lot Type 2 (50 Ft)	563	\$65,000	\$350,000	\$625.89	\$0.96	\$0.18

¹ Calculated based on the original projected finished lot value per unit and projected home value per unit provided by the Developer at the time of levy.

The Assessment and Annual Installments for each Parcel or Lot located within the Single-Family Residential Major Improvement Area is shown on the Single-Family Residential Major Improvement Area Assessment Roll, attached as Appendix G, and no Assessment shall be changed except as authorized by this Service and Assessment Plan and the PID Act.

Table F-16.2
Projected Tax Rate Equivalent Per Unit – Single-Family Residential Major Improvement Area - Revised

Description	Planned No. of Units	Projected Finished Lot Value per unit¹	Projected Home Value per unit¹	Projected Average Annual Installment per unit	Tax Rate Equivalent (per \$100 Lot Value)	Tax Rate Equivalent (per \$100 Home Value)
Lot Type 1 (60 Ft)	121	\$103,800	\$385,000	\$755.90	\$0.73	\$0.20
Lot Type 2 (50 Ft)	553	\$88,000	\$355,000	\$725.67	\$0.82	\$0.20

¹ Calculated based on the updated projected finished lot value per unit and projected home value per unit provided by the Developer at the time of issuance of the Single-Family Residential Major Improvement Area Bonds.

The revised Assessment and Annual Installments for each Parcel or Lot located within the Single-Family Residential Major Improvement Area is shown on the Single-Family Residential Major Improvement Area Assessment Roll, attached as Appendix G, and no Assessment shall be changed except as authorized by this Service and Assessment Plan and the PID Act.

E) Allocation of Assessments to Lots within Improvement Area #2

As shown in Section IV of this Service and Assessment Plan, the total amount of the Improvement Area #2 Bonds which represents the total Assessment to be allocated on all Parcels within Improvement Area #2, is \$16,408,000. As shown in Table F-11, there are a total of 323.36 estimated Equivalent Units in Improvement Area #2, resulting in an Assessment per Equivalent Unit of \$50,742.21.

The Assessment per dwelling unit or acre is calculated as the product of (i) \$50,742.21 multiplied by (ii) the applicable Equivalent Unit value for each Lot Type. For example, the Assessment for a Lot Type 1 (60 Ft Lot) dwelling unit is \$50,742.21 (i.e. \$50,742.21 × 1.00). The Assessment for a Lot Type 2 (50 Ft Lot) dwelling unit is \$48,712.52 (i.e. \$50,742.21 × 0.96). Table F-17 sets forth the Assessment per dwelling unit for each Lot Type in Improvement Area #2.

Table F-17
Assessment Per Unit – Improvement Area #2

Type	Planned No. of Units	Assessment per Equivalent Unit	Equivalent Unit Factor¹	Improvement Area #2 Assessment per Unit	Total Assessments for IA#2	Outstanding Assessment per Unit SFRMIA¹	Combined Outstanding Assessment Per Unit	Combined Outstanding Assessment
Lot Type 1 (60 Ft)	44	\$50,742.21	1.00	\$50,742.21	\$2,232,657	\$8,066	\$58,808	\$2,587,557
Lot Type 2 (50 Ft)	291	\$50,742.21	0.96	\$48,712.52	\$14,175,343	\$7,743	\$56,456	\$16,428,633
Total	335				\$16,408,000			\$19,016,190

¹ Calculated based on the estimated average unit value provided by the Developer at the time of levy of Improvement Area #1 Assessment and Single-Family Residential Major Improvement Area Assessment.

The projected leverage calculated based on the original estimated land values, finished lot values and home values provided by the Developer for each unit is shown in Table F-18.

Table F-18
Projected Leverage – Improvement Area #2 only

Description	Planned No. of Units	Projected Finished Lot Value per unit ^{1,2}	Projected Home Value per unit ¹	Assessment Per Unit	Leverage (Lot Value)	Leverage (Home Value)
Lot Type 1 (60 Ft)	44	\$103,800	\$385,000	\$50,742.21	2.05	7.59
Lot Type 2 (50 Ft)	291	\$88,000	\$355,000	\$48,712.52	1.81	7.29

¹ Calculated based on the projected finished lot value per unit and projected home value per unit provided by the Developer at the time of levy of Improvement Area #2 Assessment.

²Based on the Improvement Area #2 appraisal.

The projected leverage calculated based on the original estimated land values, finished lot values and home values provided by the Developer for each unit is shown in Table F-19.

Table F-19
Projected Leverage – Improvement Area #2 and Single Family Residential Major Improvement Area

Description	Planned No. of Units	Projected Finished Lot Value per unit ^{1,3}	Projected Home Value per unit ¹	Outstanding Assessment Per Unit ²	Leverage (Lot Value)	Leverage (Home Value)
Lot Type 1 (60 Ft)	44	\$103,800	\$385,000	\$58,808.11	1.77	6.55
Lot Type 2 (50 Ft)	291	\$88,000	\$355,000	\$56,455.78	1.56	6.29

¹ Calculated based on the projected finished lot value per unit and projected home value per unit provided by the Developer at the time of levy of Improvement Area #2 Assessment.

²Includes Improvement Area #2 Assessment and Single Family Residential Major Improvement Area Assessment.

³Based on the Improvement Area #2 appraisal.

The projected tax rate equivalent per unit calculated based on the original estimated finished lot values and home values provided the Developer for each unit is shown in Table F-20 below.

Table F-20
Projected Tax Rate Equivalent Per Unit – Improvement Area #2 only

Description	Planned No. of Units	Projected Finished Lot Value per unit ^{1,2}	Projected Home Value per unit ¹	Projected Average Annual Installment per unit	Tax Rate Equivalent (per \$100 Lot Value)	Tax Rate Equivalent (per \$100 Home Value)
Lot Type 1 (60 Ft)	44	\$103,800	\$385,000	\$4,107.39	\$3.96	\$1.07
Lot Type 2 (50 Ft)	291	\$88,000	\$355,000	\$3,943.09	\$4.48	\$1.11

¹ Calculated based on the original projected finished lot value per unit and projected home value per unit provided by the Developer at the time of levy of Improvement Area #2 Assessment.

²Based on the Improvement Area #2 appraisal.

The projected tax rate equivalent per unit calculated based on the original estimated finished lot values and home values provided the Developer for each unit is shown in Table F-21 below.

Table F-21
Projected Tax Rate Equivalent Per Unit – Improvement Area #2 and Single Family Residential Major Improvement Area

Description	Planned No. of Units	Projected Finished Lot Value per unit^{1,3}	Projected Home Value per unit¹	Projected Average Annual Installment per unit²	Tax Rate Equivalent (per \$100 Lot Value)	Tax Rate Equivalent (per \$100 Home Value)
Lot Type 1 (60 Ft)	44	\$103,800	\$385,000	\$4,863.25	\$4.69	\$1.26
Lot Type 2 (50 Ft)	291	\$88,000	\$355,000	\$4,668.72	\$5.31	\$1.32

¹ Calculated based on the original projected finished lot value per unit and projected home value per unit provided by the Developer at the time of levy of Improvement Area #2 Assessment.

² Includes Improvement Area #2 Annual Installment and Single Family Residential Major Improvement Area Annual Installment.

³ To be updated based on the Improvement Area #2 appraisal.

The Assessment and Annual Installments for each Parcel or Lot located within Improvement Area #2 is shown on the Improvement Area #2 Assessment Roll, attached as Appendix I, and no Assessment shall be changed except as authorized by this Service and Assessment Plan and the PID Act.

APPENDIX G
SINGLE-FAMILY RESIDENTIAL MAJOR IMPROVEMENT AREA ASSESSMENT
ROLL

Appendix G-1
Single-Family Residential Major Improvement Area Assessment Roll

Parcel
Assessment
Total Equivalent Units

Parcels 16022 and 216107
\$5,453,000
651.88

Year¹	Principal²	Interest²	Administrative Expenses³	Additional Interest Reserve	Total Annual Installment⁴
9/1/2023	\$124,000	\$301,929	\$40,000	\$27,265	\$493,194
9/1/2024	\$71,000	\$354,720	\$40,800	\$26,645	\$493,165
9/1/2025	\$74,000	\$350,371	\$41,616	\$26,290	\$492,277
9/1/2026	\$79,000	\$345,839	\$42,448	\$25,920	\$493,207
9/1/2027	\$83,000	\$341,000	\$43,297	\$25,525	\$492,822
9/1/2028	\$88,000	\$335,916	\$44,163	\$25,110	\$493,189
9/1/2029	\$93,000	\$330,526	\$45,046	\$24,670	\$493,243
9/1/2030	\$98,000	\$324,830	\$45,947	\$24,205	\$492,982
9/1/2031	\$103,000	\$318,828	\$46,866	\$23,715	\$492,409
9/1/2032	\$109,000	\$312,519	\$47,804	\$23,200	\$492,522
9/1/2033	\$115,000	\$305,843	\$48,760	\$22,655	\$492,257
9/1/2034	\$123,000	\$298,080	\$49,735	\$22,080	\$492,895
9/1/2035	\$131,000	\$289,778	\$50,730	\$21,465	\$492,972
9/1/2036	\$139,000	\$280,935	\$51,744	\$20,810	\$492,489
9/1/2037	\$148,000	\$271,553	\$52,779	\$20,115	\$492,447
9/1/2038	\$158,000	\$261,563	\$53,835	\$19,375	\$492,772
9/1/2039	\$168,000	\$250,898	\$54,911	\$18,585	\$492,394
9/1/2040	\$179,000	\$239,558	\$56,010	\$17,745	\$492,312
9/1/2041	\$191,000	\$227,475	\$57,130	\$16,850	\$492,455
9/1/2042	\$204,000	\$214,583	\$58,272	\$15,895	\$492,750
9/1/2043	\$218,000	\$200,813	\$59,438	\$14,875	\$493,125
9/1/2044	\$232,000	\$186,098	\$60,627	\$13,785	\$492,509
9/1/2045	\$248,000	\$170,438	\$61,839	\$12,625	\$492,902
9/1/2046	\$265,000	\$153,698	\$63,076	\$11,385	\$493,158
9/1/2047	\$283,000	\$135,810	\$64,337	\$10,060	\$493,207
9/1/2048	\$302,000	\$116,708	\$65,624	\$8,645	\$492,977
9/1/2049	\$322,000	\$96,323	\$66,937	\$7,135	\$492,394
9/1/2050	\$344,000	\$74,588	\$68,275	\$5,525	\$492,388
9/1/2051	\$368,000	\$51,368	\$69,641	\$3,805	\$492,813
9/1/2052	\$393,000	\$26,528	\$71,034	\$1,965	\$492,526
Total	\$5,453,000	\$7,169,108	\$1,622,723	\$537,925	\$14,782,756

1 - The 9/1/XX dates represent the bond year end for the Single-Family Residential Major Improvement Bonds.

2 - Represents the principal and interest on the Single-family Residential Major Improvement Bonds. Interest is calculated using an interest rate of 6.125% in years 1 through 10 (2023-2032) and 6.75% in years 11 through 30 (2033-2052).

3 - Administrative Expenses are estimated and will be updated each year in the Annual Service Plan Updates. Assumes a 2% increase per year. Administrative Expenses for year 2023 will be funded with bond proceeds.

4 - Annual Installment does not include any TIRZ Annual Credit Amount.

Appendix G-2
Single-Family Residential Major Improvement Area Assessment Roll by Lot Type

Lot Type	Lot Type 1 (60 Ft)
Assessment	\$8,365
Equivalent Unit Factor	1.00

Year ¹	Principal ²	Interest ²	Administrative Expenses ³	Additional Interest Reserve	Total Annual Installment ⁴
9/1/2023	\$190	\$463	\$61	\$42	\$757
9/1/2024	\$109	\$544	\$63	\$41	\$757
9/1/2025	\$114	\$537	\$64	\$40	\$755
9/1/2026	\$121	\$531	\$65	\$40	\$757
9/1/2027	\$127	\$523	\$66	\$39	\$756
9/1/2028	\$135	\$515	\$68	\$39	\$757
9/1/2029	\$143	\$507	\$69	\$38	\$757
9/1/2030	\$150	\$498	\$70	\$37	\$756
9/1/2031	\$158	\$489	\$72	\$36	\$755
9/1/2032	\$167	\$479	\$73	\$36	\$756
9/1/2033	\$176	\$469	\$75	\$35	\$755
9/1/2034	\$189	\$457	\$76	\$34	\$756
9/1/2035	\$201	\$445	\$78	\$33	\$756
9/1/2036	\$213	\$431	\$79	\$32	\$755
9/1/2037	\$227	\$417	\$81	\$31	\$755
9/1/2038	\$242	\$401	\$83	\$30	\$756
9/1/2039	\$258	\$385	\$84	\$29	\$755
9/1/2040	\$275	\$367	\$86	\$27	\$755
9/1/2041	\$293	\$349	\$88	\$26	\$755
9/1/2042	\$313	\$329	\$89	\$24	\$756
9/1/2043	\$334	\$308	\$91	\$23	\$756
9/1/2044	\$356	\$285	\$93	\$21	\$756
9/1/2045	\$380	\$261	\$95	\$19	\$756
9/1/2046	\$407	\$236	\$97	\$17	\$757
9/1/2047	\$434	\$208	\$99	\$15	\$757
9/1/2048	\$463	\$179	\$101	\$13	\$756
9/1/2049	\$494	\$148	\$103	\$11	\$755
9/1/2050	\$528	\$114	\$105	\$8	\$755
9/1/2051	\$565	\$79	\$107	\$6	\$756
9/1/2052	\$603	\$41	\$109	\$3	\$756
Total	\$8,365	\$10,998	\$2,489	\$825	\$22,677

1 - The 9/1/XX dates represent the bond year end for the Single-Family Residential Major Improvement Bonds.

2 - Represents the principal and interest on the Single-family Residential Major Improvement Bonds. Interest is calculated using an interest rate of 6.125% in years 1 through 10 (2023-2032) and 6.75% in years 11 through 30 (2033-2052).

3 - Administrative Expenses are estimated and will be updated each year in the Annual Service Plan Updates. Assumes a 2% increase per year. Administrative Expenses for year 2023 will be funded with bond proceeds.

4 - Annual Installment does not include any TIRZ Annual Credit Amount.

Appendix G-3
Single-Family Residential Major Improvement Area Assessment Roll by Lot Type

Lot Type	Lot Type 2 (50 Ft)
Assessment	\$8,030
Equivalent Unit Factor	0.96

Year ¹	Principal ²	Interest ²	Administrative Expenses ³	Additional Interest Reserve	Total Annual Installment ⁴
9/1/2023	\$183	\$445	\$59	\$40	\$726
9/1/2024	\$105	\$522	\$60	\$39	\$726
9/1/2025	\$109	\$516	\$61	\$39	\$725
9/1/2026	\$116	\$509	\$63	\$38	\$726
9/1/2027	\$122	\$502	\$64	\$38	\$726
9/1/2028	\$130	\$495	\$65	\$37	\$726
9/1/2029	\$137	\$487	\$66	\$36	\$726
9/1/2030	\$144	\$478	\$68	\$36	\$726
9/1/2031	\$152	\$470	\$69	\$35	\$725
9/1/2032	\$161	\$460	\$70	\$34	\$725
9/1/2033	\$169	\$450	\$72	\$33	\$725
9/1/2034	\$181	\$439	\$73	\$33	\$726
9/1/2035	\$193	\$427	\$75	\$32	\$726
9/1/2036	\$205	\$414	\$76	\$31	\$725
9/1/2037	\$218	\$400	\$78	\$30	\$725
9/1/2038	\$233	\$385	\$79	\$29	\$726
9/1/2039	\$247	\$369	\$81	\$27	\$725
9/1/2040	\$264	\$353	\$82	\$26	\$725
9/1/2041	\$281	\$335	\$84	\$25	\$725
9/1/2042	\$300	\$316	\$86	\$23	\$726
9/1/2043	\$321	\$296	\$88	\$22	\$726
9/1/2044	\$342	\$274	\$89	\$20	\$725
9/1/2045	\$365	\$251	\$91	\$19	\$726
9/1/2046	\$390	\$226	\$93	\$17	\$726
9/1/2047	\$417	\$200	\$95	\$15	\$726
9/1/2048	\$445	\$172	\$97	\$13	\$726
9/1/2049	\$474	\$142	\$99	\$11	\$725
9/1/2050	\$507	\$110	\$101	\$8	\$725
9/1/2051	\$542	\$76	\$103	\$6	\$726
9/1/2052	\$579	\$39	\$105	\$3	\$725
Total	\$8,030	\$10,558	\$2,390	\$792	\$21,770

1 - The 9/1/XX dates represent the bond year end for the Single-Family Residential Major Improvement Bonds.

2 - Represents the principal and interest on the Single-family Residential Major Improvement Bonds. Interest is calculated using an interest rate of 6.125% in years 1 through 10 (2023-2032) and 6.75% in years 11 through 30 (2033-2052).

3 - Administrative Expenses are estimated and will be updated each year in the Annual Service Plan Updates. Assumes a 2% increase per year. Administrative Expenses for year 2023 will be funded with bond proceeds.

4 - Annual Installment does not include any TIRZ Annual Credit Amount.

APPENDIX H
IMPROVEMENT AREA #1 ASSESSMENT ROLL

**Appendix H-1
Improvement Area #1 Assessment Roll**

**Parcel
Assessment
Total Equivalent Units**

**Parcel 216107
\$17,205,000
317.72**

Year¹	Principal²	Interest²	Administrative Expenses³	Additional Interest Reserve	Total Annual Installment⁴
9/1/2023	\$381,000	\$861,295	\$55,000	\$86,025	\$1,383,320
9/1/2024	\$230,000	\$1,013,075	\$56,100	\$84,120	\$1,383,295
9/1/2025	\$242,000	\$1,000,713	\$57,222	\$82,970	\$1,382,905
9/1/2026	\$255,000	\$987,705	\$58,366	\$81,760	\$1,382,831
9/1/2027	\$269,000	\$973,999	\$59,534	\$80,485	\$1,383,018
9/1/2028	\$284,000	\$959,540	\$60,724	\$79,140	\$1,383,404
9/1/2029	\$300,000	\$943,920	\$61,939	\$77,720	\$1,383,579
9/1/2030	\$316,000	\$927,420	\$63,178	\$76,220	\$1,382,818
9/1/2031	\$335,000	\$910,040	\$64,441	\$74,640	\$1,384,121
9/1/2032	\$353,000	\$891,615	\$65,730	\$72,965	\$1,383,310
9/1/2033	\$373,000	\$872,200	\$67,045	\$71,200	\$1,383,445
9/1/2034	\$396,000	\$849,354	\$68,386	\$69,335	\$1,383,074
9/1/2035	\$421,000	\$825,099	\$69,753	\$67,355	\$1,383,207
9/1/2036	\$448,000	\$799,313	\$71,148	\$65,250	\$1,383,711
9/1/2037	\$476,000	\$771,873	\$72,571	\$63,010	\$1,383,454
9/1/2038	\$506,000	\$742,718	\$74,023	\$60,630	\$1,383,370
9/1/2039	\$538,000	\$711,725	\$75,503	\$58,100	\$1,383,328
9/1/2040	\$572,000	\$678,773	\$77,013	\$55,410	\$1,383,196
9/1/2041	\$608,000	\$643,738	\$78,554	\$52,550	\$1,382,841
9/1/2042	\$648,000	\$606,498	\$80,125	\$49,510	\$1,384,132
9/1/2043	\$688,000	\$566,808	\$81,727	\$46,270	\$1,382,805
9/1/2044	\$733,000	\$524,668	\$83,362	\$42,830	\$1,383,859
9/1/2045	\$780,000	\$479,771	\$85,029	\$39,165	\$1,383,965
9/1/2046	\$829,000	\$431,996	\$86,729	\$35,265	\$1,382,991
9/1/2047	\$882,000	\$381,220	\$88,464	\$31,120	\$1,382,804
9/1/2048	\$939,000	\$327,198	\$90,233	\$26,710	\$1,383,141
9/1/2049	\$1,000,000	\$269,684	\$92,038	\$22,015	\$1,383,737
9/1/2050	\$1,064,000	\$208,434	\$93,879	\$17,015	\$1,383,328
9/1/2051	\$1,133,000	\$143,264	\$95,756	\$11,695	\$1,383,715
9/1/2052	\$1,206,000	\$73,868	\$97,671	\$6,030	\$1,383,569
Total	\$17,205,000	\$20,377,518	\$2,231,244	\$1,686,510	\$41,500,272

1 - The 9/1/XX dates represent the bond year end for the Improvement Area #1 Bonds.

2 - Represents the principal and interest on the Improvement Area #1 Bonds. Interest is calculated using an interest rate of 5.375% in years 1 through 5 (2023-2027), 5.50% in years 6 through 10 (2028-2032), and 6.125% in years 11 through 30 (2033-2052).

3 - Administrative Expenses are estimated and will be updated each year in the Annual Service Plan Updates. Assumes a 2% increase per year. Administrative Expenses for year 2023 will be funded with bond proceeds.

4 - Annual Installment does not include any TIRZ Annual Credit Amount.

Appendix H-2
Improvement Area #1 Assessment Roll by Lot Type

Lot Type	Lot Type 1 (60 Ft)
Assessment	\$54,151
Equivalent Unit Factor	1.00

Year ¹	Principal ²	Interest ²	Administrative Expenses ³	Additional Interest Reserve	Total Annual Installment ⁴
9/1/2023	\$1,199	\$2,711	\$173	\$271	\$4,354
9/1/2024	\$724	\$3,189	\$177	\$265	\$4,354
9/1/2025	\$762	\$3,150	\$180	\$261	\$4,353
9/1/2026	\$803	\$3,109	\$184	\$257	\$4,352
9/1/2027	\$847	\$3,066	\$187	\$253	\$4,353
9/1/2028	\$894	\$3,020	\$191	\$249	\$4,354
9/1/2029	\$944	\$2,971	\$195	\$245	\$4,355
9/1/2030	\$995	\$2,919	\$199	\$240	\$4,352
9/1/2031	\$1,054	\$2,864	\$203	\$235	\$4,356
9/1/2032	\$1,111	\$2,806	\$207	\$230	\$4,354
9/1/2033	\$1,174	\$2,745	\$211	\$224	\$4,354
9/1/2034	\$1,246	\$2,673	\$215	\$218	\$4,353
9/1/2035	\$1,325	\$2,597	\$220	\$212	\$4,354
9/1/2036	\$1,410	\$2,516	\$224	\$205	\$4,355
9/1/2037	\$1,498	\$2,429	\$228	\$198	\$4,354
9/1/2038	\$1,593	\$2,338	\$233	\$191	\$4,354
9/1/2039	\$1,693	\$2,240	\$238	\$183	\$4,354
9/1/2040	\$1,800	\$2,136	\$242	\$174	\$4,354
9/1/2041	\$1,914	\$2,026	\$247	\$165	\$4,352
9/1/2042	\$2,040	\$1,909	\$252	\$156	\$4,356
9/1/2043	\$2,165	\$1,784	\$257	\$146	\$4,352
9/1/2044	\$2,307	\$1,651	\$262	\$135	\$4,356
9/1/2045	\$2,455	\$1,510	\$268	\$123	\$4,356
9/1/2046	\$2,609	\$1,360	\$273	\$111	\$4,353
9/1/2047	\$2,776	\$1,200	\$278	\$98	\$4,352
9/1/2048	\$2,955	\$1,030	\$284	\$84	\$4,353
9/1/2049	\$3,147	\$849	\$290	\$69	\$4,355
9/1/2050	\$3,349	\$656	\$295	\$54	\$4,354
9/1/2051	\$3,566	\$451	\$301	\$37	\$4,355
9/1/2052	\$3,796	\$232	\$307	\$19	\$4,355
Total	\$54,151	\$64,137	\$7,023	\$5,308	\$130,619

1 - The 9/1/XX dates represent the bond year end for the Improvement Area #1 Bonds.

2 - Represents the principal and interest on the Improvement Area #1 Bonds. Interest is calculated using an interest rate of 5.375% in years 1 through 5 (2023-2027), 5.50% in years 6 through 10 (2028-2032), and 6.125% in years 11 through 30 (2033-2052).

3 - Administrative Expenses are estimated and will be updated each year in the Annual Service Plan Updates. Assumes a 2% increase per year. Administrative Expenses for year 2023 will be funded with bond proceeds.

4 - Annual Installment does not include any TIRZ Annual Credit Amount.

Appendix H-3
Improvement Area #1 Assessment Roll by Lot Type

Lot Type	Lot Type 2 (50 Ft)
Assessment	\$51,985
Equivalent Unit Factor	0.96

Year ¹	Principal ²	Interest ²	Administrative Expenses ³	Additional Interest Reserve	Total Annual Installment ⁴
9/1/2023	\$1,151	\$2,602	\$166	\$260	\$4,180
9/30/2023	\$695	\$3,061	\$170	\$254	\$4,180
9/30/2024	\$731	\$3,024	\$173	\$251	\$4,178
9/30/2025	\$770	\$2,984	\$176	\$247	\$4,178
9/30/2026	\$813	\$2,943	\$180	\$243	\$4,179
9/30/2027	\$858	\$2,899	\$183	\$239	\$4,180
9/30/2028	\$906	\$2,852	\$187	\$235	\$4,181
9/30/2029	\$955	\$2,802	\$191	\$230	\$4,178
9/30/2030	\$1,012	\$2,750	\$195	\$226	\$4,182
9/30/2031	\$1,067	\$2,694	\$199	\$220	\$4,180
9/30/2032	\$1,127	\$2,635	\$203	\$215	\$4,180
9/30/2033	\$1,197	\$2,566	\$207	\$209	\$4,179
9/30/2034	\$1,272	\$2,493	\$211	\$204	\$4,179
9/30/2035	\$1,354	\$2,415	\$215	\$197	\$4,181
9/30/2036	\$1,438	\$2,332	\$219	\$190	\$4,180
9/30/2037	\$1,529	\$2,244	\$224	\$183	\$4,180
9/30/2038	\$1,626	\$2,150	\$228	\$176	\$4,180
9/30/2039	\$1,728	\$2,051	\$233	\$167	\$4,179
9/30/2040	\$1,837	\$1,945	\$237	\$159	\$4,178
9/30/2041	\$1,958	\$1,833	\$242	\$150	\$4,182
9/30/2042	\$2,079	\$1,713	\$247	\$140	\$4,178
9/30/2043	\$2,215	\$1,585	\$252	\$129	\$4,181
9/30/2044	\$2,357	\$1,450	\$257	\$118	\$4,182
9/30/2045	\$2,505	\$1,305	\$262	\$107	\$4,179
9/30/2046	\$2,665	\$1,152	\$267	\$94	\$4,178
9/30/2047	\$2,837	\$989	\$273	\$81	\$4,179
9/30/2048	\$3,022	\$815	\$278	\$67	\$4,181
9/30/2049	\$3,215	\$630	\$284	\$51	\$4,180
9/30/2050	\$3,423	\$433	\$289	\$35	\$4,181
9/30/2051	\$3,644	\$223	\$295	\$18	\$4,180
Total	\$51,985	\$61,571	\$6,742	\$5,096	\$125,394

1 - The 9/1/XX dates represent the bond year end for the Improvement Area #1 Bonds.

2 - Represents the principal and interest on the Improvement Area #1 Bonds. Interest is calculated using an interest rate of 5.375% in years 1 through 5 (2023-2027), 5.50% in years 6 through 10 (2028-2032), and 6.125% in years 11 through 30 (2033-2052).

3 - Administrative Expenses are estimated and will be updated each year in the Annual Service Plan Updates. Assumes a 2% increase per year. Administrative Expenses for year 2023 will be funded with bond proceeds.

4 - Annual Installment does not include any TIRZ Annual Credit Amount.

APPENDIX I
PROPOSED IMPROVEMENT AREA #2 ASSESSMENT ROLL

Appendix I-1
Proposed Improvement Area #2 Assessment Roll by Lot Type

Lot Type
Assessment
Equivalent Unit Factor

Parcel
\$16,408,000
323.36

Year¹	Principal²	Interest²	Administrative Expenses³	Additional Interest Reserve	Capitalized Interest	Total Annual Installment⁴
9/1/2025	\$0	\$475,969	\$0	\$0	(\$475,969)	\$0
9/1/2026	\$197,000	\$968,072	\$56,100	\$82,040	\$0	\$1,303,212
9/1/2027	\$209,000	\$956,449	\$57,222	\$81,055	\$0	\$1,303,726
9/1/2028	\$221,000	\$944,118	\$58,366	\$80,010	\$0	\$1,303,494
9/1/2029	\$234,000	\$931,079	\$59,534	\$78,905	\$0	\$1,303,518
9/1/2030	\$248,000	\$917,273	\$60,724	\$77,735	\$0	\$1,303,732
9/1/2031	\$263,000	\$902,641	\$61,939	\$76,495	\$0	\$1,304,075
9/1/2032	\$278,000	\$887,124	\$63,178	\$75,180	\$0	\$1,303,482
9/1/2033	\$295,000	\$870,722	\$64,441	\$73,790	\$0	\$1,303,953
9/1/2034	\$312,000	\$853,317	\$65,730	\$72,315	\$0	\$1,303,362
9/1/2035	\$331,000	\$834,909	\$67,045	\$70,755	\$0	\$1,303,709
9/1/2036	\$351,000	\$815,380	\$68,386	\$69,100	\$0	\$1,303,866
9/1/2037	\$372,000	\$794,671	\$69,753	\$67,345	\$0	\$1,303,769
9/1/2038	\$394,000	\$772,723	\$71,148	\$65,485	\$0	\$1,303,356
9/1/2039	\$418,000	\$749,477	\$72,571	\$63,515	\$0	\$1,303,563
9/1/2040	\$444,000	\$724,815	\$74,023	\$61,425	\$0	\$1,304,263
9/1/2041	\$471,000	\$698,619	\$75,503	\$59,205	\$0	\$1,304,327
9/1/2042	\$499,000	\$670,830	\$77,013	\$56,850	\$0	\$1,303,693
9/1/2043	\$529,000	\$641,389	\$78,554	\$54,355	\$0	\$1,303,298
9/1/2044	\$562,000	\$610,178	\$80,125	\$51,710	\$0	\$1,304,013
9/1/2045	\$596,000	\$577,020	\$81,727	\$48,900	\$0	\$1,303,647
9/1/2046	\$632,000	\$541,856	\$83,362	\$45,920	\$0	\$1,303,138
9/1/2047	\$671,000	\$504,568	\$85,029	\$42,760	\$0	\$1,303,357
9/1/2048	\$713,000	\$464,979	\$86,729	\$39,405	\$0	\$1,304,113
9/1/2049	\$757,000	\$422,912	\$88,464	\$35,840	\$0	\$1,304,216
9/1/2050	\$804,000	\$378,249	\$90,233	\$32,055	\$0	\$1,304,537
9/1/2051	\$853,000	\$330,813	\$92,038	\$28,035	\$0	\$1,303,886
9/1/2052	\$906,000	\$280,486	\$93,879	\$23,770	\$0	\$1,304,135
9/1/2053	\$1,206,000	\$227,032	\$95,756	\$19,240	\$0	\$1,548,028
9/1/2054	\$1,281,000	\$155,878	\$97,671	\$13,210	\$0	\$1,547,759
9/1/2055	\$1,361,000	\$80,299	\$99,625	\$6,805	\$0	\$1,547,729
Total	\$16,408,000	\$19,983,847	\$2,275,870	\$1,653,210	(\$475,969)	\$39,844,958

1 - The 9/1/XX dates represent the bond year end for the Improvement Area #2 Bonds.

2 - Represents the principal and interest on the Improvement Area #2 Bonds. Interest is calculated using an estimated interest rate of 5.900%.

3 - Administrative Expenses are estimated and will be updated each year in the Annual Service Plan Updates. Assumes a 2% increase per year. Administrative Expenses for year 2025 will be funded with bond proceeds.

4 - Annual Installment does not include any TIRZ Annual Credit Amount.

Appendix I-2
Proposed Improvement Area #2 Assessment Roll by Lot Type

Lot Type	Lot Type 1
Assessment	(60 Ft)
Equivalent Unit Factor	\$50,742
	1.00

Year ¹	Principal ²	Interest ²	Administrative Expenses ³	Additional Interest Reserve	Capitalized Interest	Total Annual Installment ⁴
9/1/2025	\$0	\$1,472	\$0	\$0	(\$1,472)	\$0
9/1/2026	\$609	\$2,994	\$173	\$254	\$0	\$4,030
9/1/2027	\$646	\$2,958	\$177	\$251	\$0	\$4,032
9/1/2028	\$683	\$2,920	\$180	\$247	\$0	\$4,031
9/1/2029	\$724	\$2,879	\$184	\$244	\$0	\$4,031
9/1/2030	\$767	\$2,837	\$188	\$240	\$0	\$4,032
9/1/2031	\$813	\$2,791	\$192	\$237	\$0	\$4,033
9/1/2032	\$860	\$2,743	\$195	\$232	\$0	\$4,031
9/1/2033	\$912	\$2,693	\$199	\$228	\$0	\$4,033
9/1/2034	\$965	\$2,639	\$203	\$224	\$0	\$4,031
9/1/2035	\$1,024	\$2,582	\$207	\$219	\$0	\$4,032
9/1/2036	\$1,085	\$2,522	\$211	\$214	\$0	\$4,032
9/1/2037	\$1,150	\$2,458	\$216	\$208	\$0	\$4,032
9/1/2038	\$1,218	\$2,390	\$220	\$203	\$0	\$4,031
9/1/2039	\$1,293	\$2,318	\$224	\$196	\$0	\$4,031
9/1/2040	\$1,373	\$2,242	\$229	\$190	\$0	\$4,033
9/1/2041	\$1,457	\$2,160	\$233	\$183	\$0	\$4,034
9/1/2042	\$1,543	\$2,075	\$238	\$176	\$0	\$4,032
9/1/2043	\$1,636	\$1,984	\$243	\$168	\$0	\$4,030
9/1/2044	\$1,738	\$1,887	\$248	\$160	\$0	\$4,033
9/1/2045	\$1,843	\$1,784	\$253	\$151	\$0	\$4,032
9/1/2046	\$1,954	\$1,676	\$258	\$142	\$0	\$4,030
9/1/2047	\$2,075	\$1,560	\$263	\$132	\$0	\$4,031
9/1/2048	\$2,205	\$1,438	\$268	\$122	\$0	\$4,033
9/1/2049	\$2,341	\$1,308	\$274	\$111	\$0	\$4,033
9/1/2050	\$2,486	\$1,170	\$279	\$99	\$0	\$4,034
9/1/2051	\$2,638	\$1,023	\$285	\$87	\$0	\$4,032
9/1/2052	\$2,802	\$867	\$290	\$74	\$0	\$4,033
9/1/2053	\$3,730	\$702	\$296	\$60	\$0	\$4,787
9/1/2054	\$3,962	\$482	\$302	\$41	\$0	\$4,786
9/1/2055	\$4,209	\$248	\$308	\$21	\$0	\$4,786
Total	\$50,742	\$61,801	\$7,038	\$5,113	(\$1,472)	\$123,222

1 - The 9/1/XX dates represent the bond year end for the Improvement Area #2 Bonds.
2 - Represents the principal and interest on the Improvement Area #2 Bonds. Interest is calculated using an estimated interest rate of 5.900%.
3 - Administrative Expenses are estimated and will be updated each year in the Annual Service Plan Updates. Assumes a 2% increase per year. Administrative Expenses for year 2025 will be funded with bond proceeds.
4 - Annual Installment does not include any TIRZ Annual Credit Amount.

Appendix I-2
Proposed Improvement Area #2 Assessment Roll by Lot Type

Lot Type	Lot Type 2 (50 Ft)
Assessment	\$48,713
Equivalent Unit Factor	0.96

Year ¹	Principal ²	Interest ²	Administrative Expenses ³	Additional Interest Reserve	Capitalized Interest	Total Annual Installment ⁴
9/1/2025	\$0	\$1,413	\$0	\$0	(\$1,413)	\$0
9/1/2026	\$585	\$2,874	\$167	\$244	\$0	\$3,869
9/1/2027	\$620	\$2,840	\$170	\$241	\$0	\$3,871
9/1/2028	\$656	\$2,803	\$173	\$238	\$0	\$3,870
9/1/2029	\$695	\$2,764	\$177	\$234	\$0	\$3,870
9/1/2030	\$736	\$2,723	\$180	\$231	\$0	\$3,871
9/1/2031	\$781	\$2,680	\$184	\$227	\$0	\$3,872
9/1/2032	\$825	\$2,634	\$188	\$223	\$0	\$3,870
9/1/2033	\$876	\$2,585	\$191	\$219	\$0	\$3,871
9/1/2034	\$926	\$2,533	\$195	\$215	\$0	\$3,869
9/1/2035	\$983	\$2,479	\$199	\$210	\$0	\$3,870
9/1/2036	\$1,042	\$2,421	\$203	\$205	\$0	\$3,871
9/1/2037	\$1,104	\$2,359	\$207	\$200	\$0	\$3,871
9/1/2038	\$1,170	\$2,294	\$211	\$194	\$0	\$3,869
9/1/2039	\$1,241	\$2,225	\$215	\$189	\$0	\$3,870
9/1/2040	\$1,318	\$2,152	\$220	\$182	\$0	\$3,872
9/1/2041	\$1,398	\$2,074	\$224	\$176	\$0	\$3,872
9/1/2042	\$1,481	\$1,992	\$229	\$169	\$0	\$3,870
9/1/2043	\$1,571	\$1,904	\$233	\$161	\$0	\$3,869
9/1/2044	\$1,668	\$1,812	\$238	\$154	\$0	\$3,871
9/1/2045	\$1,769	\$1,713	\$243	\$145	\$0	\$3,870
9/1/2046	\$1,876	\$1,609	\$247	\$136	\$0	\$3,869
9/1/2047	\$1,992	\$1,498	\$252	\$127	\$0	\$3,869
9/1/2048	\$2,117	\$1,380	\$257	\$117	\$0	\$3,872
9/1/2049	\$2,247	\$1,256	\$263	\$106	\$0	\$3,872
9/1/2050	\$2,387	\$1,123	\$268	\$95	\$0	\$3,873
9/1/2051	\$2,532	\$982	\$273	\$83	\$0	\$3,871
9/1/2052	\$2,690	\$833	\$279	\$71	\$0	\$3,872
9/1/2053	\$3,580	\$674	\$284	\$57	\$0	\$4,596
9/1/2054	\$3,803	\$463	\$290	\$39	\$0	\$4,595
9/1/2055	\$4,041	\$238	\$296	\$20	\$0	\$4,595
Total	\$48,713	\$59,329	\$6,757	\$4,908	(\$1,413)	\$118,293

1 - The 9/1/XX dates represent the bond year end for the Improvement Area #2 Bonds.

2 - Represents the principal and interest on the Improvement Area #2 Bonds. Interest is calculated using an estimated interest rate of 5.900%.

3 - Administrative Expenses are estimated and will be updated each year in the Annual Service Plan Updates. Assumes a 2% increase per year. Administrative Expenses for year 2025 will be funded with bond proceeds.

4 - Annual Installment does not include any TIRZ Annual Credit Amount.

APPENDIX C

FORM OF OPINION OF BOND COUNSEL

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Form of Opinion of Bond Counsel

*An opinion in substantially the following form will be delivered by
Kelly Hart & Hallman LLP, Bond Counsel,
upon the delivery of the Bonds, assuming no material changes in facts or law.*

CITY OF CRANDALL, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025
(RIVER RIDGE PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #2
PROJECT)

\$ _____

AS BOND COUNSEL for the City of Crandall, Texas (the “Issuer”), we have examined into the legality and validity of the issue of the bonds described above (the “Bonds”), which bear interest from the date specified in the text of the Bonds, until maturity or prior redemption, at the rates and payable on the dates as stated in the text of the Bonds, and maturing and subject to redemption on the dates specified in the text of the Bonds, all in accordance with the ordinance authorizing the issuance of the Bonds (the “Bond Ordinance”) and the Trust Indenture (as defined below).

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and laws of the State of Texas, and have examined and relied upon a transcript of certified proceedings of the Issuer and other pertinent instruments furnished by the Issuer relating to the authorization, issuance and delivery of the Bonds. We have examined various certificates and documents executed by officers and officials of the Issuer and the Developer (as that term is defined in the Indenture) upon which certificates and documents we rely as to certain matters stated below. We have also examined one executed Bond which we found to be in proper form and duly executed.

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Bonds have been duly authorized, and have been duly issued and delivered, all in accordance with law, and that, except as may be limited by laws relating to governmental immunity, bankruptcy, reorganization, and other similar matters affecting creditors’ rights or by general principles of equity which permit the exercise of judicial discretion, (i) the Bonds constitute valid and legally binding obligations of the Issuer which are payable as to principal and interest from the sources provided in the Bond Ordinance and the Indenture of Trust between the Issuer and Wilmington Trust, National Association, dated as of March 1, 2025 (the “Trust Indenture”), (ii) the covenants and agreements in the Trust Indenture constitute valid and binding obligations of the Issuer, (iii) the Bonds constitute valid and legally binding special obligations of the Issuer secured as set forth under the Trust Indenture, and (iv) the Bonds are payable in accordance with the priorities established in the Trust Indenture from the sources provided therein.

THE ISSUER has reserved the right, subject to the restrictions stated in the Trust Indenture, to amend the Trust Indenture in the manner provided therein; and under some (but not all) circumstances amendments thereto must be approved by the registered owners of a majority in principal amount of all outstanding bonds affected by such amendment and secured by the Trust Indenture.

THE REGISTERED OWNERS of the Bonds shall never have the right to demand payment of the principal thereof or interest thereon out of any funds raised or to be raised by taxation, or from any source whatsoever other than specified in the Trust Indenture.

IT IS FURTHER OUR OPINION, that, except as discussed below, the interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes under the statutes, regulations, published rulings, and court decisions existing on the date of this opinion. We are further of the opinion that the Bonds are not “specified private activity bonds” and that, accordingly, interest on the Bonds will not be included as an individual alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the “Code”). In expressing the aforementioned opinions, we have relied on certain representations, the accuracy of which we have not independently verified, and assume compliance with certain covenants, regarding the use and investment of the proceeds of the Bonds and the use of the property financed therewith. In expressing the aforementioned opinions, we have relied on certain representations and covenants regarding the use and investment of the proceeds of the Bonds. We call your attention to the fact that if such representations are determined to be inaccurate or if the Issuer fails to comply with such covenants, interest on the Bonds may become includable in gross income retroactively to the date of issuance of the Bonds.

WE CALL YOUR ATTENTION TO THE FACT that the interest on tax-exempt obligations, such as the Bonds, may be includable in a corporation’s adjusted financial statement income for purposes of determining the alternative minimum tax imposed on certain corporations by section 55 of the Code.

EXCEPT AS STATED ABOVE, we express no opinion as to any other federal, state or local tax consequences of acquiring, carrying, owning or disposing of the Bonds, including the amount, accrual or receipt of interest on, the Bonds. Owners of the Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Bonds. In particular, but not by way of limitation, we express no opinion with respect to the federal, state or local tax consequences arising from the enactment of any pending or future legislation.

WE EXPRESS NO OPINION as to any insurance policies issued with respect to the payments due for the principal of and interest on the Bonds, nor as to any such insurance policies issued in the future.

OUR SOLE ENGAGEMENT in connection with the issuance of the Bonds is as Bond Counsel for the Issuer, and, in that capacity, we have been engaged by the Issuer for the sole purpose of rendering our opinions with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Bonds for federal income tax purposes, and for no other reason or purpose. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result. We have not been requested to investigate or verify, and have not independently investigated or verified, any records, data, or other material relating to the financial condition or capabilities of the Issuer, or the disclosure thereof in connection with the sale of the Bonds, and have not assumed

any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Bonds. Our role in connection with the Issuer's Limited Offering Memorandum prepared for use in connection with the sale of the Bonds has been limited as described therein.

OUR OPINIONS ARE BASED ON EXISTING LAW, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the "Service"); rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the Issuer as the taxpayer. We observe that the Issuer has covenanted not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Bonds as includable in gross income for federal income tax purposes.

Respectfully,

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APPENDIX D-1

FORM OF CITY DISCLOSURE AGREEMENT

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**CITY OF CRANDALL, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025
(RIVER RIDGE PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #2
PROJECT)**

CONTINUING DISCLOSURE AGREEMENT OF THE ISSUER

This Continuing Disclosure Agreement of the Issuer dated as of March 1, 2025 (this “Disclosure Agreement”) is executed and delivered by and among the City of Crandall, Texas (the “Issuer”), MuniCap, Inc. (the “Administrator”) and Wilmington Trust, National Association, acting solely in its capacity as dissemination agent (the “Dissemination Agent”), with respect to the Issuer’s “Special Assessment Revenue Bonds, Series 2025 (River Ridge Public Improvement District Improvement Area #2 Project)” (the “Bonds”). The Issuer, Administrator and the Dissemination Agent covenant and agree as follows:

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

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

“Administrative Expenses” shall have the meaning assigned to such term in the Indenture.

“Administrator” shall mean an employee or designee of the Issuer who shall have the responsibilities provided in the Service and Assessment Plan, the Indenture, or any other agreement or document approved by the Issuer related to the duties and responsibilities for the administration of the District.

“Affiliate” shall have the meaning assigned to such term in the Disclosure Agreement of the Fee Developer.

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

“Annual Installment(s)” shall have the meaning assigned to such term in the Indenture.

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

“Assessment(s)” shall have the meaning assigned to such term in the Indenture.

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

“Disclosure Agreement of Fee Developer” shall mean the Continuing Disclosure Agreement of the Fee Developer dated as of March 1, 2025 executed and delivered by the Fee Developer, the Administrator and Wilmington Trust, National Association, as dissemination agent.

“Disclosure Representative” shall mean the Finance Director, City Manager or Assistant City Manager of the Issuer, or such other officer or employee as the Issuer, may designate in writing to the Dissemination Agent from time to time.

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

“District” shall mean the River Ridge Public Improvement District.

“EMMA” shall mean the Electronic Municipal Market Access System currently available on the internet at <http://emma.msrb.org>.

“Fee Developer” shall mean PMB Advisors, LLC, a Texas limited liability company and their successors and assigns, including any Affiliate of the Fee Developer.

“Filing Due Date” the expiration of six months after the end of each fiscal year.

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

“Fiscal Year” shall mean the calendar year from October 1 through September 30.

“Improvement Area #2” shall have the meaning assigned to such term in the Indenture.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

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

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

“Owner” shall mean the beneficial owner of any Bonds.

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

“Prepayment” shall mean the payment of all or a portion of an Assessment before the due date thereof. Amounts received at the time of a Prepayment which represent a 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 Assessment.

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

“SEC” shall mean the United States Securities and Exchange Commission.

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

“Trustee” shall mean Wilmington Trust, National Association, or any successor trustee pursuant to the Indenture.

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

SECTION 3. Provision and Timing of Annual Issuer Reports.

(a) The Issuer shall cause and hereby directs the Administrator to compile and prepare the Annual Issuer Report. The Administrator shall provide such Annual Issuer Report to the Issuer and the Dissemination Agent no later than 10 Business Days before Filing Due Date.

(b) The Issuer shall cause and hereby directs the Dissemination Agent to provide or cause to be provided to the MSRB, in the electronic or other format required by the MSRB, commencing with the Fiscal Year ending September 30, 2025, an Annual Issuer Report provided to the Dissemination Agent which is consistent with the requirements of and within the time periods specified in Section 4 of this Disclosure Agreement. The audited financial statements of the Issuer may be submitted separately from the Annual Issuer Report, but shall be submitted within twelve (12) months after the end of the Issuer’s Fiscal Year; provided, however, that if the audited financial statements are not complete by twelve (12) months after the end of the Issuer’s Fiscal Year, then the Issuer shall provide unaudited financial statements within such period and the Issuer shall provide audited financial statements thereafter if prepared and when available. In each case, the Annual Issuer Report may be submitted as a single document or as separate documents comprising a package and may include by reference other

information as provided in Section 4 of this Disclosure Agreement. If the Issuer's Fiscal Year changes, it shall file notice of such change (and of the date of the new Fiscal Year) with the MSRB prior to the next date by which the Issuer otherwise would be required to provide the Annual Issuer Report pursuant to this paragraph. All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

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

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

- (c) The Issuer shall or shall cause the Dissemination Agent pursuant to written direction to:
 - (i) determine the filing address or other filing location of the MSRB each year prior to filing the Annual Issuer Report on the date required in subsection (a);
 - (ii) file the Annual Issuer Report containing or incorporating by reference the information set forth in Section 4 hereof; and
 - (iii) if the Issuer has provided the Dissemination Agent with the completed Annual Issuer Report and the Dissemination Agent has filed such Annual Issuer Report with the MSRB, then the Dissemination Agent shall provide written confirmation to the Issuer stating that the Annual Issuer Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and that it was filed with the MSRB.

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

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

- (i) Tables setting forth the following information, as of the end of such Fiscal Year:
 - (A) For the Bonds, the CUSIP number(s), the maturity date(s), the interest rate(s), the original aggregate principal amount, the principal amount remaining Outstanding, and the amount of interest remaining;
 - (B) The amounts in the funds and accounts under the Indenture securing the Bonds and a description of the related investments;
 - (C) The assets and liabilities of the Trust Estate.

(ii) Financial information and operating data with respect to the Issuer of the general type, in substantially similar form to that shown in the tables provided under Sections 4(a)(ii)(A) and 4(a)(ii)(B) of Exhibit B attached hereto. Such information shall be provided: (a) as of the end of the Fiscal Year (for tables in Section 4(a)(ii)(A) of Exhibit B), and (b) both as of the end of the Fiscal Year and through February 1 of the calendar year immediately succeeding such Fiscal Year (for tables in Section 4(a)(ii)(B) of Exhibit B);

(iii) Updates to the information in the Service and Assessment Plan or the Annual Service Plan Update, as most recently amended or supplemented, including any changes to the methodology for levying the Assessments in Improvement Area #2;

(iv) Until building permits have been issued for parcels or lots representing, in the aggregate, ninety-five percent (95%) of the total the Assessments levied within Improvement Area #2, the Annual Financial Information (in the Annual Service Plan Update or otherwise) shall include the number of final inspections completed for new homes completed in Improvement Area #2 during such Fiscal Year and the aggregate number of final inspections completed for new homes completed within Improvement Area #2 since filing the initial Annual Issuer Report for Fiscal Year ending September 30, 2025;

(v) If the total amount of delinquencies greater than 150 days equals or exceeds ten percent (10%) of the amount of Assessments due in any fiscal year, a list of delinquent property owners; and

(vi) A description of any amendment to this Disclosure Agreement and a copy of any restatements to the Issuer's Audited Financial Statements during such Fiscal Year.

See Exhibit B hereto for a form for submitting the information set forth in the preceding paragraphs. The Issuer has designated MuniCap, Inc. as the initial Administrator. The Administrator, and if no Administrator is designated, Issuer's staff, shall prepare the Annual Financial Information.

(b) Any or all of the items listed above may be included by specific reference to other documents, including disclosure documents of debt issues of the Issuer, which have been submitted to and are publicly accessible from the MSRB. If the document included by reference is a final offering document, it must be available from the MSRB. The Issuer shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, each of the following is a Listed Event with respect to the Bonds:

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions, the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.
7. Modifications to rights of Owners, if material.
8. Bond calls, if material, and tender offers.
9. Defeasances.
10. Release, substitution, or sale of property securing repayment of the bonds, if material.
11. Rating changes.
12. Bankruptcy, insolvency, receivership or similar event of the Issuer.
13. The consummation of a merger, consolidation, or acquisition of the Issuer, or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
14. Appointment of a successor trustee under the Indenture or the change of name of a trustee, if material.
15. Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material.
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

For these purposes, any event described in the immediately preceding paragraph (12) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Issuer in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

Upon the occurrence of a Listed Event, the Issuer shall promptly notify the Dissemination Agent in writing and the Issuer shall provide written direction to the Dissemination Agent to file a notice of such occurrence with the MSRB; provided, however, the Issuer shall deliver such written notice to the Dissemination Agent within eight (8) business days of the occurrence of such Listed Event in order for the Dissemination Agent to timely file such notice in a timely manner with the MSRB through EMMA. The Dissemination Agent shall file such notice no later than the second Business Day immediately following the day on which it receives written notice of such occurrence from the Issuer. Any such notice is required to be filed within ten (10) Business Days of the occurrence of such Listed Event; provided, however, the failure of the Issuer to provide timely written notice to the Dissemination Agent in accordance with this paragraph shall not constitute a failure of the Dissemination Agent to comply with the Rule's ten (10) business day filing requirement.

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

In all cases, the Issuer shall have the sole responsibility for the content, design and other elements comprising substantive contents of all disclosures made under this Section 5. In addition, the Issuer shall have the sole responsibility to ensure that any notice required to be filed under this Section 5 is filed within ten (10) Business Days of the occurrence of the Listed Event.

(b) The Dissemination Agent shall, no more than (5) Business Days after obtaining actual knowledge of the occurrence of any Listed Event with respect to the Bonds, notify the Disclosure Representative of such Listed Event. The Dissemination Agent shall not be required to file a notice of the occurrence of such Listed Event with the MSRB unless and until it receives written instructions from the Disclosure Representative to do so. If the Dissemination Agent has been instructed in writing by the Disclosure Representative on behalf of the Issuer to report the occurrence of a Listed Event under this subsection (b), the Dissemination Agent shall file a notice of such occurrence with the MSRB no later than two (2) Business Days following the day on which it receives such written instructions. It is agreed and understood that the duty to make or cause to be made the disclosures herein is that of the Issuer and not that of the Trustee or the Dissemination Agent. It is agreed and understood that the Dissemination Agent has agreed to give the foregoing notice to the Issuer as an accommodation to assist it in monitoring the occurrence of such event, but is under no obligation to investigate whether any such event has occurred. As used above, "actual knowledge" means the actual fact or statement of knowing, without a duty to make any investigation with respect thereto. In no event shall the Dissemination Agent be liable

in damages or in tort to the Issuer, the Participating Underwriter, the Trustee, or any Owner or beneficial owner of any interests in the Bonds, or any other party, as a result of its failure to give the foregoing notice or to give such notice in a timely fashion.

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

(d) In addition to the Listed Events above, the Issuer shall provide to the Dissemination Agent reporting on delinquencies and collection activities related to delinquent Assessments and foreclosure activities in Improvement Area #2 of the District as provided in Exhibit C hereto.

SECTION 6. Termination of Reporting Obligations. The obligations of the Issuer, the Administrator and the Dissemination Agent under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds, when the Issuer is no longer an obligated person with respect to the Bonds, or upon delivery by the Disclosure Representative to the Dissemination Agent of an opinion of nationally recognized bond counsel to the effect that continuing disclosure is no longer required. So long as any of the Bonds remain Outstanding, the Dissemination Agent may assume that the Issuer is an obligated person with respect to the Bonds until it receives written notice from the Disclosure Representative stating that the Issuer is no longer an obligated person with respect to the Bonds, and the Dissemination Agent may conclusively rely upon such written notice with no duty to make investigation or inquiry into any statements contained or matters referred to in such written notice. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event with respect to such series of Bonds under Section 5(a).

SECTION 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent or successor Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge such Dissemination Agent, with or without appointing a successor Dissemination Agent. If the Issuer discharges the Dissemination Agent without appointing a successor Dissemination Agent, the Issuer shall use best efforts to appoint a successor Dissemination Agent within 30 days of such discharge. The Dissemination Agent may resign at any time with 30 days' written notice to the Issuer. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent. The initial Dissemination Agent appointed hereunder shall be Wilmington Trust, National Association.

SECTION 8. Amendment; Waiver. Notwithstanding any other provisions of this Disclosure Agreement, the Issuer and the Dissemination Agent may amend this Disclosure Agreement (and the Dissemination Agent shall not unreasonably withhold its consent to any reasonable amendment so requested in writing by the Issuer), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal

requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

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

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

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer shall describe such amendment in the next related Annual Issuer Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(a), and (ii) the Annual Issuer Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. No amendment which adversely affects the Dissemination Agent may be made without its prior written consent (which consent will not be unreasonably withheld or delayed).

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Issuer Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Issuer Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Issuer Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Agreement, the Dissemination Agent may (and, at the written request of any Participating Underwriter or the Owners of at least twenty-five (25%) aggregate principal amount of Outstanding Bonds, shall, upon being indemnified to its satisfaction against all costs, fees, expense and liability for such actions), or any Owner or beneficial owner of the Bonds may, take such actions as may be necessary and appropriate to cause the Issuer, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture with respect to the Bonds, and the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer to comply with this Disclosure Agreement shall be an action for mandamus or specific performance. A default under this Disclosure Agreement by the Issuer shall not be deemed a default under the Disclosure Agreement of Fee Developer by the Fee

Developer, and a default under the Disclosure Agreement of Fee Developer by the Fee Developer shall not be deemed a default under this Disclosure Agreement by the Issuer.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent and Administrator.

(a) Notwithstanding anything to the contrary contained herein, the Dissemination Agent shall not have any duty with respect to the content of any disclosures made pursuant to the terms hereof. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Dissemination Agent. TO THE EXTENT PERMITTED BY LAW, THE ISSUER AGREES TO INDEMNIFY AND HOLD HARMLESS THE DISSEMINATION AGENT, ITS OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS, BUT ONLY WITH FUNDS TO BE PROVIDED BY THE FEE DEVELOPER OR FROM THE ADMINISTRATIVE EXPENSE COMPONENT OF THE ANNUAL INSTALLMENTS COLLECTED FROM THE PROPERTY OWNERS IN IMPROVEMENT AREA #2 OF THE DISTRICT, BUT ONLY TO THE EXTENT SUCH FUNDS ARE AVAILABLE UNDER THE INDENTURE, AGAINST ANY LOSS, EXPENSE AND LIABILITIES WHICH IT MAY INCUR ARISING OUT OF OR IN THE EXERCISE OR PERFORMANCE OF ITS POWERS AND DUTIES HEREUNDER, INCLUDING THE COSTS AND EXPENSES (INCLUDING ATTORNEYS' FEES) OF DEFENDING AGAINST ANY CLAIM OF LIABILITY, BUT EXCLUDING LIABILITIES DUE TO THE DISSEMINATION AGENT'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT; PROVIDED, HOWEVER, THAT NOTHING HEREIN SHALL BE CONSTRUED TO REQUIRE THE ISSUER TO INDEMNIFY THE DISSEMINATION AGENT FOR LOSSES, EXPENSES OR LIABILITIES ARISING FROM INFORMATION PROVIDED TO THE DISSEMINATION AGENT BY THE FEE DEVELOPER OR THE FAILURE OF THE FEE DEVELOPER TO PROVIDE INFORMATION TO THE DISSEMINATION AGENT AS AND WHEN REQUIRED UNDER THE DISCLOSURE AGREEMENT OF THE FEE DEVELOPER. THE INDEMNIFICATION OF THE DISSEMINATION AGENT AS PROVIDED IN THIS SECTION 11 SHALL REMAIN IN FULL FORCE AND EFFECT IF LIABILITIES DIRECTLY OR INDIRECTLY RESULT FROM, ARISE OUT OF, OR RELATE TO, OR ARE ASSERTED TO HAVE RESULTED FROM, ARISEN OUT OF, OR RELATED TO, THE SOLE OR CONTRIBUTORY NEGLIGENCE OF THE DISSEMINATION AGENT. The obligations of the Issuer under this Section shall survive the termination of this Disclosure Agreement, the resignation or removal of the Dissemination Agent and payment in full of the Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Dissemination Agent is an "obligated person" under the Rule. If the Issuer does not provide the Dissemination Agent with the Annual Issuer Report in accordance with subsection 3(a) or the Annual Collections Report in accordance with subsection 5(a), the Dissemination Agent shall not be responsible for the failure to submit an Annual Issuer Report or an Annual Collections Report, as applicable, to the MSRB. The Dissemination Agent is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder. The fact that the Dissemination Agent may have a banking or other business relationship with the Issuer or any person with whom the Issuer contracts in connection with the transaction described in the Indenture, apart from the relationship created by the Indenture or this Disclosure Agreement, shall not be construed to mean that the Dissemination Agent has actual knowledge of any event described in Section 5 above, except as may be provided by written notice to the Dissemination Agent pursuant to this Disclosure Agreement. The Dissemination Agent shall not in any event incur any liability with respect to (i) any action taken or omitted to be taken in good faith upon advice of legal counsel given with respect to any question relating

to duties and responsibilities of the Dissemination Agent hereunder, or (ii) any action taken or omitted to be taken in reliance upon any document delivered to the Dissemination Agent and believed to be genuine and to have been signed or presented by the proper party or parties.

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

(b) The Administrator shall not have any duty with respect to the content of any disclosures made pursuant to the terms hereof, except where such untimeliness is attributable to the actions or inactions of the Administrator. The Administrator shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Administrator. To the extent permitted by law, the Issuer agrees to hold harmless the Administrator, its officers, directors, employees and agents, but only with funds to be provided by the Fee Developer or from the Administrative Expense component of the Annual Installments collected from the property owners in Improvement Area #2 of the District, but only to the extent such funds are available under the Indenture, against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Administrator's negligence or willful misconduct; provided, however, that nothing herein shall be construed to require the Issuer to indemnify the Administrator for losses, expenses or liabilities arising from information provided to the Administrator by third parties or the Fee Developer, or the failure of any third party or the Fee Developer to provide information to the Administrator as and when required under this Agreement. The obligations of the Issuer under this Section shall survive resignation or removal of the Administrator and payment in full of the Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Administrator is an "obligated person" under the Rule. The Administrator is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder. The Administrator shall not in any event incur any liability with respect to any action taken or omitted to be taken in reliance upon any document delivered to the Administrator and believed to be genuine and to have been signed or presented by the proper party or parties.

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

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

UNDER NO CIRCUMSTANCES SHALL THE DISSEMINATION AGENT, THE ADMINISTRATOR OR THE ISSUER BE LIABLE TO THE OWNER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE ISSUER, THE ADMINISTRATOR OR THE DISSEMINATION AGENT, RESPECTIVELY, WHETHER

NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS DISCLOSURE AGREEMENT, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE. THE DISSEMINATION AGENT AND THE ADMINISTRATOR IS UNDER NO OBLIGATION NOR IS IT REQUIRED TO BRING SUCH AN ACTION.

SECTION 12. Assessment Timeline. Subject to the provisions of Section 5(d) hereof, the basic expected timeline for the collection of Assessments and the anticipated procedures for pursuing the collection of delinquent Assessments is set forth in Exhibit C which is intended to illustrate the general procedures expected to be followed in enforcing the payment of delinquent Assessments. Failure to adhere to such expected timeline shall not constitute a default by the Issuer under this Disclosure Agreement, the Indenture, the Bonds or any other documents related to the Bonds.

SECTION 13. No Personal Liability. No covenant, stipulation, obligation or agreement of the Issuer, Administrator or Dissemination Agent contained in this Disclosure Agreement shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future council members, officer, agent or employee of the Issuer, Administrator or Dissemination Agent in other than that person's official capacity.

SECTION 14. Severability. In case any section or provision of this Disclosure Agreement, or any covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder or any application thereof, is for any reasons held to be illegal or invalid, such illegality or invalidity shall not affect the remainder thereof or any other section or provision thereof or any other covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder (except to the extent that such remainder or section or provision or other covenant, stipulation, obligation, agreement, act or action, or part thereof is wholly dependent for its operation on the provision determined to be invalid), which shall be construed and enforced as if such illegal or invalid portion were not contained therein, nor shall such illegality or invalidity of any application thereof affect any legal and valid application thereof, and each such section, provision, covenant, stipulation, obligation, agreement, act or action, or part thereof shall be deemed to be effective, operative, made, entered into or taken in the manner and to the full extent permitted by law.

SECTION 15. Sovereign Immunity. The Dissemination Agent agrees that nothing in this Disclosure Agreement shall constitute or be construed as a waiver of the Issuer's sovereign or governmental immunities regarding liability or suit.

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

SECTION 17. Dissemination Agent Compensation. The fees and expenses incurred by the Dissemination Agent for its services rendered in accordance with this Disclosure Agreement constitute Administrative Expenses and will be included in the Annual Installments as provided in the annual updates to the Service and Assessment Plan. The Dissemination Agent has entered into a separate

agreement with the Issuer, which agreement provides for the payment of the fees and expenses of the Dissemination Agent for its services rendered in accordance with this Disclosure Agreement.

SECTION 18. Administrator Compensation. The fees and expenses incurred by the Administrator for its services rendered in accordance with this Disclosure Agreement constitute Administrative Expenses and will be included in the Annual Installments as provided in the annual updates to the Service and Assessment Plan. The Administrator has entered into a separate agreement with the Issuer, which agreement governs the administration of Improvement Area #2 of the District, including the payment of the fees and expenses of the Administrator for its services rendered in accordance with this Disclosure Agreement.

SECTION 19. Statutory Verifications. The Dissemination Agent and Administrator each respectively 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 Disclosure Agreement. As used in such verifications, "affiliate" means an entity that controls, is controlled by, or is under common control with the Dissemination Agent or Administrator, as applicable, within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification during the term of this Disclosure Agreement shall survive until barred by the applicable statute of limitations, and shall not be liquidated or otherwise limited by any provision of this Disclosure Agreement, notwithstanding anything in this Disclosure Agreement to the contrary.

a. Not a Sanctioned Company. The Dissemination Agent and Administrator each respectively 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 Dissemination Agent, Administrator and each of their respective 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 Dissemination Agent and Administrator each respectively 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 Disclosure Agreement. As used in the foregoing verification, "boycott Israel" has the meaning provided in Section 2271.001, Government Code.

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

d. No Boycott of Energy Companies. The Dissemination Agent and Administrator each respectively 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 Disclosure Agreement. As used in the foregoing verification, “boycott energy companies” has the meaning provided in Section 2276.001(1), Government Code.

SECTION 20. Disclosure of Interested Parties. Pursuant to Section 2252.908(c)(4), Texas Government Code, as amended, the Dissemination Agent hereby certifies it is a publicly traded business entity and is not required to file a Certificate of Interested Parties Form 1295 related to this Disclosure Agreement.

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

SECTION 21. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of Texas. Venue of any action to enforce the rights and privileges existing under this Disclosure Agreement shall be brought in the state district court of Kaufman County, Texas.

SECTION 22. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Signature pages follow.

CITY OF CRANDALL, TEXAS

By: _____
David Lindsey, Mayor

WILMINGTON TRUST, NATIONAL
ASSOCIATION
(as Dissemination Agent)

By: _____
Authorized Officer

MUNICAP, INC.
(as Administrator)

By: _____
Authorized Officer

EXHIBIT A

**NOTICE TO MSRB OF FAILURE TO FILE
ANNUAL ISSUER REPORT**

Name of Issuer: City of Crandall, Texas
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2025 (River Ridge
Public Improvement District Improvement Area #2 Project)
(the “Bonds”)
CUSIP Nos. [insert CUSIP NOs.]
Date of Delivery: _____, 20__

NOTICE IS HEREBY GIVEN that the City of Crandall, Texas (the “Issuer”), has not provided [an Annual Issuer Report][annual audited financial statements] with respect to the Bonds as required by the Continuing Disclosure Agreement of Issuer dated March 1, 2025, between the Issuer, MuniCap, Inc., as “Administrator” and Wilmington Trust, National Association, as “Dissemination Agent.” The Issuer anticipates that [the Annual Issuer Report][annual audited financial statements] will be filed by _____.

Dated: _____

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

By: _____

Title: _____

cc: City of Crandall, Texas

EXHIBIT B

**CITY OF CRANDALL, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025
(RIVER RIDGE PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #2
PROJECT)**

ANNUAL ISSUER REPORT*

Delivery Date: _____, 20__

CUSIP NOS: [insert CUSIP NOs.]

DISSEMINATION AGENT

Name: Wilmington Trust, National Association
Address: [_____]
City: []
Telephone: () ___-____
Contact Person: Attn: _____

Section 4(a)(i)(A)

BONDS OUTSTANDING

CUSIP Number	Maturity Date	Interest Rate	Original Principal Amount	Outstanding Principal Amount	Outstanding Interest Amount

Section 4(a)(i)(B)

INVESTMENTS

Fund/Account Name	Investment Description	Par Value ⁽¹⁾	Book Value ⁽¹⁾	Market Value ⁽¹⁾	Cost Basis ⁽¹⁾

(1) As such information is provided by the Trustee.

*Excluding Audited Financial Statements of the Issuer

Section 4(a)(i)(C)

ASSETS AND LIABILITIES OF PLEDGED TRUST ESTATE

ASSETS

Bond Proceed Balance, if any _____
 Funds and Accounts [list] _____
 TOTAL ASSETS _____

LIABILITIES

Outstanding Bond Principal _____
 Outstanding Expenses (if any) _____
 TOTAL LIABILITIES _____

NET POSITION

Assets Less Liabilities _____

OUTSTANDING ASSESSMENTS

Form of Accounting Cash Accrual Modified Accrual

Audited Unaudited

Section 4(a)(ii)(A)

FINANCIAL INFORMATION AND OPERATING DATA WITH RESPECT TO THE ISSUER OF THE GENERAL TYPE AS OF THE END OF THE FISCAL YEAR

Debt Service Requirements on the Bonds

<u>Year Ending</u> <u>(September 30)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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Top Assessment Payers ⁽¹⁾

<u>Property Owner</u>	<u>No. of</u> <u>Parcels/Lots</u>	<u>Percentage of</u> <u>Parcels/Lots</u>	<u>Outstanding</u> <u>Assessments</u>	<u>Percentage of</u> <u>Total</u> <u>Assessments</u>
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⁽¹⁾ Does not include those owing less than one percent (1%) of total Assessments.

Assessed Value of Assessed Parcels in Improvement Area #2 of the District

The [YEAR] certified total assessed value for the assessed parcels in Improvement Area #2 of the District is approximately \$[AMOUNT] according to the applicable appraisal district(s).

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

Foreclosure History Related to the Assessments

<u>Time Period</u>	<u>Delinquent Assessment</u>			<u>Foreclosure Proceeds Received</u>
	<u>Parcels in Foreclosure Proceedings</u>	<u>Amount in Foreclosure Proceedings</u>	<u>Foreclosure Sales</u>	
[FISCAL YEAR END]		\$		\$
[FEB. 1 OF CURRENT YEAR] ⁽¹⁾		\$		\$

⁽¹⁾ As of February 1, 20__.

Collection and Delinquency History of Assessments

<u>Time Period</u>	<u>Total Assessment Levied</u>	<u>Parcels Levied</u> ⁽¹⁾	<u>Delinquent Amount as of 2/1</u>	<u>Delinquent % as of 2/1</u>	<u>Delinquent Amount as of 8/1</u>	<u>Delinquent % as of 8/1</u>	<u>Total Assessments Collected</u> ⁽²⁾
[FISCAL YEAR END]	\$		\$	%	\$	%	\$
[FEB 1. OF CURRENT YEAR] ⁽³⁾	\$		\$	%	N/A	N/A	\$

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

⁽²⁾ [Does/does not] include interest and penalties.

⁽³⁾ Collected as of February 1, 20__.

History of Prepayment of Assessments

<u>Time Period</u>	<u>Number of Prepayments</u>	<u>Amount of Prepayments</u>	<u>Bond Call Date</u>	<u>Amount of Bonds Redeemed</u>
[FISCAL YEAR END]		\$		\$
[FEB. 1 OF CURRENT YEAR] ⁽¹⁾		\$		\$

⁽¹⁾ As of February 1, 20__.

ITEMS REQUIRED BY SECTION 4(a)(iii) - (vi)
[Insert a line item for each applicable listing]

EXHIBIT C

BASIC EXPECTED TIMELINE FOR ASSESSMENT COLLECTIONS AND PURSUIT OF DELINQUENCIES¹

<u>Date</u>	<u>Delinquency Clock (Days)</u>	<u>Activity</u>
January 31		Annual Installments of Assessments are due.
February 1	1	Annual Installments of Assessments Delinquent if not received.
February 15	15	<p>Issuer forwards payment to Trustee for all collections received as of February 15, along with detailed breakdown. Subsequent payments and relevant details will follow monthly thereafter.</p> <p>Issuer and/or Administrator should be aware of actual and specific delinquencies.</p> <p>Issuer and/or Administrator should be aware if Reserve Fund needs to be utilized for debt service payments on March 1. If there is to be a shortfall, the Trustee and Dissemination Agent should be immediately notified in writing.</p> <p>Issuer and/or Administrator should also be aware if, based on collections, there will be a shortfall for September payment.</p> <p>Issuer and/or Administrator should determine if previously collected surplus funds, if any, plus actual collections will be fully adequate for debt service in March and September.</p> <p>At this point, if total delinquencies are under 5% and if there is adequate funding for March and September payments, no further action is anticipated for collection of Annual Installments of Assessments except that the Issuer or Administrator, working with the City Attorney or an appropriate designee, will begin process to cure deficiency. For properties delinquent by more than one year or if the delinquency exceeds \$10,000 the matter will be referred for commencement of foreclosure.</p>

¹ Illustrates anticipated dates and procedures for pursuing the collection of delinquent Annual Installments of Assessments, which dates and procedures are subject to adjustment by the Issuer.

March 1	28/29	<p>If there are over 5% delinquencies or if there is inadequate funding in the Pledged Revenue Fund for transfer to the Principal and Interest Account of such amounts as shall be required for the full March and September payments, the collection-foreclosure procedure will proceed against all delinquent properties.</p> <p>Trustee as Paying Agent/Registrar pays bond interest payments to bondholders pursuant to the terms of the Indenture.</p> <p>Reserve Fund payment to Bond Fund may be required if Assessments are below approximately 50% collection rate.</p> <p>Issuer, or the Trustee, on behalf of and at the direction of the Issuer pursuant to the terms of the Indenture, to notify Dissemination Agent in writing of the occurrence of draw on the Reserve Fund and, following receipt of such notice, Dissemination Agent to notify MSRB of such draw on the Reserve Fund for debt service.</p>
July 1	150/151	<p>Use of Reserve Fund for debt service payment should trigger commencement of foreclosure on delinquent properties.</p> <p>Issuer determines whether or not any Annual Installments of Assessments are delinquent and, if such delinquencies exist, the Issuer commences as soon as practicable appropriate and legally permissible actions to obtain such delinquent Annual Installments of Assessments.</p> <p>Issuer and/or Administrator to notify Dissemination Agent in writing of any delinquencies to be included in the Annual Report.</p> <p>If any property owner with ownership of property responsible for more than \$10,000 of the Annual Installments of Assessments is delinquent or if a total of delinquencies is over 5%, or if it is expected that Reserve Fund moneys will need to be utilized for either the March or September bond payments, the Disclosure Representative shall work with City Attorney's office, or the appropriate designee,</p>

to satisfy payment of all delinquent Annual Installments of Assessments.

Preliminary Foreclosure activity commences, and Issuer to notify Trustee and Dissemination Agent of the commencement of preliminary foreclosure activity.

If Trustee has not received Foreclosure Schedule and Plan of Collections, Trustee to request same from the Issuer.

If the Issuer has not provided the Trustee with Foreclosure Schedule and Plan of Collections, and if instructed by the bondholders to begin foreclosure under the Indenture, Trustee requests that the Issuer commence foreclosure or provide plan for collection.

August 15

195/196

The designated lawyers or law firm will be preparing the formal foreclosure documents and will provide periodic updates to the Dissemination Agent for dissemination through the MSRB. The goal for the foreclosure actions is a filing by no later than June 1 (day 121/122).

Foreclosure action to be filed with the court.

Issuer notifies Trustee and Dissemination Agent of Foreclosure filing status in writing. Dissemination Agent notifies bondholders.

If bondholders and Dissemination Agent have not been notified of a foreclosure action, Dissemination Agent will notify the Issuer that it is appropriate to file action.

A committee of not less than twenty-five (25%) of the Owners may request a meeting with a responsible official of the City to discuss the Issuer's actions in pursuing the repayment of any delinquencies. This would also occur after day 30 if it is apparent that a Reserve Fund draw is required. Further, if delinquencies exceed five percent (5%) Owners may also request a meeting with the Issuer at any time to discuss the Issuer's plan and progress on collection and foreclosure activity. If the Issuer is not diligently proceeding with the foreclosure process, the Owners may seek an action for mandamus or specific performance to direct the Issuer to pursue the collections of delinquent Annual Installments of Assessments.

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APPENDIX D-2

FORM OF FEE DEVELOPER DISCLOSURE AGREEMENT

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**CITY OF CRANDALL, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025
(RIVER RIDGE PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #2 PROJECT)**

**CONTINUING DISCLOSURE AGREEMENT OF
FEE DEVELOPER**

This Continuing Disclosure Agreement of Fee Developer dated as of March 1, 2025 (this “Disclosure Agreement”), is executed and delivered by and among PMB Advisors, LLC, a Texas limited liability company (the “Fee Developer”), MuniCap, Inc. (the “Administrator”), and Wilmington Trust, National Association, acting solely in its capacity as dissemination agent (the “Dissemination Agent”) with respect to the captioned bonds (the “Bonds”). The Fee Developer, the Administrator, and the Dissemination Agent covenant and agree as follows:

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

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

“Administrative Expenses” shall have the meaning assigned to such term in the Indenture.

“Administrator” shall have the meaning assigned to such term in the Indenture. The Issuer has selected MuniCap, Inc., as the initial Administrator.

“Affiliate” shall mean an entity that owns property within Improvement Area #2 of the District and is controlled by, controls, or is under common control with the Fee Developer or the Landowner, including any Homebuilder.

“Amenities” shall mean the trails and parks to be constructed in Improvement Area #2.

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

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

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

“Certification Letter” shall mean a certification letter provided by the Fee Developer or Homebuilder, if any, pursuant to Section 3, in substantially the form attached as Exhibit D.

“Disclosure Agreement of Issuer” shall mean the Continuing Disclosure Agreement of Issuer with respect to the Bonds dated as of even date herewith executed and delivered by the Issuer, the Administrator, and the Dissemination Agent.

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

“District” shall mean the River Ridge Public Improvement District.

“EMMA” shall mean the Electronic Municipal Market Access System administered by the MSRB which, as of the date of this Disclosure Agreement, is available on the internet at <http://emma.msrb.org>.

“Fee Developer” shall mean PMB Advisors, LLC, a Texas limited liability company, and each other Person, through assignment, who assumes the obligations, requirements or covenants to construct one or more of the Improvement Area #2 Improvements and their designated successors and assigns.

“Homebuilder(s)” shall mean any merchant homebuilder who enters into an Lot Purchase Agreement, and the successors and assigns of such homebuilder under such Lot Purchase Agreement.

“Improvement Area #2” shall have the meaning assigned to such term in the Indenture.

“Improvement Area #2 Improvements” shall have the meaning assigned to such term in the Indenture.

“Issuer” shall mean the City of Crandall, Texas.

“Landowner” shall mean Taylor Morrison of Texas, Inc., a Texas corporation, and its successors and assigns.

“Landowner Listed Events” shall mean any of the events listed in Section 4(a) of this Disclosure Agreement.

“Listed Events” shall mean, collectively, Landowner Listed Events and Significant Homebuilder Listed Events.

“Lot Purchase Agreement” shall mean, with respect to lots or land within Improvement Area #2 of the District, any agreement between a Homebuilder and the Landowner to purchase lots or to purchase land.

“MSRB” shall mean the Municipal Securities Rulemaking Board, or any other entity designated or authorized by the SEC to receive reports pursuant to the Rule.

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

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

“Parcel” shall have the meaning assigned to such term in the Indenture.

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

“Person” shall have the meaning assigned to such term in the Indenture.

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

“Quarterly Ending Date” shall mean each March 31, June 30, September 30 and December 31, beginning June 30, 2025.

“Quarterly Filing Date” shall mean for each Quarterly Ending Date, the fifteenth calendar day of the second month following such Quarterly Ending Date being February 15, May 15, August 15, November 15.

“Quarterly Information” shall have the meaning assigned to such term in Section 3 of this Disclosure Agreement.

“Quarterly Report” shall mean any Quarterly Report described in Section 3 of this Disclosure Agreement and substantially similar to that attached as Exhibit A hereto.

“Reporting Party” shall mean, collectively, the Fee Developer and any Significant Homebuilder who has acknowledged and assumed reporting obligations in accordance with Section 6 of this Disclosure Agreement.

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

“SEC” shall mean the United States Securities and Exchange Commission.

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

“Significant Homebuilder” shall mean a Homebuilder that then owns 34 or more of the single family residential lots within Improvement Area #2.

“Significant Homebuilder Listed Events” shall mean any of the events listed in Section 4(b) of this Disclosure Agreement.

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

SECTION 3. Quarterly Reports.

(a) The Fee Developer and any Significant Homebuilder that is a Reporting Party, with respect to its acquired real property, shall, at its cost and expense, provide, or cause to be provided, to the Administrator, not more than ten (10) days after each Quarterly Ending Date, beginning with June 30, 2025, the information in the Quarterly Report required to be provided by such Reporting Party pursuant to Section 3(d) (with respect to each Reporting Party, the “Quarterly Information”). The Reporting Party shall provide, or cause to be provided, such Quarterly Information until such party’s obligations terminate pursuant to Section 7 of this Disclosure Agreement. For the avoidance of doubt, (i) if the Fee Developer elects, the Fee Developer may, but shall not be obligated to, provide any

Quarterly Information on behalf of any Significant Homebuilder and (ii) the Fee Developer shall remain obligated with respect to any real property acquired by a Significant Homebuilder until a Significant Homebuilder Acknowledgement (as defined herein) with respect to such real property is delivered in accordance with Section 6 of this Disclosure Agreement, at which time the Fee Developer shall have no further obligation or liability for disclosures or other responsibilities under this Disclosure Agreement as to the property transferred.

(b) The Administrator shall (i) review each Quarterly Report containing the Quarterly Information provided by each Reporting Party pursuant to subsection (a) above and (ii) no later than twenty (20) days after each Quarterly Ending Date, either (1) advise the applicable Reporting Party as to any recommended changes to the applicable Quarterly Information or (2) provide to the Dissemination Agent the Quarterly Report in accordance with subsection (c) below. If the Administrator advises a Reporting Party as to any necessary changes to their respective Quarterly Information, such Reporting Party shall provide, or cause to be provided, to the Administrator, not more than thirty (30) days after each Quarterly Ending Date, the revised Quarterly Information. The Administrator shall review the revised Quarterly Information within the Quarterly Report and provide the Quarterly Report to the Dissemination Agent in accordance with subsection (c) below.

If Reporting Parties provide the Quarterly Information in more than one report to the Administrator, the Administrator shall (i) prepare each Quarterly Report with the Quarterly Information provided by the Reporting Parties pursuant to subsection (a) above, and (ii) provide the Quarterly Report to the Reporting Parties for review no later than twenty (20) days after each Quarterly Ending Date. The Reporting Parties shall review and revise, as necessary, the Quarterly Report and, upon such review, shall promptly, but no later than thirty (30) days after each Quarterly Ending Date, provide the Quarterly Report and Certification Letter(s) to the Administrator and direct the Administrator to provide such Quarterly Report and Certification Letter(s) to the Issuer and the Dissemination Agent pursuant to subsection (c) below.

In all cases, each Reporting Party shall have the sole responsibility for the content, design and other elements comprising substantive contents of all of the Quarterly Information provided by such Reporting Party contained in the Quarterly Report.

(c) The Administrator shall provide to the Dissemination Agent, with a copy to each Reporting Party, no later than thirty-five (35) days after each Quarterly Ending Date, the Quarterly Report containing the information described in Section 3(d), the Certification Letter(s), if applicable, and written direction to the Dissemination Agent to file such report with the MSRB. Pursuant to the written direction of the Administrator, the Dissemination Agent shall file the Quarterly Report and the Certification Letter(s), if applicable, with the MSRB and provide a copy of such report to the Issuer and the Participating Underwriter within ten (10) days of the Dissemination Agent's receipt thereof pursuant to this subsection 3(c); provided, however, that the Quarterly Report must be submitted to the MSRB not later than each Quarterly Filing Date. In the event that any Reporting Party or the Administrator does not provide the information required by subsection (a) or (b) of this Section 3, as applicable, in a timely manner and, as a result, either an incomplete Quarterly Report is filed with the MSRB, or a Quarterly Report is not filed with the MSRB by each Quarterly Filing Date, the Dissemination Agent shall, upon written direction from the applicable Reporting Party file a notice of failure to provide Quarterly Information or failure to file a Quarterly Report with the MSRB in substantially the form attached as Exhibit B, as soon as practicable. If incomplete Quarterly Information or no Quarterly Information is

provided by any Reporting Party, the Dissemination Agent and any other Reporting Party who provided complete Quarterly Information shall not be responsible for the failure to submit a complete Quarterly Report to the MSRB. If each Reporting Party timely provides the required Quarterly Information to the Administrator as described in this Section 3, the failure of the Administrator to provide the Quarterly Report to the Dissemination Agent, or the failure of the Dissemination Agent to provide such report to the Participating Underwriter in a timely manner, shall not be deemed a default by the Reporting Parties under this Disclosure Agreement.

(d) Each Quarterly Report shall consist of the information listed in Exhibit A attached hereto.

SECTION 4. Event Reporting Obligations.

(a) Pursuant to the provisions of this Section 4, each of the following is a Landowner Listed Event with respect to the Bonds:

(i) Failure to pay any real property taxes or Assessments levied within Improvement Area #2 on a parcel owned by the Landowner; provided, however, that the exercise of any right of the Landowner as a landowner within Improvement Area #2 to exercise legal and/or administrative procedures to dispute the amount or validity of all or any part of any real property taxes shall not be considered a Landowner Listed Event under this Section nor a breach or default of this Disclosure Agreement;

(ii) Material damage to or destruction of any development or improvements within Improvement Area #2, including the Improvement Area #2 Improvements, and the Amenities;

(iii) Material default by the Landowner or any of the Landowner's Affiliates on any loan with respect to the acquisition, development, or permanent financing of Improvement Area #2 undertaken by the Landowner or any of the Landowner's Affiliates;

(iv) Material default by the Landowner or any of Landowner's Affiliates on any loan secured by property within Improvement Area #2 owned by the Landowner or any of the Landowner's Affiliates;

(v) The bankruptcy, insolvency, or similar filing of the Landowner or any of the Landowner's Affiliates or any determination that the Landowner or any of the Landowner's Affiliates is unable to pay its debts as they become due;

(vi) The consummation of a merger, consolidation, or acquisition of the Landowner, or the sale of all or substantially all of the assets of the Landowner or any of the Landowner's Affiliates, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(vii) The filing of any lawsuit with a claim for damages in excess of \$1,000,000 against the Landowner or any of the Landowner's Affiliates that may adversely affect the completion of development of Improvement Area #2, or litigation that may materially adversely affect the financial condition of the Landowner or any of the Landowner's Affiliates;

(viii) Any change in the legal structure, chief executive officer, or controlling ownership of the Landowner; and

(ix) Any assignment and assumption of disclosure obligations under this Disclosure Agreement pursuant to Sections 5 or 6 hereof.

(b) Pursuant to the provisions of this Section 4, each of the following occurrences related to any Significant Homebuilder is a Significant Homebuilder Listed Event with respect to the Bonds:

(i) Failure to pay any real property taxes or Assessments levied within Improvement Area #2 on a lot or parcel owned by such Significant Homebuilder; provided, however, that the exercise of any right of such Significant Homebuilder as a landowner within Improvement Area #2 to exercise legal and/or administrative procedures to dispute the amount or validity of all or any part of any real property taxes shall not be considered a Significant Homebuilder Listed Event under this Section nor a breach or default of this Disclosure Agreement;

(ii) The bankruptcy, insolvency, or similar filing of such Significant Homebuilder or any determination that such Significant Homebuilder is unable to pay its debts as they become due;

(iii) The consummation of a merger, consolidation, or acquisition involving such Significant Homebuilder or the sale of all or substantially all of the assets of the Significant Homebuilder, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(iv) Any change in the type of legal entity, chief executive officer, or controlling ownership of such Significant Homebuilder;

(v) Early termination of or material default by such Significant Homebuilder under a Lot Purchase Agreement; and

(vi) Any assignment and assumption of disclosure obligations under this Disclosure Agreement pursuant to Section 6 herein.

(c) Whenever the Fee Developer obtains knowledge of the occurrence of a Landowner Listed Event, the Fee Developer shall promptly notify the Administrator and the Dissemination Agent in writing and the Fee Developer shall provide written direction to the Dissemination Agent to file a notice of such occurrence with the MSRB, in the manner hereinafter described, and provide a copy of such notice to the Participating Underwriter. Any such notice is required to be filed within ten (10) Business Days after the Fee Developer becomes aware of the occurrence of such Landowner Listed Event. If the Fee Developer timely notifies the Dissemination Agent of the occurrence of a Landowner Listed Event, as described in this Section 4, the failure of the Dissemination Agent to provide such notice to the Participating Underwriter in a timely manner shall not be deemed a default by the Fee Developer under this Disclosure Agreement.

Whenever a Significant Homebuilder obtains knowledge of the occurrence of a Significant Homebuilder Listed Event, the applicable Significant Homebuilder shall promptly notify the

Administrator and the Dissemination Agent in writing and such Significant Homebuilder shall direct the Dissemination Agent in writing to file a notice of such occurrence with the MSRB, in the manner hereinafter described, and provide a copy of such notice to the Fee Developer and the Participating Underwriter. Any such notice is required to be filed within ten (10) Business Days after the Significant Homebuilder becomes aware of the occurrence of such Significant Homebuilder Listed Event. If the Significant Homebuilder timely notifies the Dissemination Agent of the occurrence of a Significant Homebuilder Listed Event, as described in this Section 4, the failure of the Dissemination Agent to provide such notice to the Participating Underwriter in a timely manner shall not be deemed a default by the Significant Homebuilder under this Disclosure Agreement.

Any notice under the two (2) preceding paragraphs shall be accompanied with the text of the disclosure that the Fee Developer or Significant Homebuilder, as applicable, desires to make, the written authorization of the Fee Developer or the Significant Homebuilder, as applicable, for the Dissemination Agent to disseminate such information as provided herein, and the date the Fee Developer or Significant Homebuilder, as applicable, desires for the Dissemination Agent to disseminate the information (which date shall not be more than ten (10) Business Days after the Fee Developer or Significant Homebuilder, as applicable, becomes aware of the occurrence of the Fee Landowner Listed Event or Significant Homebuilder Listed Event, as applicable).

The Fee Developer and each Significant Homebuilder, if any, shall only be responsible for reporting the occurrence of a Listed Event applicable to such Reporting Party and shall not be responsible for reporting the occurrence of a Listed Event applicable to any other Reporting Party, regardless if such Person is providing Quarterly Information on behalf of any other Reporting Party. In all cases, the Fee Developer or the Significant Homebuilder, as applicable, shall have the sole responsibility for the content, design and other elements comprising substantive contents of all disclosures. In addition, the Fee Developer or the Significant Homebuilder, as applicable, shall have the sole responsibility to ensure that any notice required to be filed with the MSRB under this Section 4 is actually filed within ten (10) Business Days after the Fee Developer or Significant Homebuilder, as applicable, becomes aware of the occurrence of the applicable Listed Event.

(d) The Dissemination Agent shall, promptly, and not more than five (5) Business Days after obtaining actual knowledge of the occurrence of any Listed Event, notify in writing the Administrator and the applicable Reporting Party of such Listed Event. The Dissemination Agent shall not be required to file a notice of the occurrence of such Listed Event with the MSRB unless and until it receives written instructions from the applicable Reporting Party to do so. It is agreed and understood that the duty to make or cause to be made the disclosures herein is that of the Reporting Party and not that of the Trustee or the Dissemination Agent. It is agreed and understood that the Dissemination Agent has agreed to give the foregoing notice to the applicable Reporting Party as an accommodation to assist it in monitoring the occurrence of such event, but is under no obligation to investigate whether any such event has occurred. As used above, "actual knowledge" means the actual fact or statement of knowing, without a duty to make any investigation with respect thereto. In no event shall the Dissemination Agent be liable in damages or in tort to the Participating Underwriter, the Administrator, the Issuer, any Reporting Party or any Owner or beneficial owner of any interests in the Bonds as a result of its failure to give the foregoing notice or to give such notice in a timely fashion.

(e) If the Dissemination Agent has been notified in writing by a Reporting Party to report the occurrence of a Listed Event in accordance with subsections (c) or (d) of this Section 4, the

Dissemination Agent shall file a notice of such occurrence with the MSRB promptly after its receipt of such written instructions from such Reporting Party; provided that all such notices must be filed no later than the date specified in subsection (c) of this Section 4 for such Listed Event.

SECTION 5. Assumption of Reporting Obligations of Fee Developer.

The Fee Developer shall cause each Person who, through assignment, assumes the obligations, requirements, or covenants to construct one or more of the Improvement Area #2 Improvements or the Amenities to assume and comply with the disclosure obligations of the Fee Developer under this Disclosure Agreement. The Fee Developer shall deliver to the Dissemination Agent, the Administrator, and the Issuer a written acknowledgement from each Person who assumes the obligations, requirements, or covenants to construct one or more of the Improvement Area #2 Project or Amenities in substantially the form attached as Exhibit E (the “Developer Acknowledgment”), acknowledging and assuming its obligations under this Disclosure Agreement. Pursuant to Section 4(a)(ix) above, the Fee Developer shall provide written direction to the Dissemination Agent to file a copy of each Developer Acknowledgment with the MSRB, in accordance with Sections 4(c) and 4(e) above. Upon any such transfer to a Person, and such Person’s delivery of written acknowledgement of assumption of Fee Developer’s obligations under this Disclosure Agreement as to the property transferred, the Fee Developer shall have no further obligation or liability for disclosures or other responsibilities under this Disclosure Agreement as to the property transferred or the obligations assigned. Notwithstanding anything to the contrary elsewhere herein, after such transfer of ownership, the Fee Developer shall not be liable for the acts or omissions of such Person arising from or in connection with such disclosure obligations under this Disclosure Agreement.

SECTION 6. Assumption of Reporting Obligations by Significant Homebuilder.

(a) If a Homebuilder acquires ownership of real property in Improvement Area #2 resulting in such Homebuilder becoming a Significant Homebuilder, the Fee Developer may (i) cause such Significant Homebuilder to comply with the Fee Developer’s disclosure obligations under Section 3 and Section 4(b) hereof, with respect to such acquired real property, until such party’s disclosure obligations terminate pursuant to Section 7 of this Disclosure Agreement or (ii) elect to provide any or all Quarterly Information on behalf of such Significant Homebuilder; provided, however, that if the Fee Developer initially elects to provide any or all Quarterly Information on behalf of such Significant Homebuilder, the Fee Developer may elect in the future to cause such Significant Homebuilder to comply with the Fee Developer’s disclosure obligations, as described in (i) above.

(b) If the Fee Developer elects to cause a Significant Homebuilder to comply with the Fee Developer’s disclosure obligations, as described in (i) above, the Fee Developer shall deliver to the Dissemination Agent, Administrator and the Issuer a written acknowledgement from each Significant Homebuilder, in substantially the form attached as Exhibit F, acknowledging and assuming the Fee Developer’s obligations under this Disclosure Agreement with respect to the real property transferred (the “Significant Homebuilder Acknowledgment”). Pursuant to Section 4(a)(ix) above, the Fee Developer shall provide written direction to the Dissemination Agent to file a copy of the Significant Homebuilder Acknowledgment with the MSRB, in accordance with Sections 4(c) above. Upon any such transfer to a Significant Homebuilder and such Significant Homebuilder’s delivery of the Significant Homebuilder Acknowledgment, the Fee Developer shall have no further obligation or liability for disclosures or other responsibilities under this Disclosure Agreement as to the property transferred or

the obligations assigned. The Fee Developer shall remain obligated with respect to any real property acquired by a Significant Homebuilder until the Significant Homebuilder Acknowledgement with respect to such real property is delivered to the Dissemination Agent, Administrator, the Issuer and the MSRB, in accordance with this Section 6(b).

(c) Notwithstanding anything to the contrary elsewhere herein, after such transfer of ownership of real property, the Fee Developer shall not be liable for the acts or omissions of such Significant Homebuilder arising from or in connection with such disclosure obligations under this Disclosure Agreement.

SECTION 7. Termination of Reporting Obligations.

(a) The reporting obligations of the Fee Developer or the Significant Homebuilder, as applicable, under this Disclosure Agreement shall terminate upon the earlier of (i) the date when none of the Bonds remain Outstanding, (ii) when the Landowner or the Significant Homebuilder, as applicable, including their respective affiliates and/or successors and assigns, no longer owns 34 or more single family residential lots within Improvement Area #2, as of each Quarterly Ending Date, or (iii) the Issuer's issuance of the certificate of occupancy for the last single family residential lot or Parcel owned by the Landowner or the Significant Homebuilder, as applicable, including their respective Affiliates and/or successors and assigns, respectively; provided, however, if the Fee Developer elects to provide any or all Quarterly Information on behalf of a Significant Homebuilder in accordance with Section 6(a) above, the reporting obligations of the Fee Developer under this Disclosure Agreement shall terminate upon the earlier of (i) the date when none of the Bonds remain Outstanding, (ii) when the Significant Homebuilder(s) (on behalf of whom the Fee Developer is reporting), including its respective affiliates and/or successors and assigns, collectively no longer own 34 or more single family residential lots within Improvement Area #2, as of each Quarterly Ending Date, or (iii) the Issuer's issuance of the certificate of occupancy for the last single family residential lot or Parcel owned by such Significant Homebuilder(s) (on behalf of whom the Fee Developer is reporting), including its respective affiliates and/or successors and assigns.

(b) Upon receipt of written notice from a Reporting Party or the Dissemination Agent that the reporting obligations of a Reporting Party have terminated in accordance with subsection (a) of this Section 7, the Administrator shall provide written notice to the applicable Reporting Party, the Participating Underwriter, the Issuer, and the Dissemination Agent in substantially the form attached as Exhibit C, thereby terminating such Reporting Party's reporting obligations under this Disclosure Agreement (the "Termination Notice"). If such Termination Notice with respect to a Reporting Party occurs while any of the Bonds remain Outstanding, the Administrator shall immediately provide, or cause to be provided, the Termination Notice to the Dissemination Agent, and the Dissemination Agent shall provide such Termination Notice to the MSRB, the Issuer, the Trustee, the applicable Reporting Party and the Participating Underwriter on or before the next succeeding Quarterly Filing Date.

(c) The obligations of the Administrator and the Dissemination Agent under this Disclosure Agreement shall terminate upon, the earlier of (i) the date when none of the Bonds remain Outstanding, or (ii) termination of all Reporting Parties' reporting obligations in accordance with subsection (a) of this Section 7 and any Termination Notice required by subsection (b) of this Section 7 has been provided to the MSRB, the Issuer, the Trustee, the Dissemination Agent, the Reporting Parties, and the Participating Underwriter, as applicable.

SECTION 8. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent or successor Dissemination Agent to assist the Fee Developer and any other Reporting Party in carrying out their obligations under this Disclosure Agreement, and may discharge such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign at any time with thirty (30) days' notice to the Issuer, the Fee Developer, and the Administrator; provided, however, that if the Dissemination Agent is serving in the same capacity under the Disclosure Agreement of Issuer, the Dissemination Agent shall resign under the Disclosure Agreement of Issuer simultaneously with its resignation hereunder; provided, further, that if the Issuer is the Dissemination Agent, the Issuer may not resign without first appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent. Pursuant to the Disclosure Agreement of Issuer, the Issuer has agreed to provide written notice to each Reporting Party of any change in the identity of the Dissemination Agent. The initial Dissemination Agent appointed hereunder shall be Wilmington Trust, National Association

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

(a) If the amendment or waiver relates to the provisions of Sections 3 or 4, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of a Reporting Party, or the type of business conducted; and

(b) The amendment or waiver either (i) is approved by the Owners of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or beneficial owners of the Bonds. No amendment which adversely affects the Dissemination Agent may be made without its prior written consent (which consent will not be unreasonably withheld or delayed).

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Administrator shall describe such amendment in the next related Quarterly Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type of financial information or operating data being presented by the Fee Developer. The Fee Developer shall provide, or cause to be provided, at its cost and expense, an executed copy of any amendment or waiver entered into in accordance with this Section 9 to the Issuer, the Administrator, the Dissemination Agent, and the Participating Underwriter.

SECTION 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent a Reporting Party from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in addition to that which is required by this Disclosure Agreement. If any Reporting Party chooses to include any information in any Quarterly Report or notice of occurrence of

a Landowner Listed Event or Significant Homebuilder Listed Event, as applicable, in addition to that which is specifically required by this Disclosure Agreement, such Reporting Party shall have no obligation under this Disclosure Agreement to update such information or include it in any future Quarterly Report or notice of occurrence of a Landowner Listed Event or Significant Homebuilder Listed Event.

SECTION 11. Content of Disclosures. In all cases, the Fee Developer or Significant Homebuilder, as applicable, shall have the sole responsibility for the content, design, and other elements comprising substantive contents of all disclosures provided on their behalf by a Reporting Party provided hereunder.

SECTION 12. Default. In the event of a failure of any Reporting Party or the Administrator to comply with any provision of this Disclosure Agreement, (i) the Dissemination Agent or any Owner or beneficial owner of the Bonds may, and (ii) at the written request of any Participating Underwriter or the Owners of at least twenty-five percent (25%) aggregate principal amount of Outstanding Bonds and upon being indemnified to its satisfaction against all costs, fees, expense and liability for such actions, the Dissemination Agent shall take such actions as may be necessary and appropriate to cause the applicable Reporting Party, and/or the Administrator to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture with respect to the Bonds, and the sole remedy under this Disclosure Agreement in the event of any failure of a Reporting Party, or the Administrator to comply with this Disclosure Agreement shall be an action to mandamus or specific performance. A default under this Disclosure Agreement by any Reporting Party shall not be deemed a default under the Disclosure Agreement of Issuer by the Issuer, and a default under the Disclosure Agreement of Issuer by the Issuer shall not be deemed a default under this Disclosure Agreement by any Reporting Party or the Administrator. Additionally, a default by any Reporting Party of its obligations under this Disclosure Agreement shall not be deemed a default by any other Reporting Party of under this Disclosure Agreement.

SECTION 13. Duties, Immunities and Liabilities of Dissemination Agent and Administrator.

(a) The Dissemination Agent shall not be responsible in any manner for the content of any notice or report (including without limitation the Quarterly Report) prepared by the Fee Developer, Significant Homebuilder, and/or the Administrator pursuant to this Disclosure Agreement. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Dissemination Agent. THE FEE DEVELOPER AGREES TO INDEMNIFY AND HOLD HARMLESS THE DISSEMINATION AGENT, ITS OFFICERS, DIRECTORS, EMPLOYEES, AND AGENTS AGAINST ANY LOSS, EXPENSE, AND LIABILITIES WHICH IT MAY INCUR ARISING OUT OF OR IN THE EXERCISE OR PERFORMANCE OF ITS POWERS AND DUTIES HEREUNDER, INCLUDING THE COSTS AND EXPENSES (INCLUDING REASONABLE ATTORNEYS' FEES) OF DEFENDING AGAINST ANY CLAIM OF LIABILITY, BUT EXCLUDING LIABILITIES DUE TO THE DISSEMINATION AGENT'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT. The indemnification of the Dissemination Agent as provided in this section shall remain in full force and effect if liabilities directly or indirectly result from, arise out of, or relate to, or are asserted to have resulted from, arisen out of, or related to, the sole or contributory negligence of the Dissemination Agent. The obligations of the Fee Developer under this Section shall survive termination of this Disclosure Agreement, resignation or removal of the

Dissemination Agent, and payment in full of the Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Dissemination Agent is an “obligated person” under the Rule. If any Reporting Party or the Administrator does not provide the information required by Sections 3(a) or (b) in a timely manner or incomplete Quarterly Information is provided by any Reporting Party, the Dissemination Agent shall not be responsible for the failure to submit a complete Quarterly Information or Quarterly Report to the MSRB. The Dissemination Agent is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder. The Dissemination Agent shall not in any event incur any liability with respect to (i) any action taken or omitted to be taken in good faith upon advice of legal counsel given with respect to any question relating to duties and responsibilities of the Dissemination Agent hereunder, or (ii) any action taken or omitted to be taken in reliance upon any document delivered to the Dissemination Agent and believed to be genuine and to have been signed or presented by the proper party or parties.

(b) Except as otherwise provided herein, the Administrator shall not have any duty with respect to the content of any disclosures made pursuant to the terms hereof. The Administrator shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Administrator. The Fee Developer agrees to hold harmless the Administrator, its officers, directors, employees, and agents against any loss, expense, and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys’ fees) of defending against any claim of liability, but excluding (i) liabilities due to the Administrator’s breach, negligence, or willful misconduct, and (ii) liabilities resulting from claims made by the Fee Developer against the Administrator. The obligations of the Fee Developer under this Section shall survive resignation or removal of the Administrator and payment in full of the Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Administrator is an “obligated person” under the Rule. The Administrator is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder. The Administrator shall not in any event incur any liability with respect to (i) any action taken or omitted to be taken in good faith upon advice of legal counsel given with respect to any question relating to duties and responsibilities of the Administrator hereunder, or (ii) any action taken or omitted to be taken in reliance upon any document delivered to the Administrator and believed to be genuine and to have been signed or presented by the proper party or parties.

(c) The Dissemination Agent or the Administrator may, from time to time, consult with legal counsel of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or their respective duties hereunder, and the Dissemination Agent and Administrator shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The Fee Developer, the Administrator, and the Dissemination Agent agree that the legal expenses of the Dissemination Agent or the Administrator to which it is expressly entitled to be paid pursuant to this paragraph 13(c) are Administrative Expenses.

(d) UNDER NO CIRCUMSTANCES SHALL THE DISSEMINATION AGENT, THE ADMINISTRATOR, THE FEE DEVELOPER, OR ANY SIGNIFICANT HOMEBUILDER BE LIABLE TO THE OWNER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY ANY OTHER PARTY TO THIS DISCLOSURE AGREEMENT OR A SIGNIFICANT HOMEBUILDER, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS DISCLOSURE AGREEMENT, BUT EVERY RIGHT AND

REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE. THE DISSEMINATION AGENT AND THE ADMINISTRATOR ARE UNDER NO OBLIGATION NOR ARE THEY REQUIRED TO BRING SUCH AN ACTION, EXCEPT AS DESCRIBED IN SECTION 12 WITH RESPECT TO THE DISSEMINATION AGENT.

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

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

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

SECTION 17. Dissemination Agent Compensation. The fees and expenses incurred by the Dissemination Agent for its services rendered in accordance with this Disclosure Agreement constitute Administrative Expenses and will be included in the Annual Installments as provided in the annual updates to the Service and Assessment Plan. The Issuer shall pay or reimburse the Dissemination Agent, but only with funds to be provided from the Administrative Expenses component of the Annual Installments collected from the property owners in Improvement Area #2, for the fees and expenses for its services rendered in accordance with this Disclosure Agreement.

SECTION 18. Administrator Compensation. The fees and expenses incurred by the Administrator for its services rendered in accordance with this Disclosure Agreement constitute Administrative Expenses and will be included in the Annual Installments as provided in the annual updates to the Service and Assessment Plan. The Administrator has entered into a separate agreement with the Issuer, which agreement governs the administration of Improvement Area #2, including the payment of the fees and expenses of the Administrator for its services rendered in accordance with this Disclosure Agreement.

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

SECTION 20. Notice. Any written notice required to be given or made hereunder among or between any of the Parties and/or Participating Underwriter, shall be given or made by e-mail, facsimile, hand delivery, overnight courier, or by United States mail, certified or registered mail, return receipt requested, postage prepaid, at the addresses listed below or at such other addresses as any be specified in writing by any party hereto to the other parties hereto. If the required notice is provided or delivered by e-mail, the sender must request a delivery receipt from the recipient confirming that the e-mail was delivered with such notice. Failure to provide proof of delivery receipt does not constitute a breach or default under this Disclosure Agreement.

If to Fee Developer: PMB Advisors, LLC
Attn: Matt Mildren
4001 Maple Avenue, Suite 270
Dallas, Texas 75219
Email: Matt@pmbinv.com

With a copy to: Coats Rose, P.C.
Attn: Tim Green
9 E Greenway Plaza #1000
Houston, Texas 77046
E-mail: tgreen@coatsrose.com

PMB Advisors, LLC
Attn: Kelby Golden
4001 Maple Avenue, Suite 270
Dallas, Texas 75219
Email: Kelby@pmbinv.com

If to the Dissemination Agent or Trustee: Wilmington Trust, National Association
Attn: Parker Merritt
15950 N. Dallas Parkway, Suite 200
Dallas, Texas 75248
Email: pmerritt@wilmingtontrust.com

If to Administrator: MuniCap, Inc.
600 E. John Carpenter Freeway, Suite 150
Irving, Texas 75062
E-mail: txpid@municap.com

With a copy to: MuniCap, Inc.
8965 Guilford Road, Suite 210
Columbia, Maryland 21046
E-mail: Keenan.rice@municap.com

If to the Issuer: City of Crandall, Texas
Attention: City Manager
110 S. Main
Crandall, Texas 75114
Email: jdean@crandalltexas.com

If to Participating Underwriter: FMSbonds, Inc.
5 Cowboys Way, Suite 300-25
Frisco, Texas 75034
E-mail: Tdavenport@fmsbonds.com

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

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

Signature pages follow.

Wilmington Trust, National Association,
Dissemination Agent

By: _____
Authorized Officer

FEE DEVELOPER:

PMB Advisors, LLC, a Texas limited liability
company

By: _____

Name: _____

Title: _____

MuniCap, Inc.,
Administrator

By: _____

Name: _____

Title: _____

EXHIBIT A

**CITY OF CRANDALL, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025
(RIVER RIDGE PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #2 PROJECT)**

**FEE DEVELOPER QUARTERLY REPORT
[INSERT QUARTERLY ENDING DATE]**

Delivery Date: _____, 20__

CUSIP Numbers: [Insert CUSIP Numbers]

DISSEMINATION AGENT

Name: Wilmington Trust, National Association
Address:
City:
Telephone:
Contact Person: Attn:

I. Expenditures Paid from Accounts under Indenture

1. TOTAL BUDGETED COSTS REQUIRED TO COMPLETE IMPROVEMENT AREA #2 IMPROVEMENTS: \$ _____
2. Of the budgeted costs for Improvement Area #2 Improvements shown in the Service and Assessment Plan:
 - a. Actual costs drawn from the Improvement Area Improvement Account¹:
\$ _____
 - b. Actual costs drawn from the Major Improvement Account: N/A²
 - c. Actual costs drawn from the Developer Improvement Account: N/A³

II. Status of Improvement Area #2 Improvements

Projected/actual completion date of the Improvement Area #2 Improvements

1. [Actual/Expected] date of completion of the Improvement Area #2 Improvements:
[_____]
2. Explanation of any delay/change in projected completion date since last Quarterly Report was filed: [_____]

¹ Improvement Area Improvement Account means the account titled Improvement Area #2 Improvements Account held under the Project Fund in the Indenture.

² Not applicable.

³ Not applicable.

III. Unit Mix in Improvement Area #2

<u>Product Type</u>	<u>Number of Units</u>
Single Family 50'	
Single Family 60'	

IV. Lot Status in Improvement Area #2

Of the 335 lots in Improvement Area #2, what is the status:

1. Planned lots as of the date of issuance of the Bonds: 335
2. Planned lots as of the date of this Quarterly Report: _____
3. Lots developed: _____
4. Lots platted: _____
5. Expected completion date of all lots in Improvement Area #2 (if incomplete):

V. Ownership of Lots/Units in Improvement Area #2

PLANNED LOTS IN Improvement Area #2: 335

Of the 335 lots in Improvement Area #2:

1. Number of lots owned by the Fee Developer: _____
2. Number of lots under contract but not closed to Homebuilder(s): _____
3. Number of lots owned by all Homebuilder(s): _____⁴
 - a. Number of lots owned by [*insert name of Homebuilder*]: _____⁵
 - b. Number of lots owned by [*insert name of Homebuilder*]: _____
4. Number of units owned by homeowners: _____

VI. Home Sales Information in Improvement Area #2

PLANNED HOMES IN Improvement Area #2: 335

Of the 335 homes planned for Improvement Area #2:

1. How many total building permits were issued **during the current quarter**? _____
 - a. Number of building permits issued during the current quarter for [*insert name of Homebuilder*]: _____²
 - b. Number of building permits issued during the current quarter for [*insert name of Homebuilder*]: _____²
2. How many total homes have closed with homebuyers **during the current quarter**?

⁴ If Fee Developer is using EMMA filing assistance software, a chart containing the Quarterly Information provided under this item will be generated. If Fee Developer is not using EMMA filing assistance software, Fee Developer shall prepare a chart containing such Quarterly Information.

⁵ Include a line item for each individual Homebuilder.

- a. Number of homes closed with homebuyers during the current quarter for [insert name of Homebuilder]: _____²
- b. Number of homes closed with homebuyers during the current quarter for [insert name of Homebuilder]: _____⁶
3. How many total homes have closed with homebuyers **cumulatively**? _____
 - a. Number of homes closed with homebuyers cumulatively for [insert name of Homebuilder]: _____³
 - b. Number of homes closed with homebuyers cumulatively for [insert name of Homebuilder]: _____³

VII. Amenities⁷

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

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

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

VIII. Material Changes

Describe any material changes, if applicable:

1. **Permits and Approvals** - Since the issuance of the Bonds, have there been any material changes to permits or development approvals (including any zoning) impacting the development of the land subject to the Assessments securing the Bonds, which were not disclosed in a previously filed Quarterly Report? If so, describe the material changes.
2. **Mortgage Loans** - Since the issuance of the Bonds, have there been any material changes to mortgage loans (whether changes to an existing loan or incurrence of a new mortgage loan), if applicable, for the land subject to the Assessments securing the Bonds, which were not disclosed in a previously filed Quarterly Report? If so, describe the material changes.
3. **Builder Contracts** - Since the issuance of the Bonds, have there been any material changes to builder contracts (including but not limited to changes to price, substantial completion dates, number of lots, or other terms) with respect to the land subject to the Assessments securing the Bonds, which were not disclosed in a previously filed Quarterly Report? If so, describe the material changes.
4. **Ownership** - Since the issuance of the Bonds, other than a sale to a homebuilder pursuant to a Lot Purchase Agreement, has there been any sale, assignment or transfer of ownership of lands subject to the Assessments securing the Bonds by the Landowner to any third-party developer/land bank, which was not disclosed in a previously filed Quarterly Report? If so, provide the name of the third-party and indicate whether this third-party developer/land bank has executed an Acknowledgement pursuant to the Disclosure Agreement?

⁶ Include a line item for each individual Homebuilder.

⁷ Amenities means the hike and bike trails and parks to be constructed in Improvement Area #2.

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

EXHIBIT B

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

[DATE]

Name of Issuer: City of Crandall, Texas
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2025 (River Ridge
Public Improvement District Improvement Area #2 Project) (the
“Bonds”)
CUSIP Numbers: [insert CUSIP Numbers]
Date of Delivery: _____, 20__

NOTICE IS HEREBY GIVEN that _____, a
_____ (the [“Fee Developer”] [“Significant Homebuilder”]) has not provided
the [Quarterly Information][Quarterly Report] [the [Quarterly Information][Quarterly Report] was
not filed in a timely manner due to [_____]] for the period ending on [*Insert
Quarterly Ending Date*] with respect to the Bonds as required by the Continuing Disclosure
Agreement of Fee Developer related to such Bonds, by and among PMB Advisors, LLC, a Texas
limited liability company (the “Fee Developer”), MuniCap, Inc., as Administrator, and
Wilmington Trust, National Association, as Dissemination Agent. The [Fee
Developer][Homebuilder] anticipates that the [Quarterly Information][Quarterly Report] will be
[provided][filed] by _____.

Dated: _____

Wilmington Trust, National Association,
on behalf of the Fee Developer,
as Dissemination Agent

By: _____

Title: _____

cc: City of Crandall, Texas

⁸ If applicable, replace with applicable successor(s)/assign(s).

EXHIBIT C

TERMINATION NOTICE

[DATE]

Name of Issuer: City of Crandall, Texas
 Name of Bond Issue: Special Assessment Revenue Bonds, Series 2025 (River Ridge Public Improvement District Improvement Area #2 Project) (the "Bonds")
 CUSIP Numbers: [insert CUSIP Numbers]
 Date of Delivery: _____, 20__

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

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

City of Crandall, Texas
 110 S. Main
 Crandall, Texas 75114

PMB Advisors, LLC
 4001 Maple Avenue, Suite 270
 Dallas, Texas 75219

[Significant Homebuilder]

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

Dated: _____

MuniCap, Inc.
 on behalf of the [Fee Developer] [Significant Homebuilder],
 as Administrator)

By: _____

Title: _____

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

EXHIBIT D

CERTIFICATION LETTER

[DATE]

Name of Issuer: City of Crandall, Texas
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2025 (River Ridge
Public Improvement District Improvement Area #2 Project)
CUSIP Numbers: [insert CUSIP Numbers]
Quarterly Ending Date: _____, 20__

Re: Quarterly Report for River Ridge Public Improvement District – Improvement Area #2

To whom it may concern:

Pursuant to the Continuing Disclosure Agreement of Fee Developer related to the captioned Bonds by and among PMB Advisors, LLC, a Texas limited liability company¹ (the “Fee Developer”), MuniCap, Inc., as Administrator, and Wilmington Trust, National Association, as Dissemination Agent, this letter constitutes the certificate stating that the Quarterly Information, provided by [Fee Developer][_____, as a “Significant Homebuilder”], contained in this Quarterly Report herein submitted by the Administrator, on behalf of the [Fee Developer][Significant Homebuilder], constitutes the [portion of the] Quarterly Report required to be furnished by the [Fee Developer][Significant Homebuilder]. Any and all Quarterly Information, provided by the [Fee Developer][Significant Homebuilder], contained in this Quarterly Report for the three month period ending on [*Insert Quarterly Ending Date*], to the best of my knowledge, is true and correct, as of [insert date].

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

PMB Advisors, LLC, a Texas limited liability company

By: _____
Title: _____

[OR

SIGNIFICANT HOMEBUILDER
(as Significant Homebuilder)

By: _____
Title: _____]

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

EXHIBIT E

**FORM OF ACKNOWLEDGEMENT OF ASSIGNMENT
OF FEE DEVELOPER REPORTING OBLIGATIONS**

[DATE]

[INSERT ASSIGNEE CONTACT INFORMATION]

Re: River Ridge Public Improvement District – Improvement Area #2 – Continuing Disclosure Obligation

Dear _____,

Per [*Insert name of applicable agreement*], as of _____, 20__, you have been assigned and have assumed the obligations, requirements, or covenants to construct one or more of the Improvement Area #2 Improvements or Amenities (as those terms are defined in the Disclosure Agreement of Fee Developer (as defined herein) within Improvement Area #2 of the River Ridge Public Improvement District (the “District”).

Pursuant to Section 2 of the Continuing Disclosure Agreement of Fee Developer (the “Disclosure Agreement of Fee Developer”) by and among PMB Advisors, LLC, a Texas limited liability company (the “Fee Developer”), MuniCap, Inc. (the “Administrator”), and Wilmington Trust, National Association (the “Dissemination Agent”), with respect to the “City of Crandall, Texas, Special Assessment Revenue Bonds, Series 2025 (River Ridge Public Improvement District Improvement Area #2 Project),” any person that, through assignment, assumes the obligations, requirements, or covenants to construct one or more of the Improvement Area #2 Improvements or Amenities is defined as a Fee Developer.

As a Fee Developer, pursuant to Section 5 of the Disclosure Agreement of Fee Developer, you acknowledge and assume the reporting obligations of the Disclosure Agreement of Fee Developer for the property which is owned as detailed in the Disclosure Agreement of Fee Developer, which is included herewith.

Sincerely,

PMB Advisors, LLC, a Texas limited liability company

By: _____

Name: _____

Title: _____

Acknowledged by:

[INSERT ASSIGNEE NAME]

By: _____

Title: _____

EXHIBIT F

**FORM OF ACKNOWLEDGEMENT OF ASSIGNMENT
OF SIGNIFICANT HOMEBUILDER REPORTING OBLIGATIONS**

[DATE]

[INSERT SIGNIFICANT HOMEBUILDER CONTACT INFORMATION]

Re: River Ridge Public Improvement District – Improvement Area #2 – Continuing Disclosure Obligation

Dear _____,

As of _____, 20__, you own ____ lots within Improvement Area #2 of River Ridge Public Improvement District (the “District”). Pursuant to Section 2 of the Continuing Disclosure Agreement of Fee Developer related to the captioned Bonds (the “Disclosure Agreement of Fee Developer”) by and among PMB Advisors, LLC, a Texas limited liability company (the “Fee Developer”), MuniCap, Inc. (the “Administrator”), and Wilmington Trust, National Association (the “Dissemination Agent”), with respect to the “City of Crandall, Texas, Special Assessment Revenue Bonds, Series 2025 (River Ridge Public Improvement District Improvement Area #2 Project),” any entity that owns 34 or more of the single family residential lots within Improvement Area #2 of the District is defined as a Significant Homebuilder.

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

Sincerely,

PMB Advisors, LLC, a Texas limited liability company

By: _____
Name: _____
Title: _____

Acknowledged by:

[INSERT ASSIGNEE NAME]

By: _____
Title: _____

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APPENDIX E
APPRAISAL

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APPRAISAL REPORT

PROJECT #A24-1122-05



**RIVER RIDGE PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #2
82.795 ACRES CONTAINING 335 RESIDENTIAL LOTS
CRANDALL, TX 75114**

FOR:

**FMSBONDS, INC.
5 COWBOYS WAY, SUITE 300-25
FRISCO, TEXAS 75034**

**EFFECTIVE DATE OF APPRAISAL:
MARCH 1, 2025 (DATE OF SUBSTANTIAL COMPLETION) FOR 335 RESIDENTIAL LOTS**

**PREPARED BY:
JAMES L. MAIBACH, CPM, STATE CERTIFIED GENERAL REAL ESTATE APPRAISER,
LESLIE TOLLIVER, STATE CERTIFIED GENERAL REAL ESTATE APPRAISER,
BROOKE CLOCK, LICENSED RESIDENTIAL REAL ESTATE APPRAISER, AND
BRANDON LAWSON, APPRAISER TRAINEE**

OF:

**PEYCO SOUTHWEST REALTY, INC.
1703 NORTH PEYCO DRIVE
ARLINGTON, TEXAS 76001**

River Ridge Public Improvement District IA #2

January 10, 2025

Mr. R.R “Tripp” Davenport, III

Director

FMSbonds, Inc.

5 Cowboys Way, Suite 300-25

Frisco, Texas 75034

tdavenport@fmsbonds.com

SUBJECT: Prospective Market Value “Upon Completion” Appraisal
River Ridge Public Improvement District,
City of Crandall, Kaufman County, Texas

Mr. Davenport,

At your request, we have inspected and appraised the above-referenced property. The purpose of the appraisal is to develop an opinion of prospective market value of the Fee Simple interest of the 335 residential lots located in the River Ridge Public Improvement District Improvement Area #2 (referred to as River Ridge PID IA #2). River Ridge PID IA #2 has a total of 82.795-acres consisting of the following:

- **Prospective Market Value as of **March 1, 2025** for **335 detached residential lots in River Ridge PID IA #2 on approximately 82.795 acres. The lots are as follows:****
- **291 lots with 50-foot frontages (FF), and**
- **44 lots with 60-foot frontages (FF)**

The clients for the assignment are FMSbonds, Inc. and the City of Crandall. The intended use is underwriting of a proposed Public Improvement District bond transaction. This appraisal is not for purposes of determining the amount of any assessments to be levied by the City of Crandall or Kaufman County, nor is it the basis of a determination of the benefit of any constructed or installed public improvements will have on properties within River Ridge PID IA #2.

At Substantial Completion, which is expected March 1, 2025 for River Ridge PID IA #2, the subject property is expected to consist of the infrastructure necessary to provide residential streets, drainage, and utilities to the individual lots within River Ridge PID IA #2. A public improvement district containing the property within River Ridge PID IA #2, which comprises 82.795 acres was created by Resolution No. 060120 adopted on June 1, 2020. Each of the lots are located in Crandall ISD.

The entire River Ridge PID represents a total of approximately 441.793 acres. The subject of this appraisal report is only River Ridge PID IA #2, which is comprised of a total of approximately 82.795 contiguous acres of land with an estimated build-out of 291 detached single-family residential 50-foot frontage (FF) lots and 44 detached single-family residential 60-FF lots totaling 335 improved residential lots, located in the City of Crandall, Texas. The subject property of this assignment - River Ridge PID IA #2 - will be developed in one phase.

Within River Ridge PID IA #2, each of the 50-FF lot types will have an average of 6,000-square feet (SF), and each of the 60-FF lot types will have a minimum of 7,200-SF in size. The average lot depths for each of the 50-FF and the 60-FF lots of the subject property will be 120’ in depth. The two lot types may have different market values with identical characteristics; however, Taylor Morrison of Texas Inc. (the owner and developer) reflects different market values in its Estimated Buildout Values as such: \$72,500 for the 50’ lots, and \$87,000 for the

River Ridge Public Improvement District IA #2

60' lots. We have considered any difference in market value based on lot depth is marginal, and other attributes, such as overall situs of the PID, are more important to the market value consideration of a single lot.

The focus of our appraisal of the River Ridge PID IA #2 is as follows:

River Ridge PID IA #2			
Area Type	50' Lot Type	60' Lot Type	Total Lots Appraised
IA #2	291	44	335

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following **Extraordinary Assumptions** that may affect the assignment results. An Extraordinary Assumption is uncertain information accepted as fact. If the assumption is found to be false as of the Prospective Effective Date of the appraisal, we reserve the right to modify our value conclusions. Extraordinary Assumptions are used in this assignment because the improved residential lots to be delivered by the date utilized in this report are currently incomplete for River Ridge PID IA #2 as of the report date.

- Our opinions of prospective market value at completion assumes that the proposed improvements are completed in accordance with plans and specifications provided by JBI Partners, the Professional Engineers, as of February 18, 2024, for 335 improved residential lots in River Ridge PID IA #2.
- All information relative to the property located within River Ridge PID IA #2 including land areas, lot totals, lot sizes, and other pertinent data that was provided by Taylor Morrison of Texas Inc. (the “Homebuilder” and “Developer”), JBI Partners (Professional Engineers and Professional Surveyors), the City of Crandall, Kaufman County, and the Kaufman Central Appraisal District is assumed to be correct.
- The subject is proposed residential lots construction with a prospective completion date of March 1, 2025 for River Ridge PID IA #2; therefore, this report contains a prospective opinion of value. Considering this, we have assumed that the market conditions as discussed and considered within this report will be similar on the prospective valuation date. Further, we cannot be held responsible for unforeseeable global events that alter market conditions prior to the prospective Effective Date.

The use of these Extraordinary Assumptions has affected assignment results.

In addition to the Extraordinary Assumptions, the value conclusions are based on the following **Hypothetical Conditions** that may affect the assignment results. A Hypothetical Condition is a condition contrary to known fact on the Effective Date of the appraisal but is supposed for the purpose of analysis.

- No Hypothetical Conditions are used in this report.

River Ridge Public Improvement District IA #2

This appraisal report is intended to conform with the 2024-2025 Uniform Standards of Professional Appraisal Practice (USPAP) and applicable state appraisal regulations. To report the assignment results, we use the Appraisal Report option of Standards Rule 2-2(a) of USPAP. Based upon the valuation analysis in the accompanying report, and subject to the definitions, assumptions, and limiting conditions expressed in the report, our final value conclusion as of the Expected Completion Date is as follows:

FINAL MARKET VALUE CONCLUSION RIVER RIDGE IA #2			
	<i>Cost</i>	<i>Sales</i>	<i>Income (Subdivision)</i>
<i>Fee Simple Interest, Complete March 1, 2025</i>			<i>\$30,320,000</i>
	<i>N/A</i>	<i>N/A</i>	<i>(\$90,000/Lot Rounded)</i>
<i>335 Improved Lots on 82.795 Acres</i>			

Attached is our Appraisal Report which summarizes the investigation and analyses undertaken in arriving at our value conclusions. Should you have any questions, please contact our office.

Respectfully submitted,

Peyco Southwest Realty



James L. Maibach
TX-1323658
State Certified General Real Estate Appraiser



Leslie E. Tolliver
TX-1381494
State Certified General Real Estate Appraiser
Associate Member, Appraisal Institute



Brooke Clock
TX-1350743
Licensed Residential Appraiser



Bradon Lawson
TX-1343865
Appraiser Trainee
Associate Member, Appraisal Institute

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EXECUTIVE SUMMARY

Property Name	River Ridge PID Improvement Area #2
Property Type	Master-Planned Community
Location	Northeast of Spring Creek Boulevard
City, County, State, Zip	City of Crandall, Kaufman County, TX 75114
Legal Description (Kaufman CAD)	DAVID WILKERSON, TRACT 180.03; 116.394 ACRES
Owner of Record	Taylor Morrison of Texas Inc.
Census Tract	0508.02
Tax ID – Kaufman Central Appraisal District	216107
Total Land Area	82.795-AC - Total Land Area
Total Lots	291 50-Front Footage Width Lots 44 60-Front Footage Width Lots
Topography	Gently Sloping
FEMA Flood Zones	100% within Unshaded Zone X (outside the floodplain)
FEMA Panel	48257C0165E
FEMA Map Date	1/12/2023
Utilities	
Water	City of Crandall
Sewer	City of Crandall
Electric	Oncor
Natural Gas	Atmos
Zoning (City of Kaufman)	Planned Development District
Future Land Use	Single-Family Residential Subdivision
Highest & Best Use	Single-Family Residential Subdivision
Final Value Conclusion (Income)	\$30,320,000 (\$90,000/Lot Rounded) Effective Date of March 1, 2025 for 335 Improved Residential Lots in IA #2
Exposure Period	6-12 Months
Marketing Period	6-12 Months
Date of Inspection	December 6, 2024
Date of Valuation	March 1, 2025
Report Date	January 10, 2025

CERTIFICATION

We certify that, to the best of our knowledge and belief that:

- (1) The statements of fact contained in this report are true and correct.
- (2) The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- (3) We have no present or prospective interest in the property that is the subject of this analysis, and we have no personal interest with respect to the parties involved.
- (4) We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- (5) Our compensation for completing this assignment is not contingent on an action or event resulting from the analyses, opinions, or conclusions in, or use of, this report, or upon developing or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal. Our engagement in this assignment is not contingent upon developing or reporting predetermined results.
- (6) The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of FIRREA guidelines and the Code of Professional Ethics & Standards of Professional Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- (7) Brooke Clock has inspected the subject property. James L. Maibach, Leslie Tolliver and Brandon Lawson have not physically viewed the subject property. The values herein were developed and reported by James L. Maibach, Leslie Tolliver, Brooke Clock, and Brandon Lawson.
- (8) This assignment was not based on a requested minimum value, a specific valuation, or the approval of a loan.
- (9) The signatories have previously performed services as an appraiser for Improvement Area #1 and 329 residential paper lots within River Ridge PID within the prior three-year period preceding the acceptance of this assignment. The appraisal report was performed for 329 residential lots on 90.70-acres within Improvement Area #1, and 674 detached residential paper lots on 157.30 acres in the Major Improvement Area on August 25, 2022. The Fee Simple interests on the Effective Date of November 1, 2022, for the 329 Residential Lots was \$25,600,000 (\$73,500 per 50-FF Lot and \$84,000 per 60-FF Lot) and the 674 Residential Paper lots was \$18,600,000. None of the signatories have performed services in any other capacity, other than that specifically stated, regarding the property that is the subject of this report within the three-year period immediately preceding the acceptance of this assignment.
- (10) James L. Maibach and Brooke Clock are not members of the Appraisal Institute. Leslie Tolliver and Brandon Lawson are Associate Members of the Appraisal Institute. As of the date of this report, Leslie Tolliver and Brandon Lawson have completed the Standards and Ethics Education Requirements for Associate Member of the Appraisal Institute. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

Appraiser signatures and license numbers are on the following page.



James L. Maibach
TX-1323658
State Certified General Real Estate Appraiser



Leslie E. Tolliver
TX-1381494
State Certified General Real Estate Appraiser
Associate Member, Appraisal Institute



Brooke Clock
TX-1350743
Licensed Residential Appraiser



Brandon Lawson
TX-1343865
Appraiser Trainee
Associate Member, Appraisal Institute

SCOPE OF WORK

Scope of Work is defined by the Uniform Standards of Professional Appraisal Practice as “the type and extent of research and analyses in an assignment.” Under the Scope of Work Rule, the appraiser must:

- Identify the problem to be solved;
- Determine and perform the scope of work necessary to develop credible assignment results; and
- Disclose the scope of work in the report.

The problem to be solved is:

- Determine the Prospective Market Value with a Substantial Completion Date of March 1, 2025 for the Fee Simple interest of 335 improved single-family residential lots in River Ridge PID IA #2
 - 50-FF - 291 lots
 - 60-FF - 44 lots

The definition of market value¹ utilized herein is as follows:

Market Value is defined as the most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite for a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and acting in what they consider their own best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.²

The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of FIRREA guidelines and the Code of Professional Ethics & Standards of Professional Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice, in a manner necessary to produce a credible result.

This Appraisal Report has been prepared under Standards Rule 2-2(a) of an appraisal performed under Standards Rule 1 of USPAP. The value set forth herein was determined after consideration and appropriate application and analysis by three approaches to value i.e., the Cost Approach, the Income (Subdivision Development) Approach, and the Sales Comparison Approach.

¹ The Appraisal Foundation, Uniform Standards of Professional Appraisal Practice, Washington, D.C.: Appraisal Standards Board (2020-2021), DEFINITIONS

River Ridge Public Improvement District IA #2

As part of this appraisal, we completed a thorough investigation and analysis of the data considered pertinent to valuing the subject property.

Property Identification

The property has been identified using the following sources:

- Public records – Kaufman Central Appraisal District (KCAD)
- Legal descriptions
- Deed Records – Kaufman County
- Approved Resolution No. 060120 by the MuniCap, Inc.
- The River Ridge Concept Plan Exhibit and Survey by JBI Partners, Professional Surveyors

Type and Extent of Data Researched

The following information was reviewed in preparing this report:

- Public record data
 - Approved Resolution No. 060120 by MuniCap, Inc.
 - City of Crandall Maps and Land Use Plans
 - Flood plain maps
 - Topographic maps
 - Demographics – CoStar, ESRI, and US Census Bureau
 - Market Conditions Data – S&P Case Schiller, CoreLogic, NTREIS, JLL, CBRE, Integra, CoStar, etc.
 - The River Ridge Concept Plan Exhibit and Survey by JBI Partners, Professional Surveyors
 - Estimated development costs provided by JBI Partners, Professional Engineers
 - Conversations with developers and homebuilders in DFW market

VALUATION METHODOLOGY

Three approaches to value are typically considered when developing a market value opinion for real property. These are the Cost Approach, the Sales Comparison Approach, and the Income (Subdivision Development) Approach. A summary of each portion of the subject property that requires valuation is shown below:

- 335 Improved Single-Family Residential Lots (50-FF and 60-FF)

River Ridge PID IA #2			
Area Type	50' Lot Type	60' Lot Type	Total Lots Appraised
IA #2	291	44	335

Improved Detached Single-Family Residential Lots (335 Improved Residential Lots)

Cost Approach

The Cost Approach involves research, verification, and comparison of sales of other vacant land with the subject land. The sales are then adjusted for value-related differences. Cost figures are obtained from the developer and engineer and compared to cost figures on competing developments. A developer's profit is based on profit expectations reported by developers as well as actual profit on similar developments.

The Cost Approach provides information that contrasts with information from the Income Capitalization and Sales Comparison Approaches. It allows the appraiser to address the feasibility and highest and best use issues inherent in new construction. This approach is most beneficial when appraising a proposed or recently built project and is typically used when finished lots make up a substantial portion of the entire project. Since the proposed River Ridge PID will be constructed in multiple phases, *the Cost Approach is not appropriate and thus was not utilized* for the 335 Improved Residential Lots.

Income (Subdivision Development) Approach

In the Income Capitalization Approach, the retail value of the residential lots is estimated. The individual lot values are based on lot sales in competing developments. The absorption rates, expenses, and discount rates are also based on competing developments. Since sales of individual lots to an end-user homeowner is exceedingly rare in tract home subdivisions in this market, the value of an individual retail lot is effectively the same value of a portion of lots to a homebuilder because homebuilders tend to be the exclusive buyers of vacant developed lots from land developers. In addition, discussions with developers and homebuilders as well as review of contracts indicate that lots are typically received by the builders on a takedown schedule with annual price escalations of approximately 6% so the lots are not released in bulk to the home builders. The indicated value by the Income (Subdivision) Approach is based on the sellout of the lots with deductions for holding costs and discounted to a net present value.

The Income (Subdivision Development) Approach applied in subdivision analysis simulates what occurs in a bulk sale where one buyer purchases a subdivision or large group of lots at a discount. Income capitalization is the primary method used in subdivision valuation because value is determined by future sales over time. Along with discounted cash flow analysis, income capitalization directly measures differences in present value based on future cash flow projections. This approach provides a direct measure of the market value or wholesale value of a group of lots or units, which is different from the sum of the retail lot prices. Since the problem to be solved in this assignment is to determine the bulk sale value of 335 improved residential lots, as of the date of Substantial Completion (Effective Date), *the Income (Subdivision Development) Approach is appropriate and was developed.*

Sales Comparison Approach

The Sales Comparison Approach involves comparing recent sales of entire subdivisions or a large group of lots that involved a single purchaser. The sales are then adjusted for value-related differences. Determining market values for the subdivision or the group of lots is the objective of the analysis, and that determination requires recent and relevant similar bulk sales for the comparison. Finding highly similar and recent sales of improved subdivisions to a single buyer in most markets can be difficult, perhaps impossible. Comparison requires comparable sales with about the same or similar remaining absorption period, a similar mix of lots or unit types, location, home price points, and other characteristics. As Texas is a non-disclosure state, sales data available is limited to sales confirmed by associated parties. Since data on highly similar bulk sales to a single purchaser is difficult to find and verify, *the Sales Comparison Approach was not fully developed by the appraisers.*

Use of the approaches for the valuation of the improved lots and land in the River Ridge PID IA #2 is summarized below:

<i>Approach</i>	<i>Applicability to Subject</i>	<i>Use in Assignment</i>
Cost Approach	<i>Not Utilized Since the Subject Property will be Developed in Multiple Phases</i>	<i>Not Utilized</i>
Income (Subdivision Development) Approach	<i>Appropriate in Determining Residential Subdivision Value</i>	<i>Utilized</i>
Sales Comparison Approach	<i>Aspects Used in Subdivision Valuation to Determine Retail Market Value of the 50-FF and 60-FF Lots Land</i>	<i>Partially Utilized</i>

COMPETENCY OF THE APPRAISER

James L. Maibach, C.P.M. is a State Certified General Real Estate Appraiser according to the Texas Appraiser Licensing and Certification Board and has appraised numerous properties similar to the subject since 1993. The appraiser also manages, through his commercial real estate management company, approximately 2.25 million SF of which 70% is industrial warehouse, 20% is Class B and C office and 10% in retail product in Tarrant, Dallas, and Johnson counties. Mr. Maibach has been personally involved in over 135 residential development projects as a broker, developer, bank director, and zoning consultant in the past 35 years. Leslie E. Tolliver is a State Certified General Real Estate Appraiser and has appraised numerous properties similar to the subject since 2015. Brooke Clock is a State Licensed Residential Appraiser and Brandon Lawson is an Appraiser Trainee and have assisted in numerous properties similar to the subject property. Attention is invited to the qualifications of each individual, which are presented in the Addenda of this report.

Peyco Southwest Realty is a full-service professional real estate appraisal and consulting firm, providing service to a variety of corporate, institutional, governmental, and private clientele. In the past 12 months, our firm has completed numerous valuation assignments involving similar properties. Mr. Maibach currently owns, represents, and manages multiple properties throughout the DFW Metroplex, mostly in Tarrant, Dallas, Johnson, and Ellis Counties. The subject is located in the City of Crandall, Kaufman County, Texas.

INTENDED USE AND USERS

The intended use of the appraisal is to estimate the market value upon completion of the underwriting of a proposed Public Improvement District bond transaction as of the Effective Date of Substantial Completion. The client and intended user is FMSbonds, Inc. The City of Crandall is also an intended user. The appraisal is not intended for any other use or user. No party or parties other than the City of Crandall and FMSbonds, Inc. may use or rely on the information, opinions, and conclusions contained in this report; provided, however, it is acknowledged that this Appraisal will be used in a preliminary and final limited offering memorandum for the Public Improvement District

bonds. The Client may, without Appraiser's prior authorization or notice to Appraiser, provide the Appraisal to other parties for their use in analysis-related activities, however, it does not make the recipient an intended user of this engagement.

DATE OF THE APPRAISAL REPORT

The preparation of this Appraisal Report was completed on **January 10, 2025**. The initial draft of this appraisal report was completed on **December 15, 2024**.

EFFECTIVE DATES OF THE APPRAISAL

The descriptions, analyses, and conclusions of this report for the designated Market Values of the subject property are applicable as of **March 1, 2025**, which is the expected date of Substantial Completion. Brooke Clock inspected the property on **December 6, 2024**. James L. Maibach, Leslie Tolliver and Brandon Lawson have not inspected the subject property.

ASSIGNMENT CONDITIONS

Assignment conditions include assumptions that affect the scope of work, other than those previously discussed in the "Assumptions and Limiting Conditions". There are no other material and specific Hypothetical Conditions or Extraordinary Assumptions other than those referenced in this report.

PROPERTY RIGHTS APPRAISED

The property rights appraised in this assignment are the Fee Simple Estate in the subject property. A commitment for Title Insurance was not submitted to the appraisers and reservations, if any, are unknown. If property rights differ from the above definitions, the value may be affected.

ASSETS APPRAISED

The assets appraised in this appraisal assignment include land, any primary and ancillary site improvements. No furniture, fixtures, equipment (FF&E), personal property, mineral rights or business value were included in the valuation process.

ENVIRONMENTAL CONDITIONS

No environmental report was available to us, and no recent environmental tests were performed. Because we have no evidence to the contrary, we have assumed that the property is free of any material defects, other than those noted, which would adversely affect the value, including, but not limited to, asbestos and toxic waste. Our value conclusions are subject to revision should these assumptions prove incorrect. We caution and advise the user of this report to obtain environmental studies which may be required to ascertain the status of the property regarding asbestos and other hazardous materials.

HISTORY OF SUBJECT PROPERTY

Deed records indicate the subject property is owned by Taylor Morrison of Texas Inc. who is a national homebuilder that is active in numerous developments in DFW such as Overland Grove (Forney), Northlake Estates (Little Elm), South Oak (Lakewood Village), Founders Park (Eules), Auburn Hills (McKinney), Wilson Creek Meadows (Celina), and the Ridge at Northlake (Northlake), to name a few. The River Ridge PID IA #2 is 82.795-AC which is within a larger tract of land consisting of 254.582-AC. The subject property was deeded as follows:

- Per Kaufman Central Appraisal District, the subject property, was deeded to Taylor Morrison of Texas Inc. on July 13, 2021, from PMBS River Ridge LP for \$10,610,290 via Deed Instrument Number 2021-0027878. The seller, which is an affiliate of PMB Capital Investments, is currently the developer of the Single-Family Property in the PID and retained the right to all PID/TIRZ receivables related to the Single-Family Property in the PID. The property was already entitled in this sale.
- Prior to the sale above, the subject property was deeded to PMBS River Ridge, LP from JWS Land, Ltd for an undisclosed price on May 26, 2021, via Special Warranty Deed Instrument 2021-0020841. This transaction appears to be arms-length, and the property was not yet entitled in this sale.

We are unaware of any other attempts to sell or divest the subject property, as of the report date. This historical ownership data was researched and reported in order to comply with USPAP which requires a 3-year history of the subject property. It should not be used in lieu of a title search and is not intended as a guarantee to the chain of title.

LEGAL DESCRIPTIONS

The subject property is part of the David Wilkerson Survey, Abstract 566, which is part of a larger tract of 254.582 acres with legal descriptions DAVID WILKERSON, TRACT 180.03; 116.394 ACRES, and DAVID WILKERSON, TRACT 835.00; 47.494 ACRES.

PENDING TRANSACTIONS TO BUILDERS

The land within the development is owned by Taylor Morrison of Texas Inc., who will also be the developer for the subject property. Thus, there are no sales contracts for the improved lots as Taylor Morrison of Texas Inc. will be the ultimate seller to the end users when the lots are fully developed with single-family residential developments.

**Real Estate Taxes
Kaufman Central Appraisal District**

Real estate tax assessments are administered by the Kaufman Central Appraisal District (KCAD) and are estimated by jurisdiction on a county basis for the subject. Real estate taxes in this state and this jurisdiction represent ad valorem taxes, meaning a tax applied in proportion to value. The real estate taxes for an individual property may be determined by dividing the assessed value for a property by \$100, then multiplying the estimate by the composite rate.

Real estate taxes and assessments for the projected 2024 tax year are shown in the following table which include taxes to the City of Crandall, Kaufman County, Crandall ISD, Trinity Valley CC, and Road & Bridge. The projected combined tax rate for those entities is **2.347973 per \$100 assessed** as shown in the table below:

Projected Property Taxes - 2025	
Entity	Rate
City of Crandall	0.650000
Kaufman County	0.332613
Road & Bridge	0.082500
Trinity Valley CC	0.113660
Crandall ISD	1.169200
Total	2.347973

The River Ridge PID IA #2 is 82.795-AC which is within one larger tract of land consisting of 254.582-AC. The (2024) tax burden for the subject property – which is currently in the process of being developed – is **\$34,348.98**. A table of the assessed values and property taxes of the year (2024) of the subject property is shown below:

TAXES (Kaufman CAD - 2024)							
ID	Owner	Size (AC)	Improvement Market Value	Land Market Value	Ag Exemption	Assessed Value	Estimated Taxes
216107	Taylor Morrison of Texas Inc	207.088	\$ -	\$ 1,438,760	\$ -	\$ 1,438,760	\$ 34,059.02
16022	Taylor Morrison of Texas Inc	47.4940	\$ -	\$ 587,079	\$ 574,830	\$ 12,249	\$ 289.96
Total:		207.088	\$ -	\$2,025,839	\$ 574,830	\$1,451,009	\$34,348.98

The market value that Kaufman Central Appraisal District has determined **\$2,025,839** which is **\$9,783/AC** or **\$0.22/SF** – which leads to a tax burden of **\$47,956.63**. When the property is redeveloped into a residential use, there may be rollback taxes due to the municipal entities. We have not considered the effect of rollback taxes herein and that is beyond the scope of work of this report.

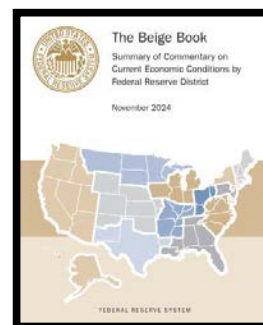
Upon substantial completion of the improved lots, the appraised value is expected to increase significantly; however, based on our company’s experience as licensed property tax consultants working with tax districts and homebuilders, we believe the finished lots will be assessed by the appraisal district at below retail lot value. Finished lots are often assessed by tax districts at approximately 70% of the retail value because the tax district does not have reliable information on updated costs and because developers are eligible for an inventory reduction on their lots.

MARKET OVERVIEW

ECONOMIC INDICATORS: BEIGE BOOK

FEDERAL RESERVE BANK (December 4, 2024)

Due to the subject's location in North Texas, coupled with integrated business economies, it is relevant to consider the national and regional economic indicators presented by the Federal Reserve Bank of Dallas in the Beige Book. Excerpts from the most recent Beige Book are presented below:



Overall Economic Activity

Economic activity rose slightly in most Districts. Three regions exhibited modest or moderate growth that offset flat or slightly declining activity in two others. Though growth in economic activity was generally small, expectations for growth rose moderately across most geographies and sectors. Business contacts expressed optimism that demand will rise in the coming months. Consumer spending was generally stable. Many consumer-oriented businesses across Districts noted further increases in price sensitivity among consumers, as well as several reports of increased sensitivity to quality. Spending on home furnishings was down, which contacts attributed to limited household mobility. Demand for mortgages was low overall, though reports on recent changes in home loan demand were mixed due to volatility in rates. Commercial real estate lending was similarly subdued. Still, contacts generally reported financing remained available. Capital spending and purchases of raw materials were flat or declining in most Districts. Sales of farm equipment were a notable headwind to overall investment activity, and several contacts expressed concerns about the future prices of equipment given ongoing weakness in the farm economy. Energy activity in the oil and gas sector was flat but demand for electricity generation continued to grow at a robust rate. The rise in electricity demand was driven by rapid expansions in data centers and was reportedly planned to be met by investments in renewable generation capacity in coming years.

Labor Markets

Employment levels were flat or up only slightly across Districts. Hiring activity was subdued as worker turnover remained low and few firms reported increasing their headcount. The level of layoffs was also reportedly low. Contacts indicated they expected employment to remain steady or rise slightly over the next year, but many were cautious in their optimism about any pickup in hiring activity. Wage growth softened to a modest pace across most Districts, as did expectations for wage growth in coming months. Job growth and wage growth for entry-level positions and skilled trades were an exception, rising robustly and expected to grow further through next year.

Prices

Prices rose only at a modest pace across Federal Reserve Districts. Both consumer-oriented and business-oriented contacts reported greater difficulty passing costs on to customers. Input prices were said to be rising faster than selling prices for most businesses, resulting in declining profit margins. Although input prices rose generally, contacts in several Districts noted declines in certain raw materials and non-labor costs. In contrast, rising insurance prices were again reported widely as significant cost pressures for many businesses. Contacts indicated they expect the current pace of price growth to persist, but businesses in several Districts indicated tariffs pose a significant upside risk to inflation.

**ELEVENTH DISTRICT
FEDERAL RESERVE BANK OF DALLAS – DECEMBER 4, 2024**

Summary of Economic Activity

The Eleventh District economy expanded moderately over the reporting period. Growth continued in nonfinancial services and resumed in manufacturing and retail. Home sales and energy activity were flat, and bank lending slid slightly. Employment rose in November and wage growth ticked up. Prices continued to increase at a fairly modest pace. Outlooks improved, with widespread increases in demand expectations. Interest rate cuts have had an overall positive but mild effect, with most industries needing additional time to see more robust impacts. A lot of uncertainty surrounding the election was resolved, and contacts were more positive than negative in their sentiment about prospective business conditions under the incoming administration, though some noted worry about potential trade and immigration policy changes.

Labor Markets

Employment was flat to down in October but increased moderately in November. Job gains were concentrated in professional and business services, healthcare, leisure and hospitality, retail, and manufacturing. An airline noted that employment has fallen in 2024, through attrition not layoffs, and will likely fall further in 2025. Energy contacts said hiring focused mostly on maintaining headcounts, and that there were some job losses due to recent merger and acquisition activity as well as weakness on the natural gas side. Contacts mostly reported an adequate labor supply, and those who were still having difficulty finding workers said they've seen an improvement in the past couple of months. Notably, restaurants said there were more applicants available. An exception was in trucking, where contacts continued to note a shortage of truck drivers and cited competition with high driver salaries in the oilfield as a key concern.

Wage growth picked up slightly overall. Increased wage pressure was reported for some entry-level positions in the service sector as companies reported trying to maintain competitive pay.

Prices

Prices continued to increase at a fairly modest pace over the reporting period, though a notable pickup was seen in manufacturing raw materials prices in November. Selling price growth remained moderate in manufacturing and below average in the service sector. Services firms reported fairly stable margins over the past six months after seeing some declines in the past two years. Margins continued to weaken in manufacturing, and remained a key concern among auto dealers, with one contact expecting profits to continue to decline for the remainder of the year and into 2025.

Manufacturing

Manufacturing activity increased over the reporting period, led by metals, transportation, and chemicals. Oil refineries and petrochemical producers reported increased activity over the past six weeks. Demand remained a weak spot for manufacturing overall, though a majority of firms expect an increase over the next six months, largely driven by an anticipated improvement in general business conditions. Outlooks improved in November, with several contacts expressing optimism under the incoming administration, though a couple noted potential tariff risks.

Retail Sales

Retail sales increased slightly in November after prolonged declines. Some contacts said demand was in good shape, though consumers were still looking for discounts. Auto dealers reported flat sales and that new vehicle inventories were too high. Overall outlooks improved notably, and demand is expected to increase somewhat. A

few contacts pointed to the outcome of the election as a key driver of optimism, though some expressed concern over potential tariffs and how retaliatory tariffs could hamper their international sales.

Nonfinancial Services

Nonfinancial services activity continued to grow moderately over the reporting period. Revenue growth was led by professional and business services and leisure and hospitality. Staffing firms generally noted increased demand and said that business contacts see strong post-election potential for growth in the oil and gas sector as well as the industrial sector writ large. Transportation services firms noted slight increases in parcel volumes, and airlines reported very strong demand and, in some cases, record revenues. While business air travel has yet to fully recover from pre-pandemic levels, it is up notably from last year with more people travelling for work. Outlooks pushed more positive in November, and most firms expect an increase in demand over the next six months. Several contacts said they anticipate an improvement in business activity under the incoming administration, though some voiced concern over prospective changes to trade and immigration policy.

Construction and Real Estate

Home sales were flat to slightly down during the reporting period. Contacts noted that high prices and the recent rise in mortgage rates were tempering demand. Incentives for homebuyers remained widespread, squeezing builders' margins. A few contacts said that new development was being hindered by high land prices and the friction between municipalities and builders/ developers. Commercial real estate activity was mixed. Apartment demand continued to be solid, but rent concessions remained prevalent due to elevated supply. Office leasing picked up in some areas but was concentrated in class A space. Industrial demand was stable over the reporting period. Construction activity remained slightly elevated due to existing projects but starts continued to decline. Transaction volumes continued to be low as institutional investors remained on the sidelines.

Financial Services

Loan volume and loan price declines continued in November, as did credit tightening, with the pace of change similar to six weeks ago. Loan nonperformance accelerated, driven by an increase in delinquency for residential and commercial real estate loans. Despite this, concern for the health of commercial real estate loans ticked down over the past six weeks except for construction and land development, where concern increased slightly. Bankers' outlooks were optimistic. They expect a significant improvement in loan demand and business activity six months from now. Regulatory burden, net interest margin, and financial and economic uncertainty were the top outlook concerns over the next six months.

Energy

Oilfield activity was fairly flat over the past six weeks, and the pace of well completion held mostly steady despite a lower number of active completion crews. Contacts noted an increased risk that oil prices in 2025 might be weaker than previously expected, and that the lower price outlook and rising productivity could lead to less capital expenditures next year. Contacts expressed optimism that the pause on liquefied natural gas (LNG) export permits that has been in place most of the year would be lifted soon and enable more natural gas infrastructure and LNG export investment over the next several years.

Agriculture

Soil moisture conditions deteriorated over the reporting period, with more than half of the District now in drought. Some rainfall was received in mid-November which benefitted the emerging wheat crop. Row crop prices have fallen, straining farmers but benefiting livestock producers who purchase corn and other grains for animal feed. Cattle prices remained strong while milk and milk product prices fell and caused struggles for dairies. Contacts expressed uncertainty about the new farm bill in light of the upcoming change in administration, fearing needed farm safety net programs could be held up.

Community Perspectives

Nonprofit service providers noted continued high levels of demand for social services. Some said the families they serve were seeing lower benefits from federal and state services like food stamps, Medicaid, and housing and unemployment assistance, or are losing access to these services altogether. Lack of affordable housing, childcare, and transportation remain key impediments to work for low-to-moderate income individuals. Some contacts noted an increase in demand for social services by immigrants. One nonprofit said that Texas Executive Order GA-46, which requires hospitals to ask patients about citizenship status, has prompted fear in the immigrant community and that some families are not seeking the medical care they need because of it, even if they are in the U.S. legally. The nonprofit works to clarify to the families they serve that the order does not change patients' access to or quality of medical care.

**Texas A&M University
Texas Real Estate Research Center
Outlook for the Texas Economy (Excerpts)**

Joshua Roberson, Junqing Wu, and Rhutu Kallur (Updated December 4, 2024)



Summary

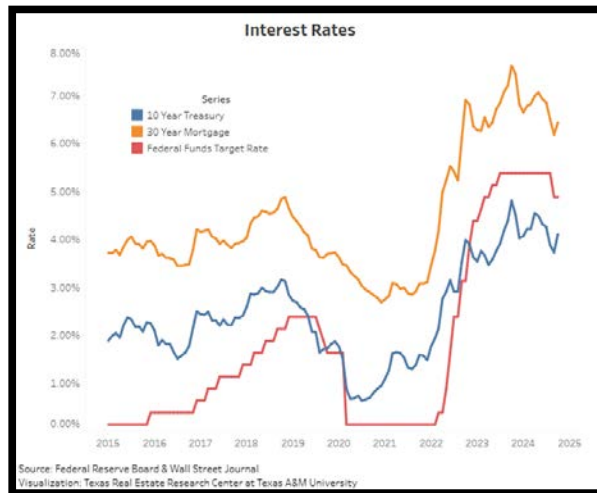
Texas total nonfarm employment dipped in October after two months of growth. Despite the loss of jobs, the unemployment rate held steady at 4.1% and the labor force participation rate climbed to 64.6%. Inflation remained resilient and failed to decrease toward the 2% target rate.

Inflation Progress Stalls Again

Over the past 12 months, the Consumer Price Index (CPI) has grown by 2.6% before seasonal adjustment. Meanwhile, prices for all items excluding food and energy rose by 3.3% (referred to as core inflation), same as in September.

While the inflation rate has slowed since last year, the past few months have shown some reverses. The seasonally adjusted CPI for all items rose by 0.2% in October, maintaining the same monthly increase for four months now. Core inflation increased by 0.3% for the third month in a row.

Food prices increased by 2.1% from October 2023 to October 2024, compared to a 3.3% rise from October 2022 to October 2023 and a 10.9% surge from October 2021 to October 2022. Consumer energy prices dropped 4.9% year over year (YOY) in October.

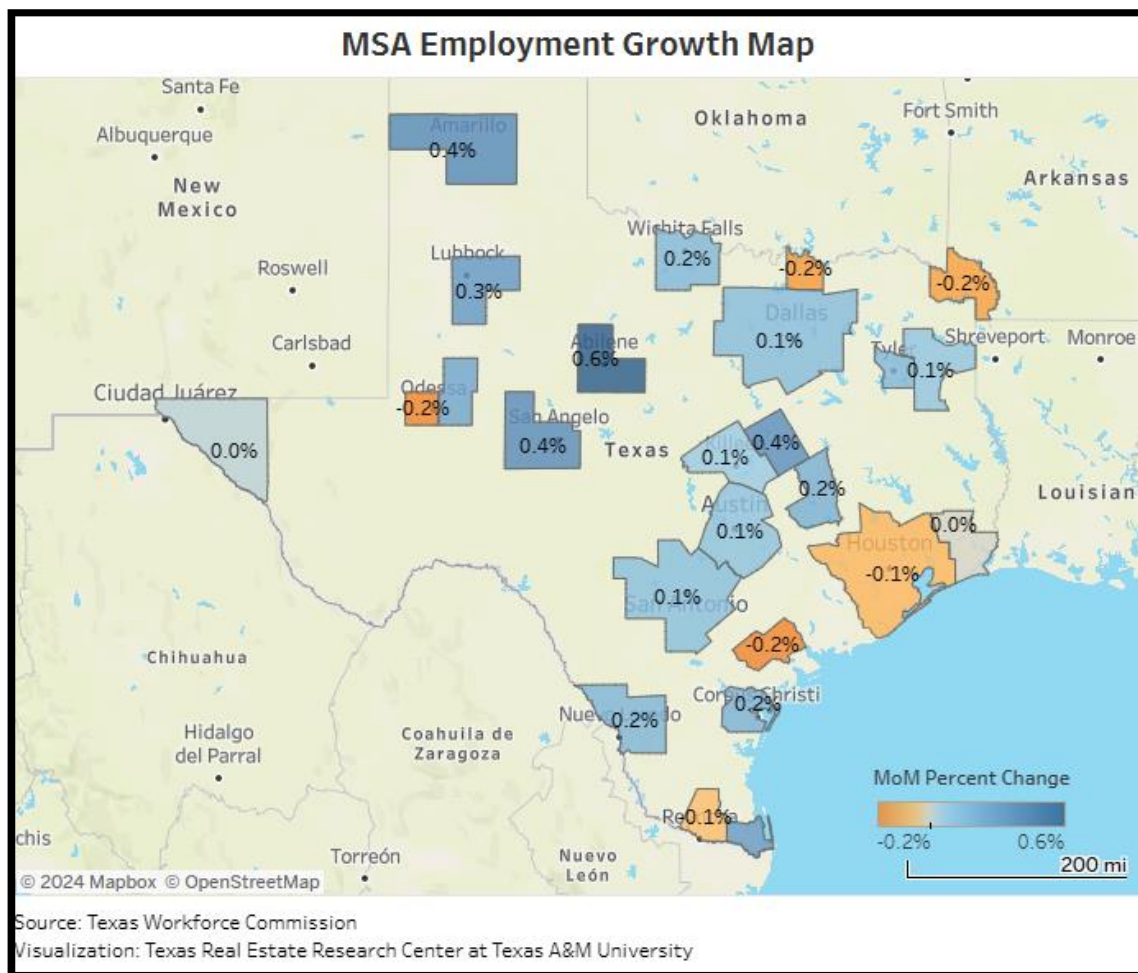


Texas Payroll Slight Decline

Texas nonfarm employment declined by 10,600 jobs, representing a modest 0.7% month-over-month (MOM) decrease. The state's four major metropolitan areas exhibited mixed but relatively stable trends. Houston experienced a 0.1% decline, losing 3,300 jobs. In contrast, Dallas, Austin, and San Antonio each recorded a 0.1% increase, adding 6,300, 1,600, and 1,600 positions, respectively. Year over year, however, Texas nonfarm employment grew by 2%, with a significant net gain of 274,600 jobs. Among the Big Four metros, San Antonio posted the highest annual growth rate at 2.3%, adding 26,400 jobs.

The trade, transportation, and utilities sector had a minor decline of 1,000 jobs in October, remaining relatively stable overall. The professional and business services sector saw a more significant reduction, losing 19,400 jobs, equivalent to a 0.9% decrease. Similarly, the education and health services sector contracted by 3,400 jobs, reflecting a 0.2% decline.

Worker sentiment in Texas continued its upward trend as the labor force participation rate edged up by 0.1 percentage points from September, reaching 64.6%. The unemployment rate held steady at 4.1%, unchanged since July 2024. Meanwhile, continued unemployment claims averaged approximately 150,483 per week, marking an increase of 5,946 from September.



Texas Home Sales Increase

Texas total home sales rose by 8.8% in October, reaching 28,859 transactions, continuing the upward trend observed in September. Among the Big Four metro areas, San Antonio led with a significant 16.8% increase, recording 2,906 transactions. Houston followed with a 12.1% rise to 8,066 transactions. Austin maintained its modest growth from August, posting a 7% increase to 2,488 transactions. In contrast, Dallas experienced a slight decline, with sales decreasing by 1% to 7,432 transactions.

Home Sales Volume			
	Sep	Oct	MOM Change
San Antonio-New Braunfels	2,487	2,906	16.8%
Houston-Pasadena-The Woodlands	7,198	8,066	12.1%
Texas	26,532	28,859	8.8%
Austin-Round Rock-San Marcos	2,326	2,488	7.0%
Dallas-Fort Worth-Arlington	7,508	7,432	-1.0%

Source: Data Relevance Project and Texas Real Estate Research Center at Texas A&M University
 Note: Data are seasonally adjusted

Service Sector Employee Dips Again

The state’s private service sector shed 12,600 jobs in October, marking the first decline since July. According to the Dallas Fed Texas Service Sector Outlook Survey, the employment index for October registered at -0.2, signaling that most firms had stagnant employment levels for the month. The outlook six months from now is a lot more optimistic, with a jump from 16 to 23.6.



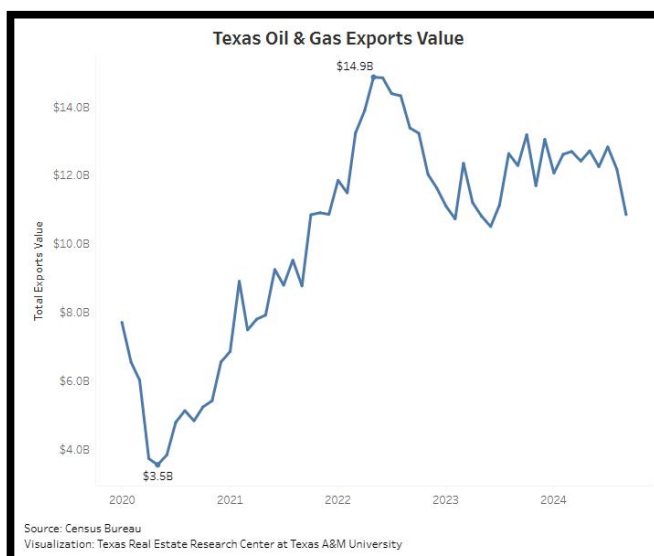
The general business activity index increased by five points to 2.0, marking its first positive reading in over two years and signaling a slight recovery in economic conditions. Similarly, the company outlook index rose three points to 3.8, suggesting growing optimism among businesses about future prospects. However, the outlook uncertainty index jumped nine points to 17.9, reflecting persistent concerns and uncertainty in the broader business environment. This contrast between improving activity and rising uncertainty highlights a cautious approach by businesses as they navigate the current economic landscape.

The sudden uptick in input prices could be contributing to the uncertainty. After bottoming out in May of this year at 20.70, the input price index has gradually increased to 26.10. Expectations six months from now are that this will continue with the future index increasing to 43.90 in October from 32.90 in September.

Decline In Asian Demand Drives Down Texas Oil and Gas Export

Texas' overall commodity exports declined by 7.9% MOM and 4.1% YOY in September. Demand for Texas' leading export, oil and natural gas, declined sharply, falling by 10.9% MOM and 11.7% YOY. Additionally, petroleum and coal exports recorded drops of 11% MOM and 5.1% YOY.

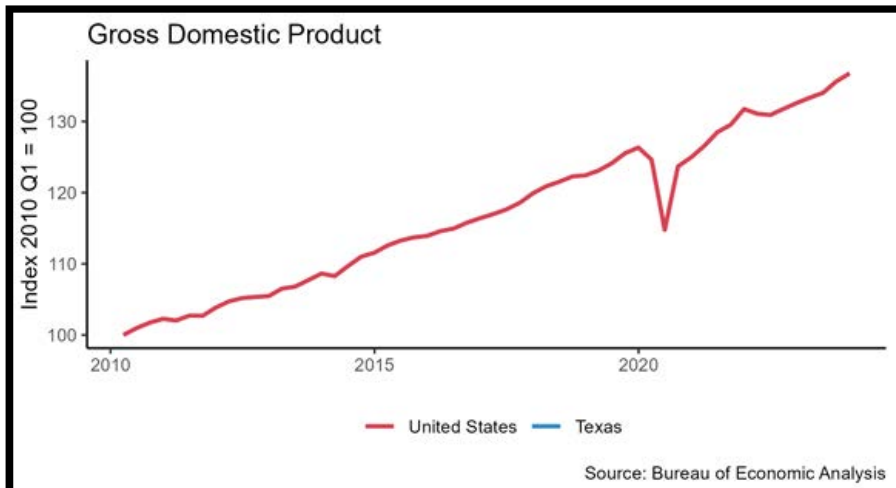
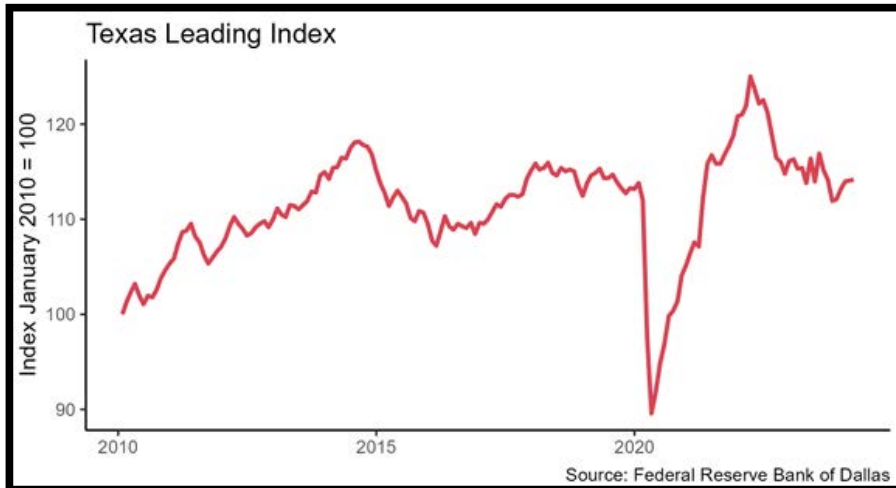
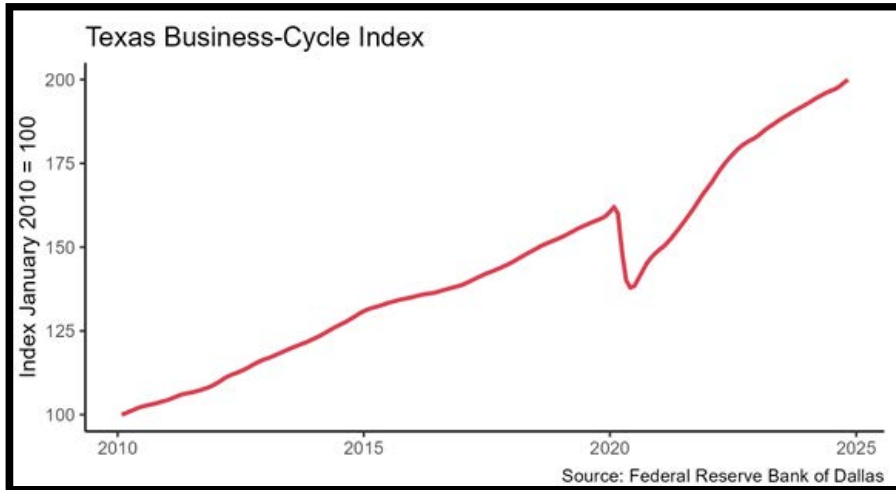
Oil and gas exports to Asia fell from \$5.21 billion in August 2024 to \$4.44 billion in September, a 14.8% decrease, which also led to a drop in Asia's share of Texas' total exports, from 43.8% to 41.8%. Lower demand from the Asian market has directly impacted Texas' oil and gas export performance, significantly contributing to the state's overall export decline. It may also suggest a shift in Asia's energy consumption patterns or changes in its sourcing strategies, placing additional pressure on Texas' export market.

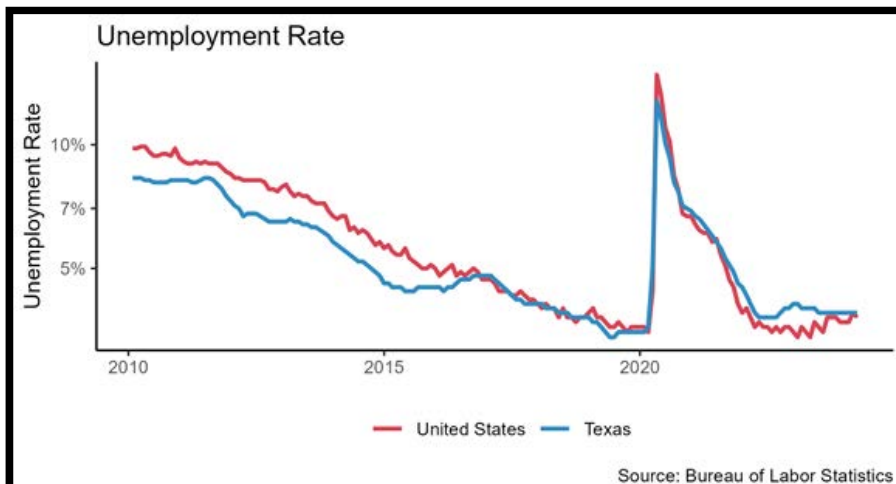
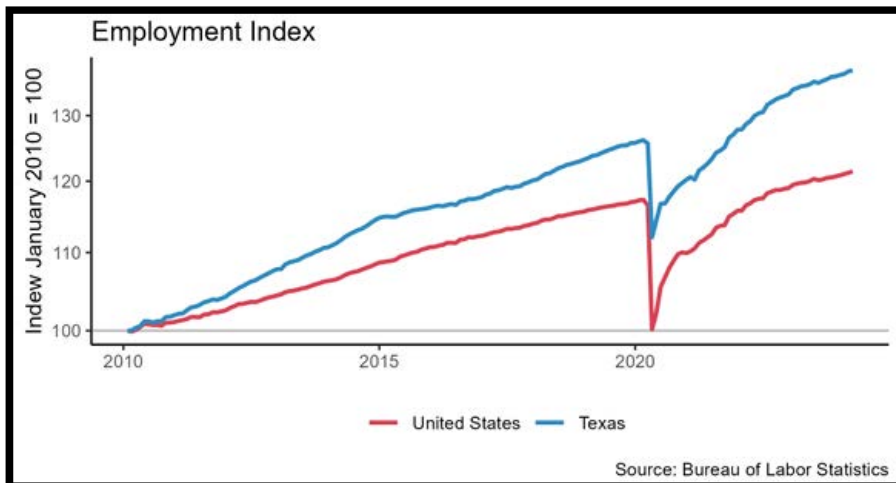


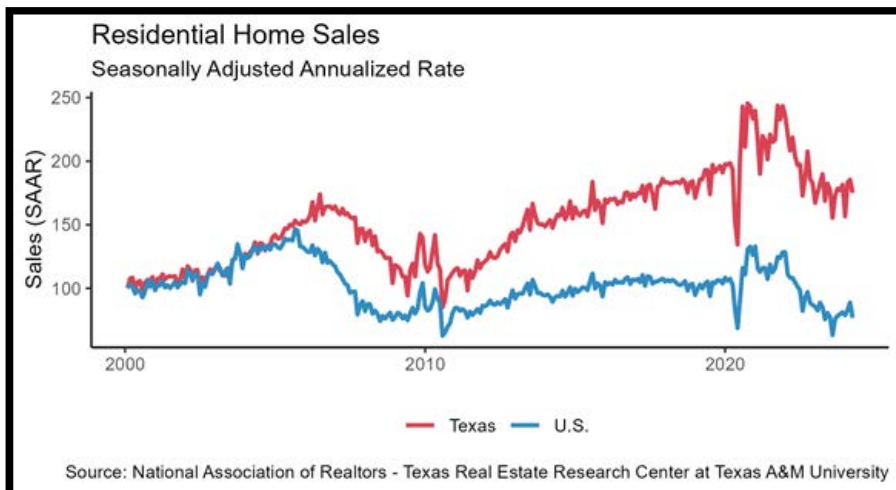
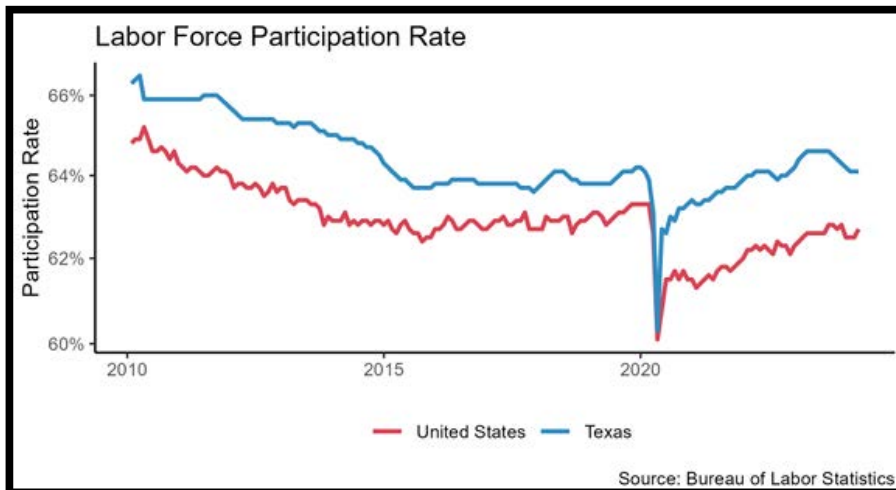
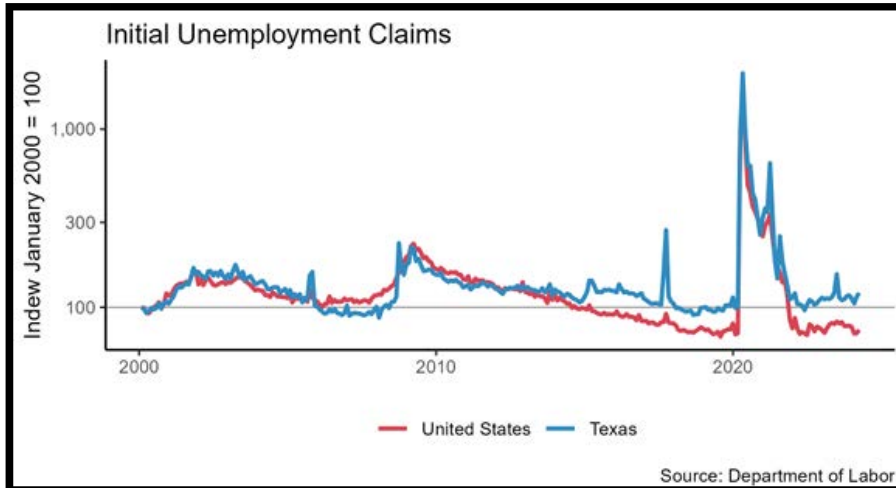
Select Economic Indicators

- The Texas Leading Economic Index declined slightly to 116.4 in October, continuing September's downward trend.
- Nominal average hourly earnings decreased to \$33.32 in October, reflecting a 3.8% YOY increase.
- Earnings declined across three of the four major metros, with Austin experiencing a \$0.33 decrease and Houston and San Antonio each seeing an \$0.18 decrease. Meanwhile, Dallas-Fort Worth (DFW) saw a modest increase of \$0.19.
- Texas consumer confidence increased by 6.4% MOM in October, reaching 109.5.
- The ten-year U.S. Treasury bond rose by 38 basis points, standing at 4.1%.
- The Federal Home Loan Mortgage Corporation's 30-year fixed-rate rose 25 basis points to 6.43%.
- The West Texas Intermediate (WTI) crude oil spot price increased by 2.5% MOM to \$71.99. The Henry Hub natural gas spot price decreased by 3.4% MOM from \$2.28 to \$2.20 per million British thermal units (BTU).

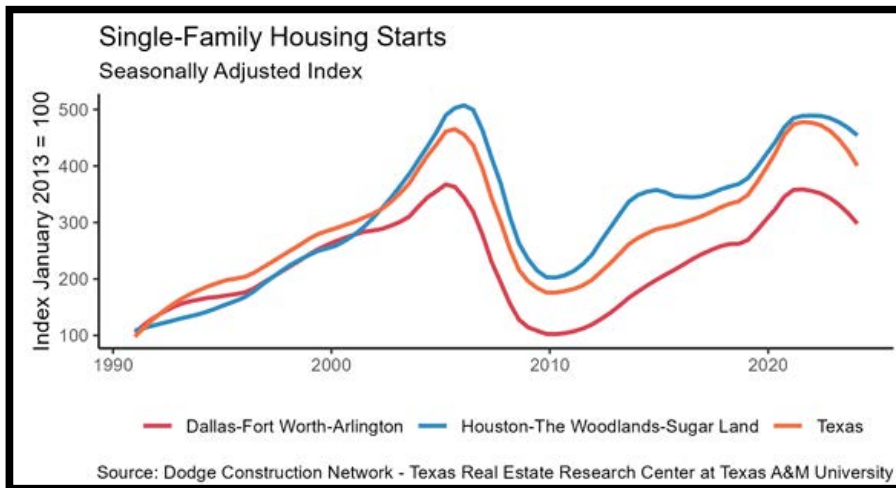
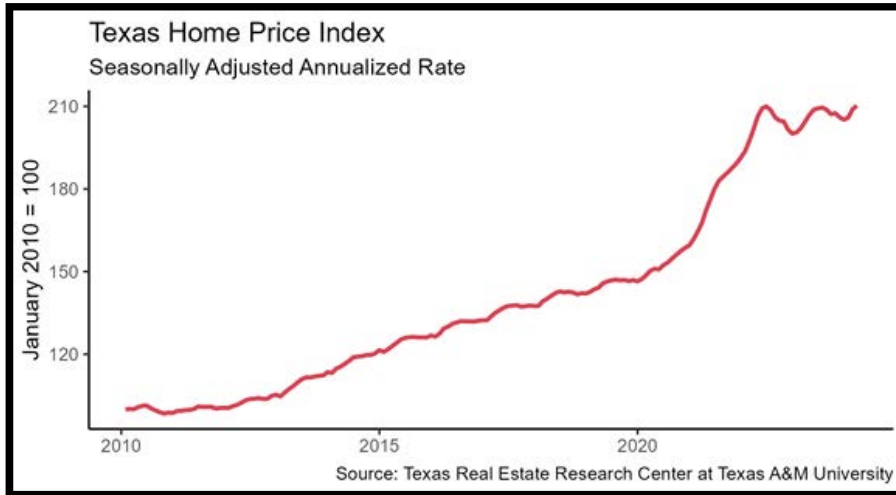
River Ridge Public Improvement District IA #2



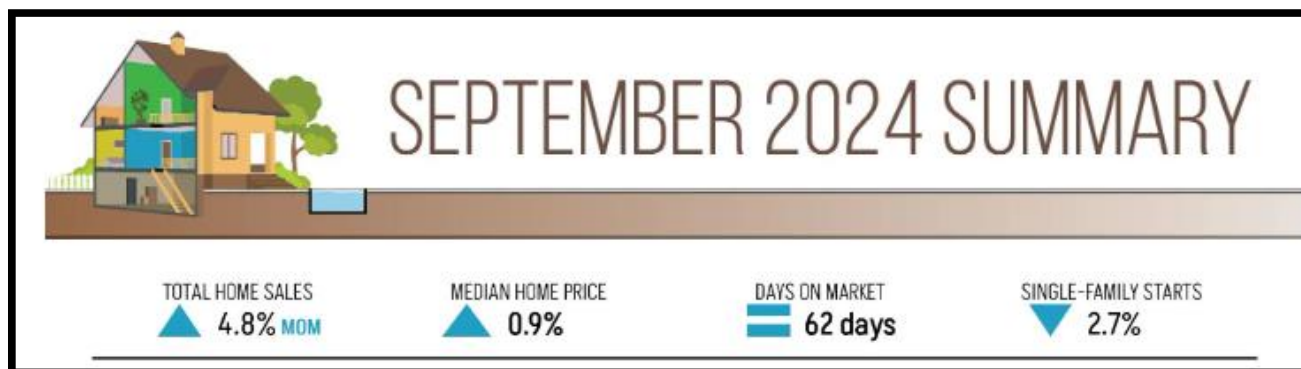




River Ridge Public Improvement District IA #2



TEXAS HOUSING INSIGHT (EXCERPTS)
Texas A&M University – Texas Real Estate Research Center
 Joshua Roberson, Junqing Wu, and Rhutu Kallur (November 20, 2024)



Summary

The third quarter ended with an increase in home sales. Pending sales had a stronger increase, which could mean another positive month in October. Home prices increased slightly, and new listings decreased after stronger growth earlier in the year. In the new-home market, both permits and starts dipped in September. Growth was exceptionally strong for both in the spring, but the pace has since leveled out.

Sales Increase, New Listings Dip

After a dip in August, statewide seasonally adjusted home sales increased by 4.8% month over month (MOM), resulting in 26,165 homes sold (Table 1). Houston had the largest increase among the Big Four at 11.6% (7,150), followed by Dallas at 4.6% (7,202) and Austin at 2.6% (2,331). San Antonio was the only one among the Big Four to have a decrease in September (10.3%), resulting in 2,523 homes sold.

Table 1. Home Sales Volume

	August	September	MOM Change
Houston-Pasadena-The Woodlands	6,407	7,149	11.6%
Texas	24,973	26,165	4.8%
Dallas-Fort Worth-Arlington	6,888	7,202	4.6%
Austin-Round Rock-San Marcos	2,273	2,331	2.6%
San Antonio-New Braunfels	2,812	2,523	-10.3%

Source: Data Relevance Project and Texas Real Estate Research Center at Texas A&M University
 Note: Data are seasonally adjusted

The number of new listings decreased by 490, marking a 1.1% fall from August. After Hurricane Beryl, which hit Texas in early July, new listings in Houston plummeted but bounced back in August. Even without the hurricane, the rate of new listings statewide appears to have slowed down after an aggressive start of the year. San Antonio saw an increase of 2% (4,104), followed by Austin at 1.2% (3,587). Houston and Dallas both decreased by 4% each at a current new listing count of 13,412 and 11,002, respectively.

The state’s average days on market (DOM) has remained at 62 days since August. Austin had the largest increase—from 71 to 73 days, a 2.8% increase. San Antonio increased from 75 to 76 days. Dallas fell from 55 days to 54 days while Houston remained at 53 days. Texas’ number of active listings increased from 120,019 to

River Ridge Public Improvement District IA #2

122,760 (2.3%). Active listings across the Big Four had mixed results in September, with Dallas and Houston rising at 4.7% (28,191) and 4.3% (29,724), respectively, while Austin fell by 2.7% (11,153). San Antonio had no significant changes and increased by only 0.15%. Statewide pending listings have increased from 26,933 to 28,779, which represents 6.9% overall. Houston saw a significant increase in pending listings from 7,298 to 8,455 (a 15.8% rise), followed by Dallas at 8.2% (7,348). San Antonio and Austin had less fluctuation. San Antonio rose by 1% (2,702), and Austin fell by 0.5% (2,552).

Interest Rates on the Decline

Treasury and mortgage rates both declined in September but at a slower rate than the month before. The average ten-year U.S. Treasury Bond yield fell 15 basis points to 3.72% and has consistently been on the downward slope since April of 2024 September saw the lowest rates since June 2023. The Federal Home Loan Mortgage Corporation's 30-year fixed-rate fell by 32 basis points to 6.18%. The Federal Reserve slashed the federal funds rate by 50 basis points and has suggested at least one more rate cut this year.

Single-Family Permits Fall

Statewide, building permits decreased by 1.2% MOM in September. Except for San Antonio, which was up 1.2%, the Big Four had a downward trend with Dallas falling 5.4% (4,021), Austin 3.4%, and Houston 1.2%.

Single-family construction starts fell after monthly increases since July 2024. Seasonally adjusted statewide single-family starts decreased 2.7% MOM to 13,170 units. Most of the Big Four fell in September. Dallas fell the most at 8.8% (3,126), followed by Houston at 3.7% (4,463) and Austin at 1.6% (1,524). San Antonio, meanwhile, increased by 4.1% (895).

The state's total value of single-family starts climbed from \$22.77 billion in September 2023 to \$28.9 billion in September 2024. Houston accounted for 35.6% of the state's total starts value followed by Dallas with 27%.

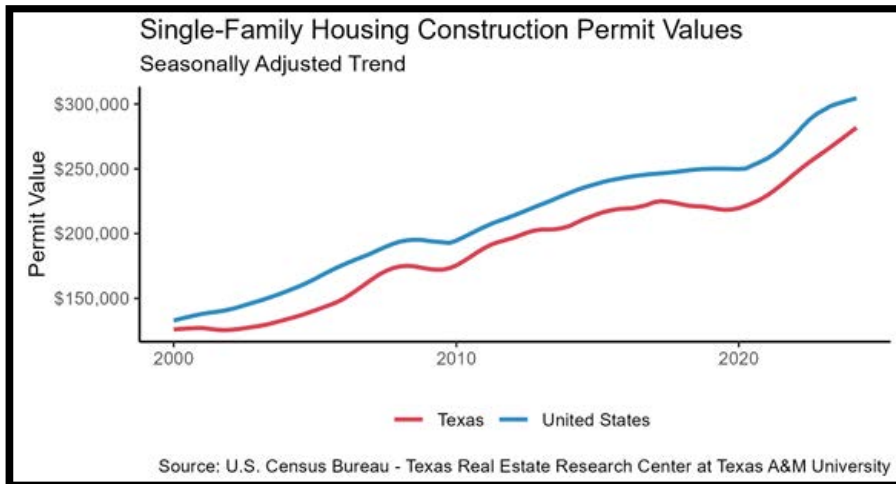
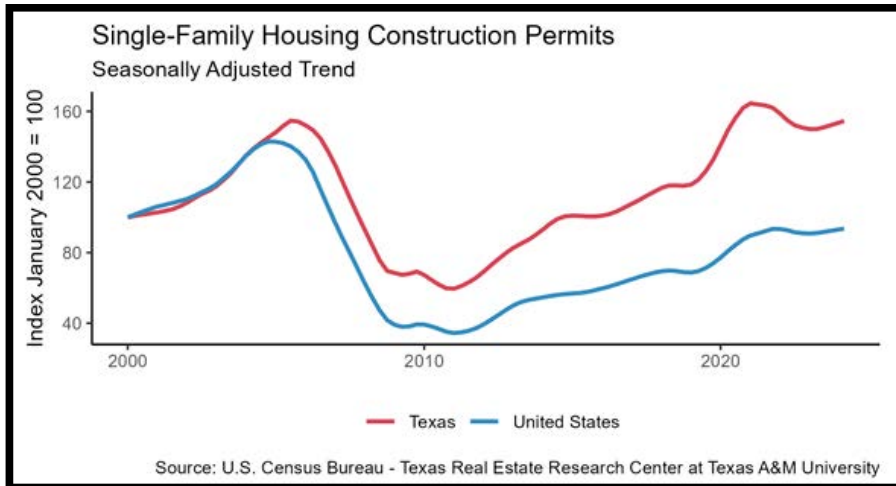
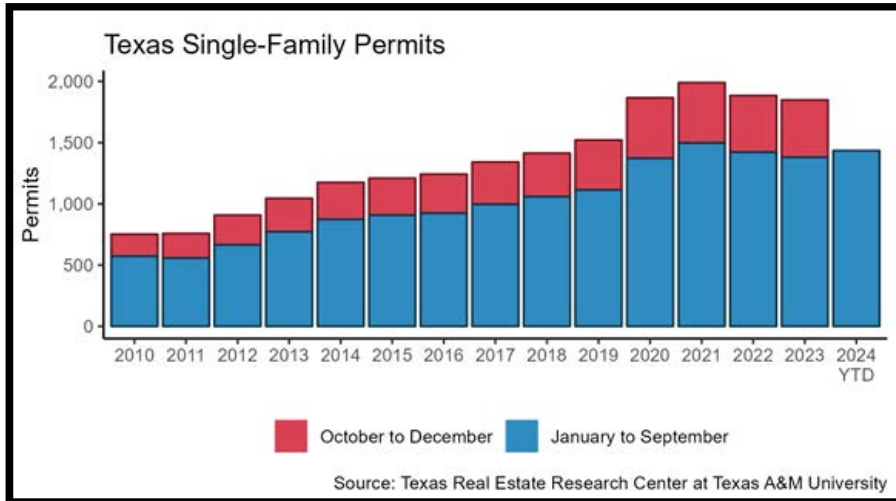
Home Price Rose Slightly

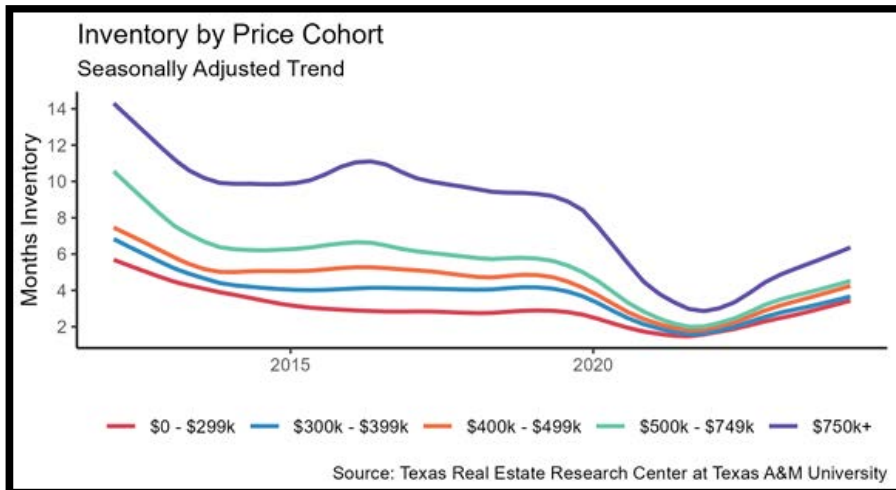
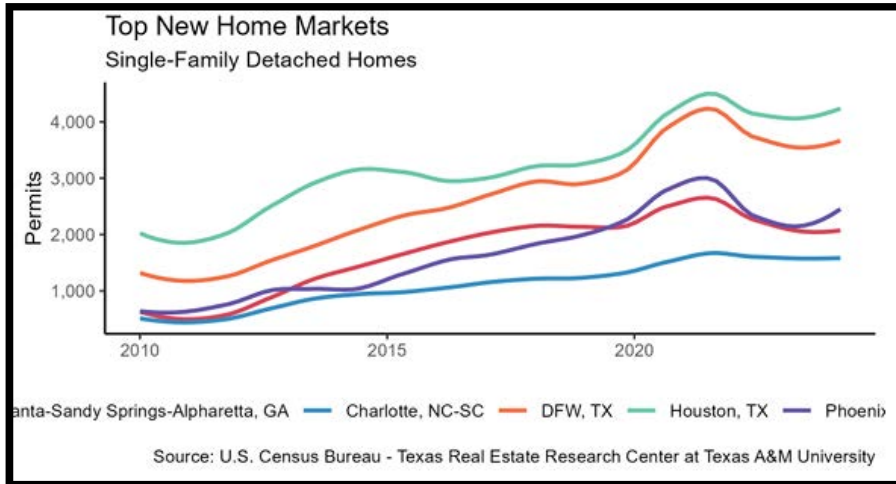
Texas' median home price rose 0.9% MOM in September from \$334,836 to \$337,698 (Table 2). San Antonio grew by 2.9% at \$307,363 and Houston by 1.3% at \$337,651. Austin dipped by 1.6% to \$430,011 while Dallas fell by only 0.1% to 394,079. The Texas Repeat Sales Home Price Index (Jan 2005=100), which is a more accurate reflection of home price changes, fell 0.4% MOM in September but increased 1.7% year over year (YOY). Austin's annual appreciation remains below the state's average and fell by 0.9% YOY in September.

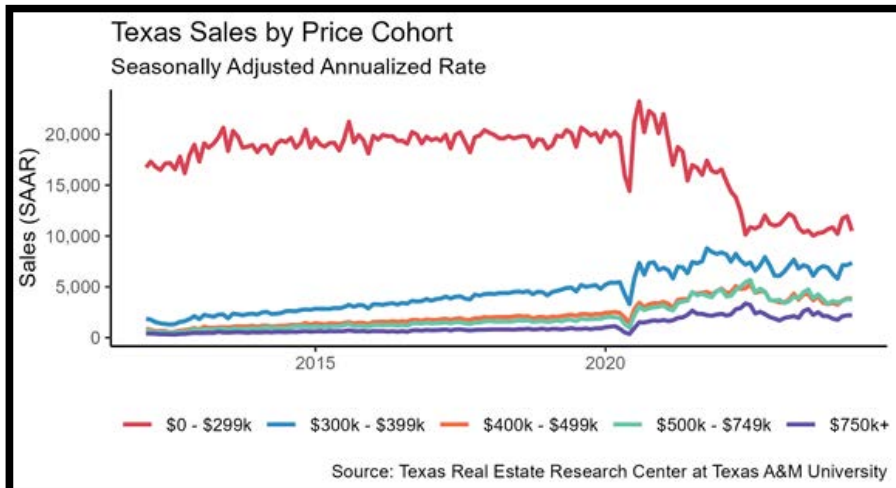
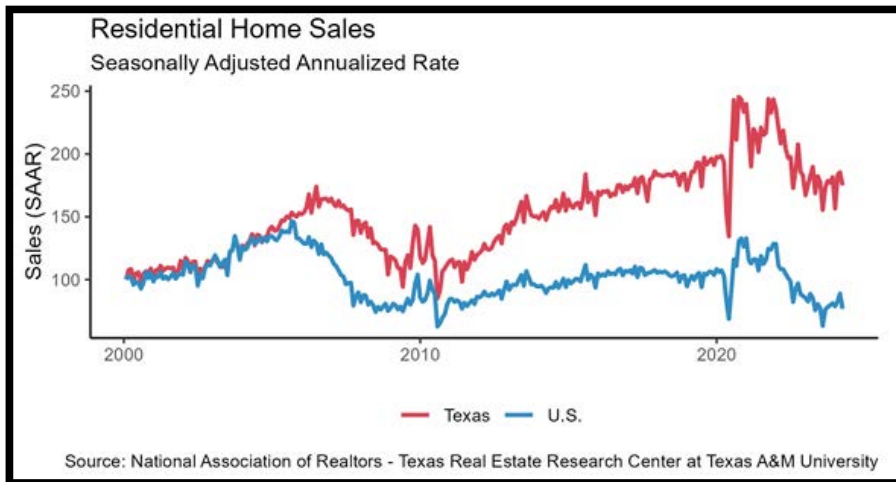
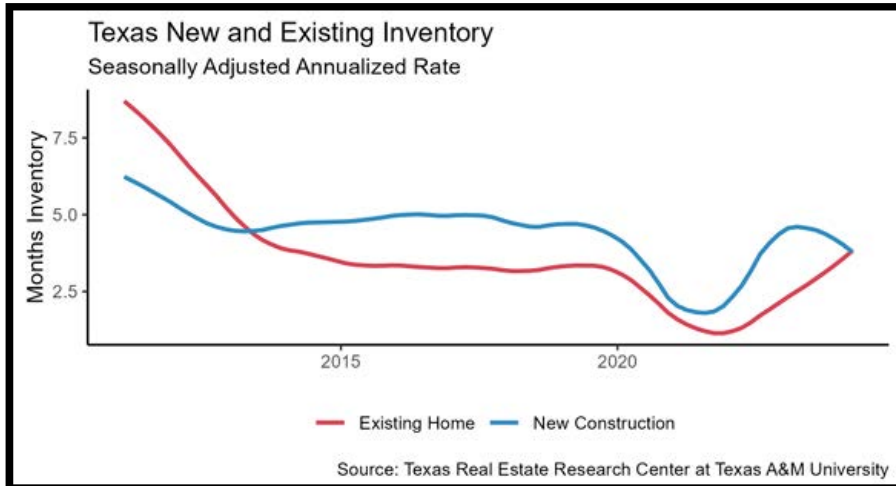
	August	September	MoM Change
San Antonio-New Braunfels	\$298,840	\$307,363	2.9%
Houston-Pasadena-The Woodlands	\$333,160	\$337,651	1.3%
Texas	\$334,836	\$337,698	0.9%
Dallas-Fort Worth-Arlington	\$394,666	\$394,079	-0.1%
Austin-Round Rock-San Marcos	\$436,799	\$430,011	-1.6%

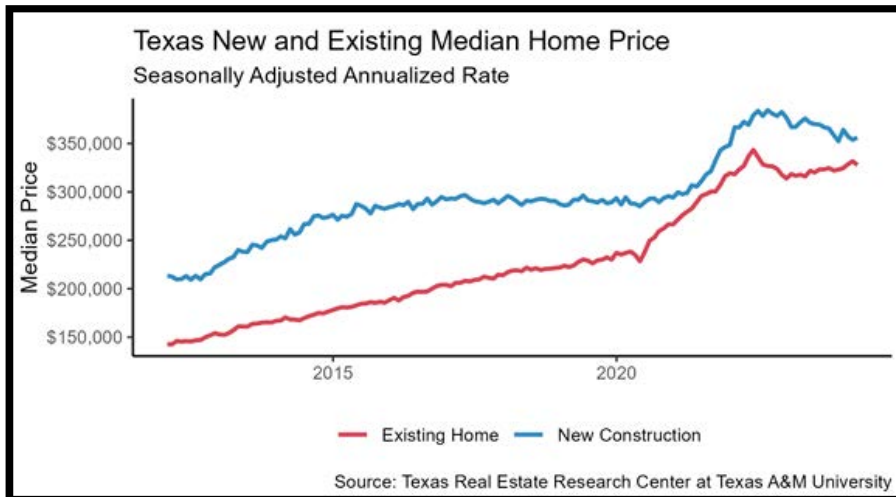
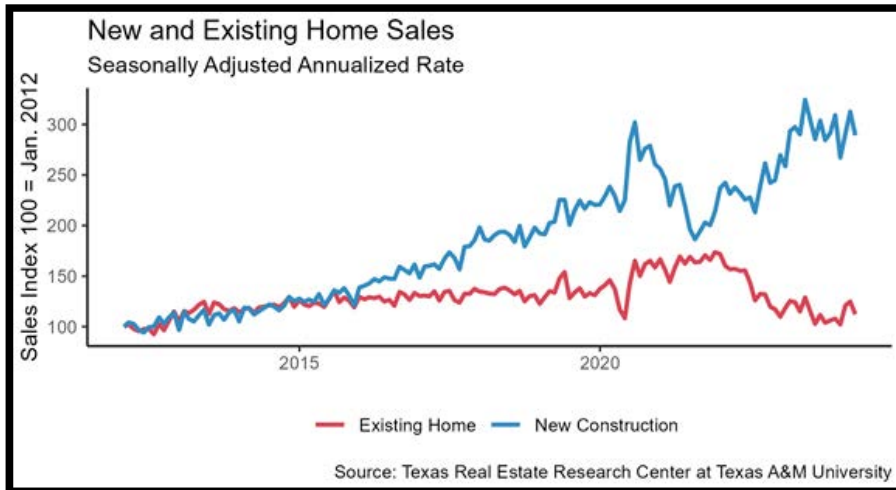
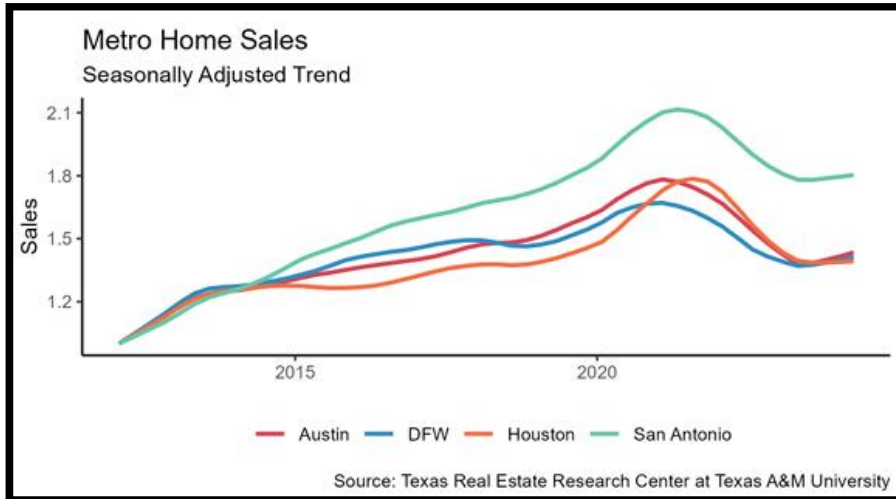
Source: Data Relevance Project and Texas Real Estate Research Center at Texas A&M University
Note: Data are seasonally adjusted

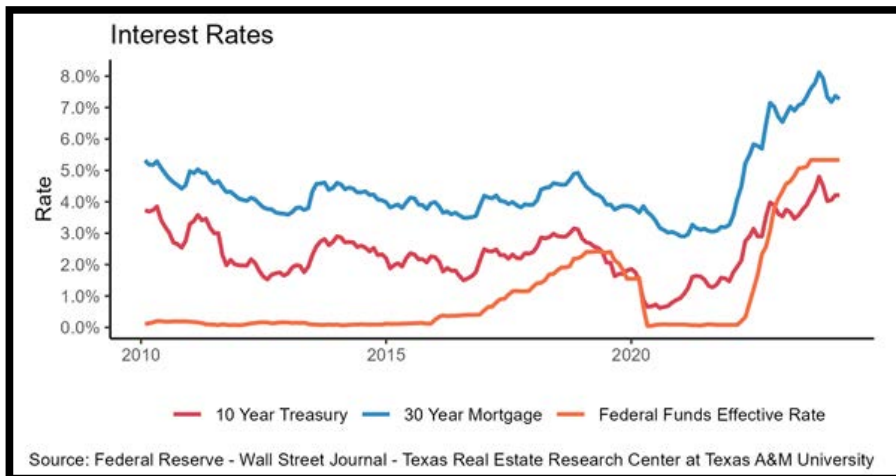
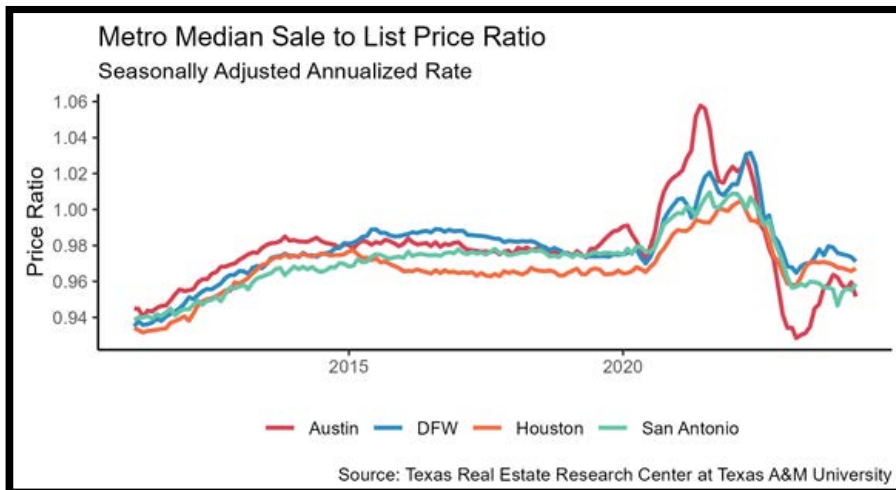
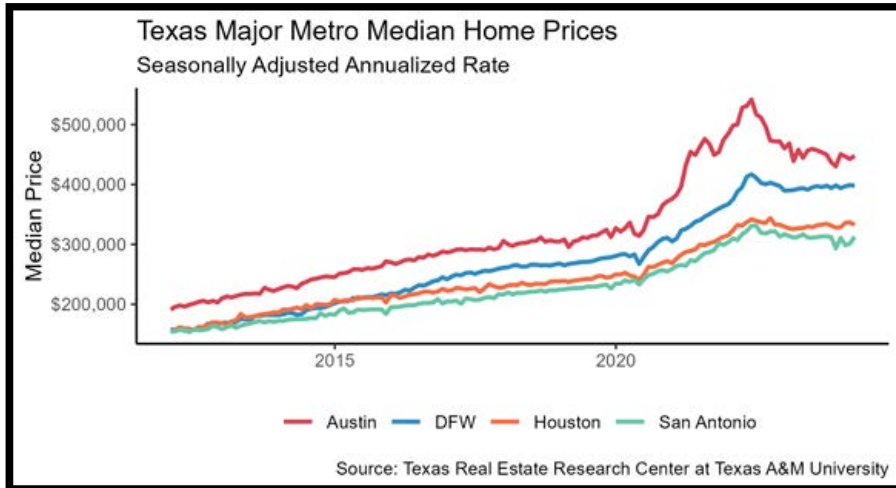
River Ridge Public Improvement District IA #2









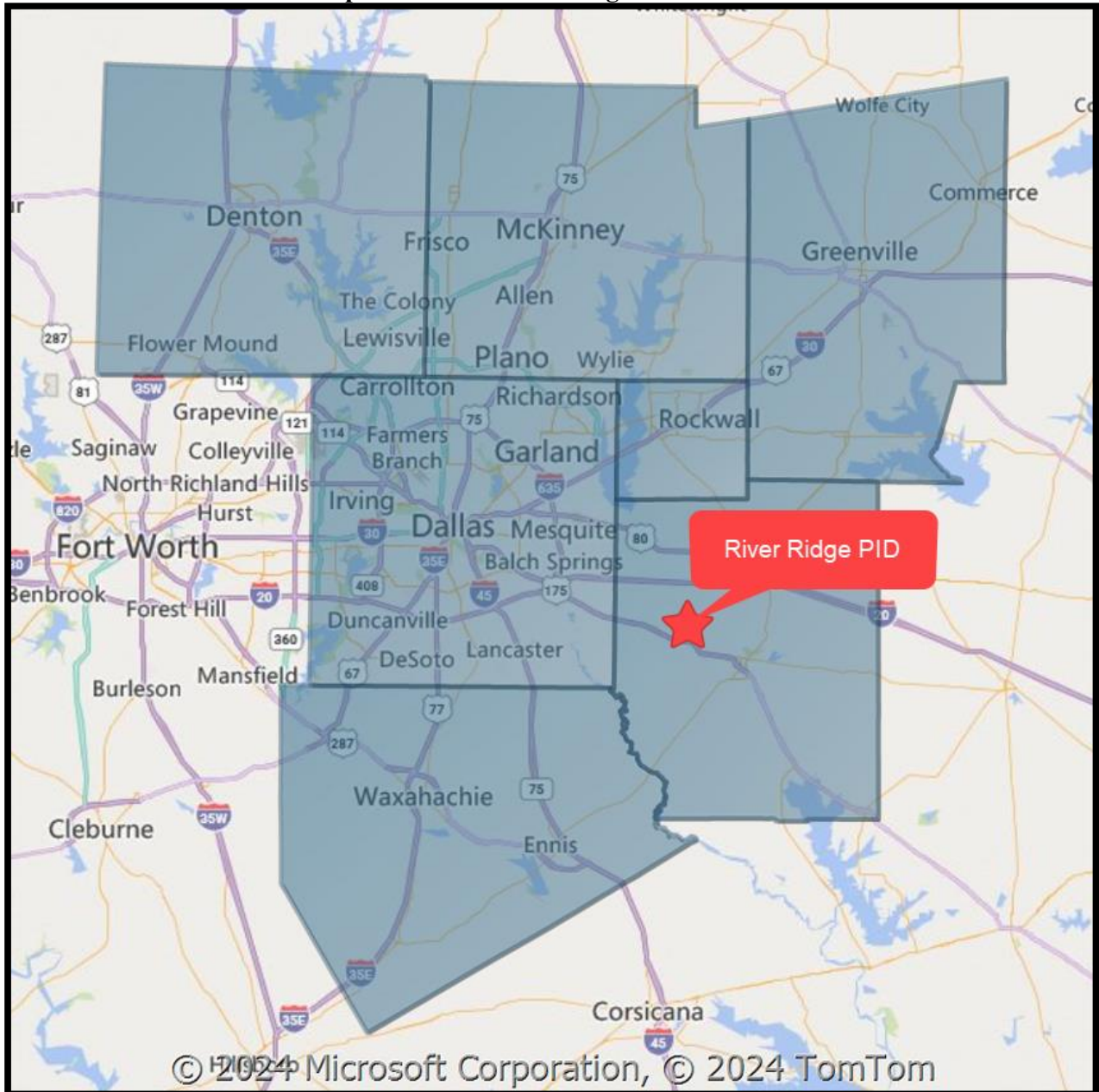


DALLAS-PLANO-IRVING METRO DIVISION QUARTERLY HOUSING REPORT (EXCERPTS)
Texas A&M University – Texas Real Estate Research Center
(Third Quarter, 2024)

Executive Summary

- Metro area sales volume increased 1.1% to 16,102 transactions. Median price decreased 1.2% year-over-year to \$420,000.
- 2024 Q3 months inventory for all residential properties rose 47% year-over-year to 4.1 months.
- Metro area residential property listings increased 45.6%-year-over-year to 20,390 active listings.

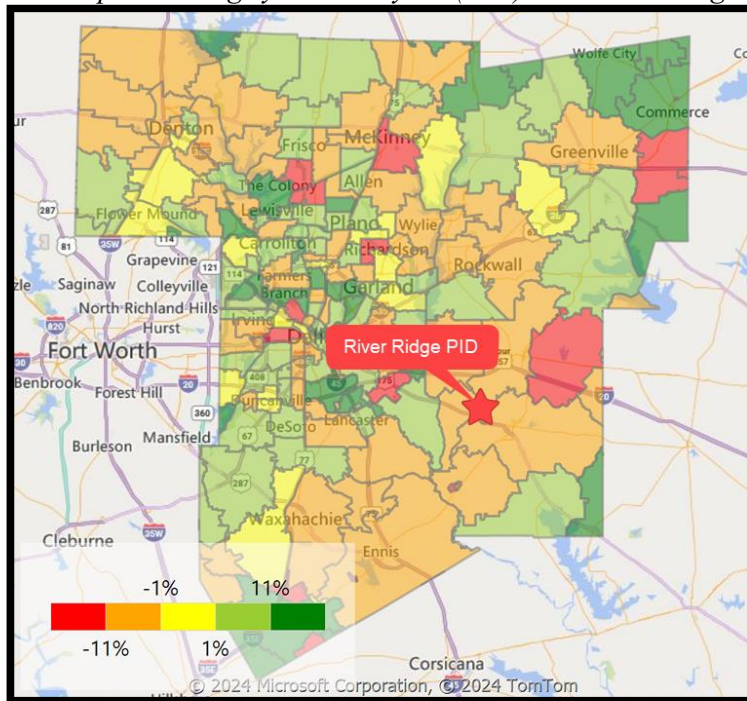
Map of Dallas-Plano-Irving Metro Division



River Ridge Public Improvement District IA #2

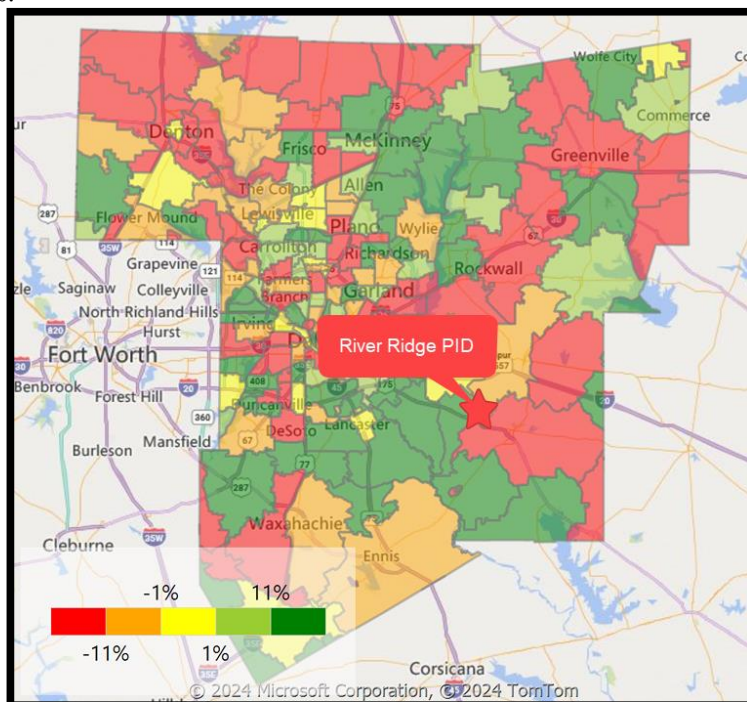
Median Price Change (YoY)

According to TREC, median sale price change year-over-year (YoY) near River Ridge PID decreased 1% < 11%.



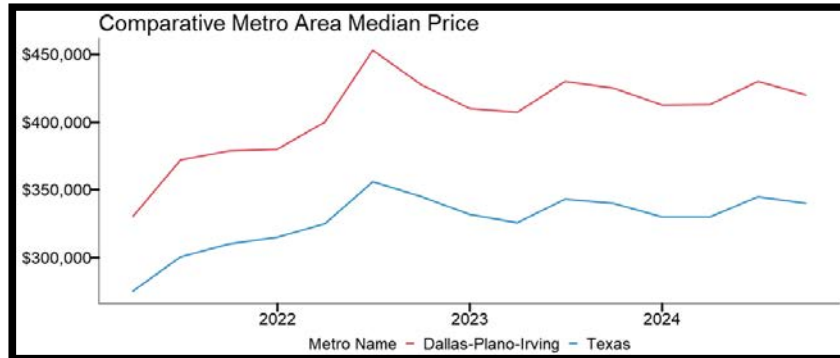
Sales Volume Change (YoY)

According to TREC, sales volume change year-over-year (YoY) in the subject's area near River Ridge PID increased more than 11%.

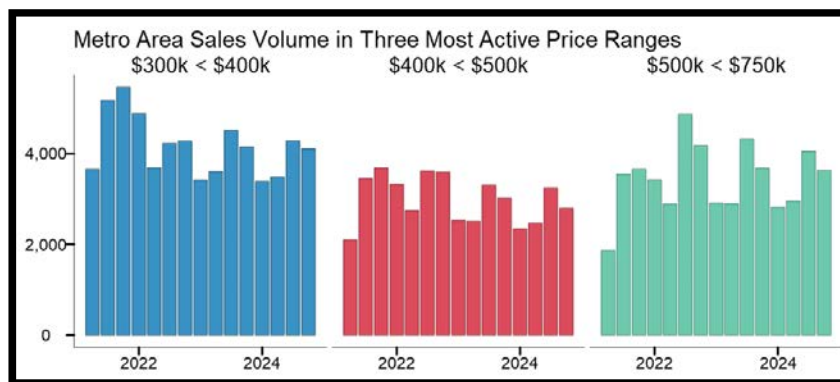


River Ridge Public Improvement District IA #2

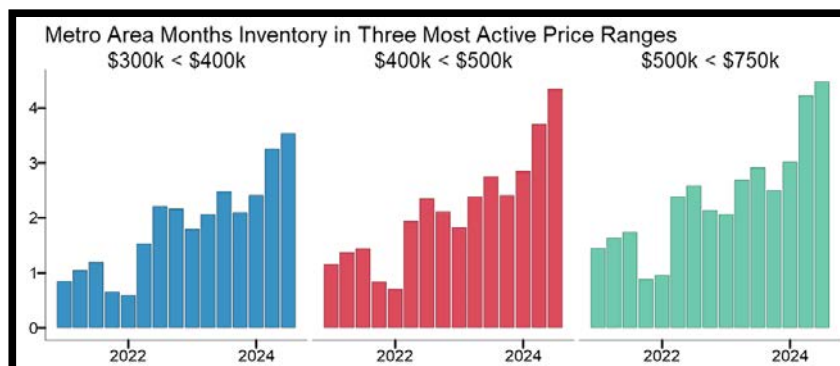
Median price in the Dallas-Plano Irving metro decreased by approximately 1.2% year-over-year, from \$426,000 to \$420,000. Metro area price exceeded the statewide median price of \$340,000 by \$80,000 as shown in the following chart:



2024 Q3 total sales volume increased by approximately 1.1% year-over-year, from 15,932 to 16,102. Sales of homes between \$300k and \$400k dipped from 4,153 to 4,111, while homes between \$500k and \$750k dipped from 3,680 to 3,629, and homes between \$400k and \$500k dipped from 3,020 to 2,792 as shown in the following graph:



Metro area months inventory increased year-over-year from 2.78 to 4.08 months. Homes between \$300k and \$400k rose year-over-year, from 2.47 to 3.54 months, while homes between \$500k and \$750k rose year-over-year, from 2.91 to 4.47 months and homes between \$400k and \$500k rose year-over-year, from 2.75 to 4.34 months as shown in the following graph:

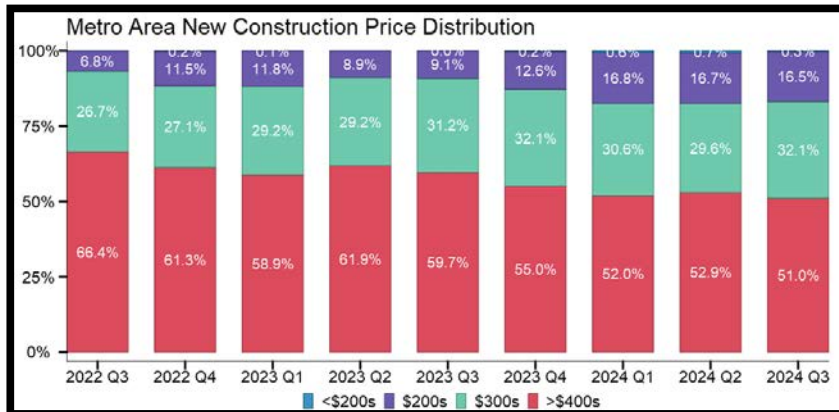


River Ridge Public Improvement District IA #2

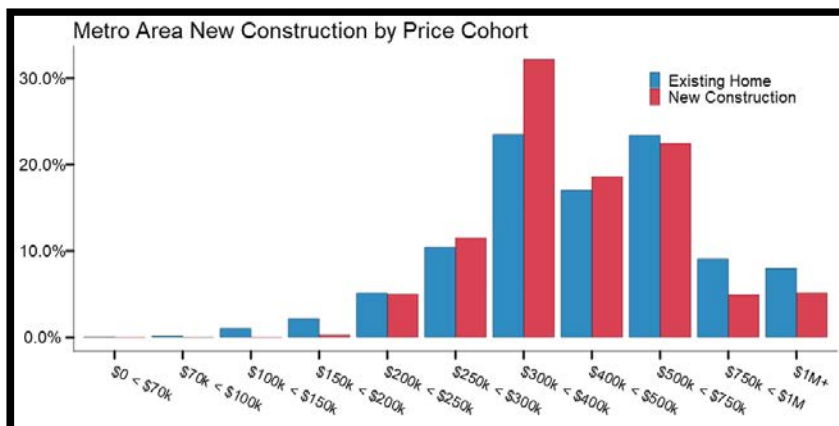
Average days to sell throughout the metro area increased from 73 to 81 days, an increase of 11% year-over-year. Average days to sell for homes between \$300k and \$400k increased from 70 to 79 days, a 12.9% increase year-over-year as shown in the following graph:



Homes in the \$400s and above fell to 51.1% of single-family new construction sales through the MLS. The second most active price range was homes in the \$300s, which grew from 31.2% to 32.1% year-over-year as shown in the following graph:



In the latest quarter, the average price was \$506,243 for new homes sold through the MLS, a decrease over last year's figure of \$533,674. The average price for existing homes was \$556,080, an increase over last year's figure of \$545,116 as shown in the following graph:



River Ridge Public Improvement District IA #2

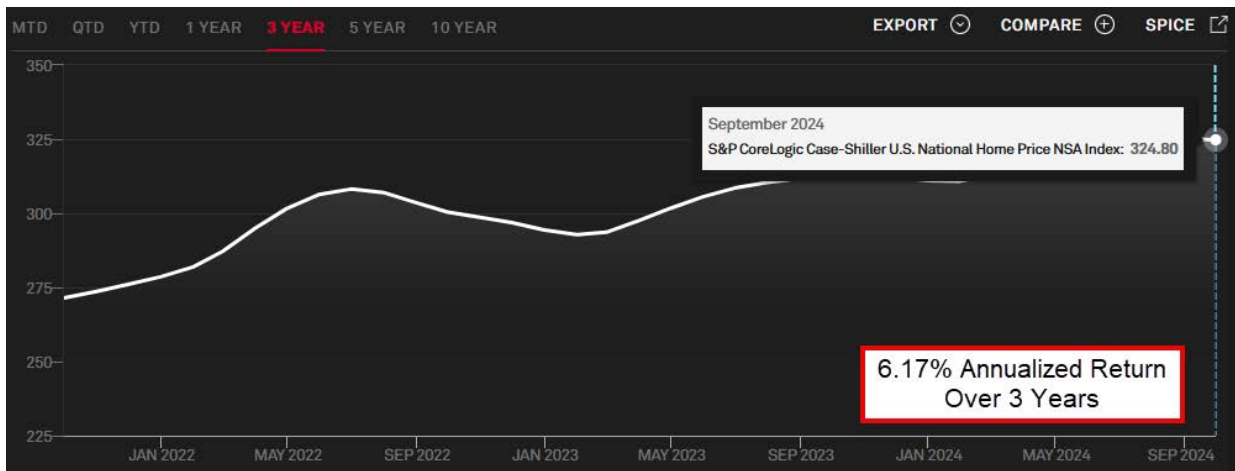
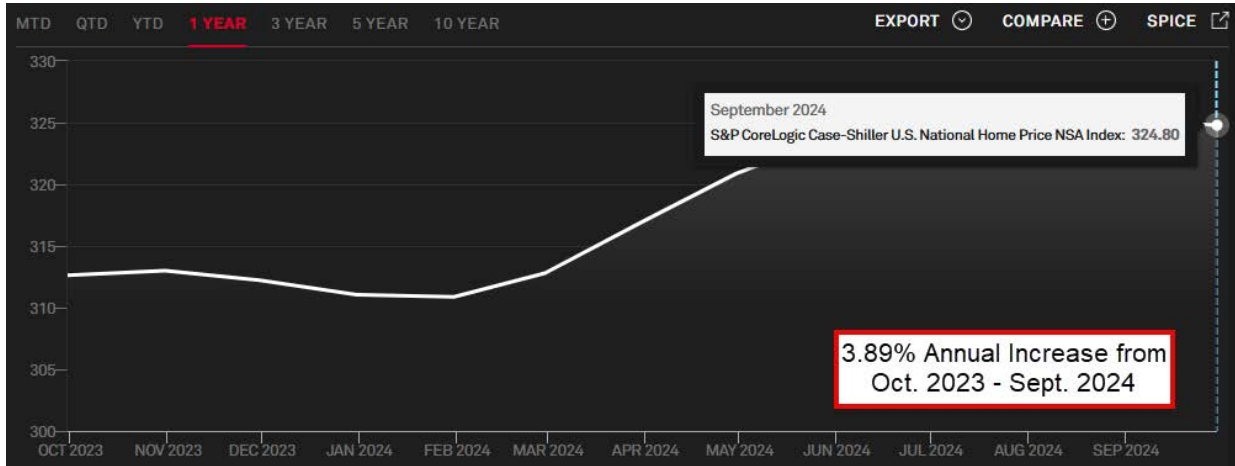
The following chart shows the housing metrics for Kaufman County:

Kaufman County											
Price Cohort	Closed Sales	YoY%	% Sales	Median Price	YoY%	Median Price PSF	YoY%	Active Listings	Months Inventory	Median Square Feet	Median Year Built
\$0 < \$70k	0	-100%	0%	-	-	-	-	1	2.4	-	-
\$70k < \$100k	3	-40%	0%	***	***	***	***	2	1.7	***	***
\$100k < \$150k	6	-50%	1%	\$111,750	-9%	\$89.08	-18%	7	3.1	1,200	1963
\$150k < \$200k	23	21%	2%	\$183,500	2%	\$133.68	12%	22	3.1	1,266	1982
\$200k < \$250k	155	158%	16%	\$230,000	0%	\$162.38	-9%	68	1.9	1,411	2024
\$250k < \$300k	249	49%	25%	\$275,000	-2%	\$165.37	-10%	222	3.1	1,658	2021
\$300k < \$400k	343	-9%	35%	\$338,504	-1%	\$157.70	-6%	511	4.6	2,193	2023
\$400k < \$500k	116	-3%	12%	\$443,350	1%	\$168.39	-3%	368	9.4	2,629	2022
\$500k < \$750k	75	-10%	8%	\$567,000	-1%	\$187.35	-1%	214	9.3	3,091	2016
\$750k < \$1M	7	75%	1%	\$829,900	7%	\$207.53	-20%	39	16.1	4,071	2001
\$1M+	2	100%	0%	***	***	***	***	30	36.0	***	***

*** Not displayed when fewer than five sales

S&P CORELOGIC CASE-SHILLER INDEX September 2024

Data reported from the Standard & Poor Dow Jones Indices (1-year and 3-year graphs shown below) from the end of September 2024 showed that home prices nationally were up 3.89% YoY while the Dallas Metropolitan area also increased by 1.1%. Prices have increased in mostly the western and northern states; with the southern region remaining lower compared to the national average.



Metropolitan Area	September 2024 Level	September/August Change (%)	August/July Change (%)	1-Year Change (%)
Dallas	298.39	-0.6%	-0.5%	1.1%
Composite-10	350.61	-0.4%	-0.4%	5.2%
Composite-20	333.59	-0.3%	-0.3%	4.6%
U.S. National	324.80	-0.1%	-0.1%	3.9%

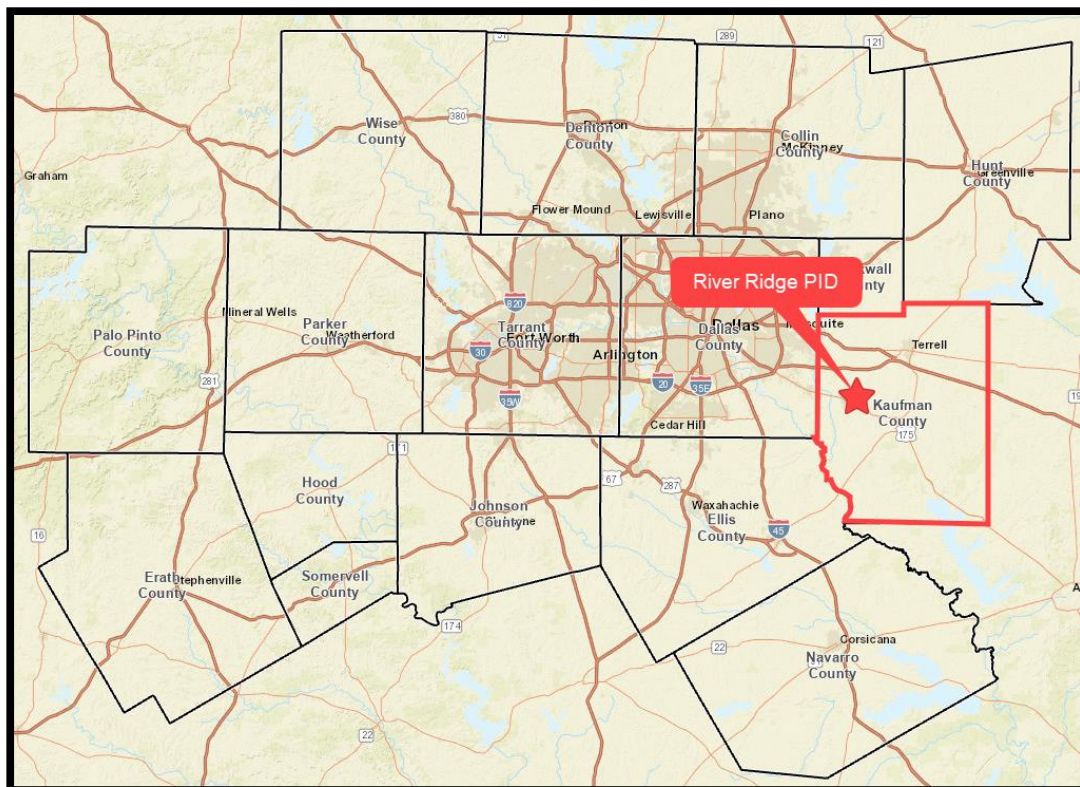
Sources: S&P Dow Jones Indices and CoreLogic
Data through September 2024

REGIONAL ANALYSIS

The subject is located in Kaufman County within the Dallas-Plano-Irving Metropolitan Statistical Area (MSA), often combined from the Fort Worth-Arlington-Grapevine MSA, and more commonly referred to as the Metroplex (DFW), which encompasses parts of 16 counties and contains 23 cities with populations over 50,000 in North Central Texas. As reported by the North Central Texas Council of Governments (NCTCOG), the estimated January 1, 2024, population for the NCTCOG region is 8,481,512. Last year the region added just under 200,000 people, nearly 40,000 more residents than were added in 2022. Dallas (30,201) added more population than any other city, followed by Fort Worth with just under 27,000 and surpassing 1 million residents. Celina (10,826), Frisco (6,696), and Princeton (6,374) round out the top 5 growth cities. For the second straight year, Collin County added more than 53,000 new residents while Dallas County added almost 42,000 and Tarrant County added over 35,000 new people. Since 2020, 650,000 new residents now call north Texas home. Contributing about one-third of Texas' GDP, the economy is the most diverse in the state. DFW is home to many business and professional services from major financial institutions to international law firms. It is also home to one of the top ranked container ports in the US and an extensive infrastructure network that serves multiple hotbeds for e-commerce fulfillment.

The region is anchored by two major passenger airports: Dallas-Fort Worth International Airport (DFW), which is the second busiest airport in the world in terms of aircraft movements and the largest hub for American Airlines, and Dallas Love Field Airport (DAL), which is a city-owned airport and the largest hub for Southwest Airlines – the largest carrier in the nation in terms of passengers carried.

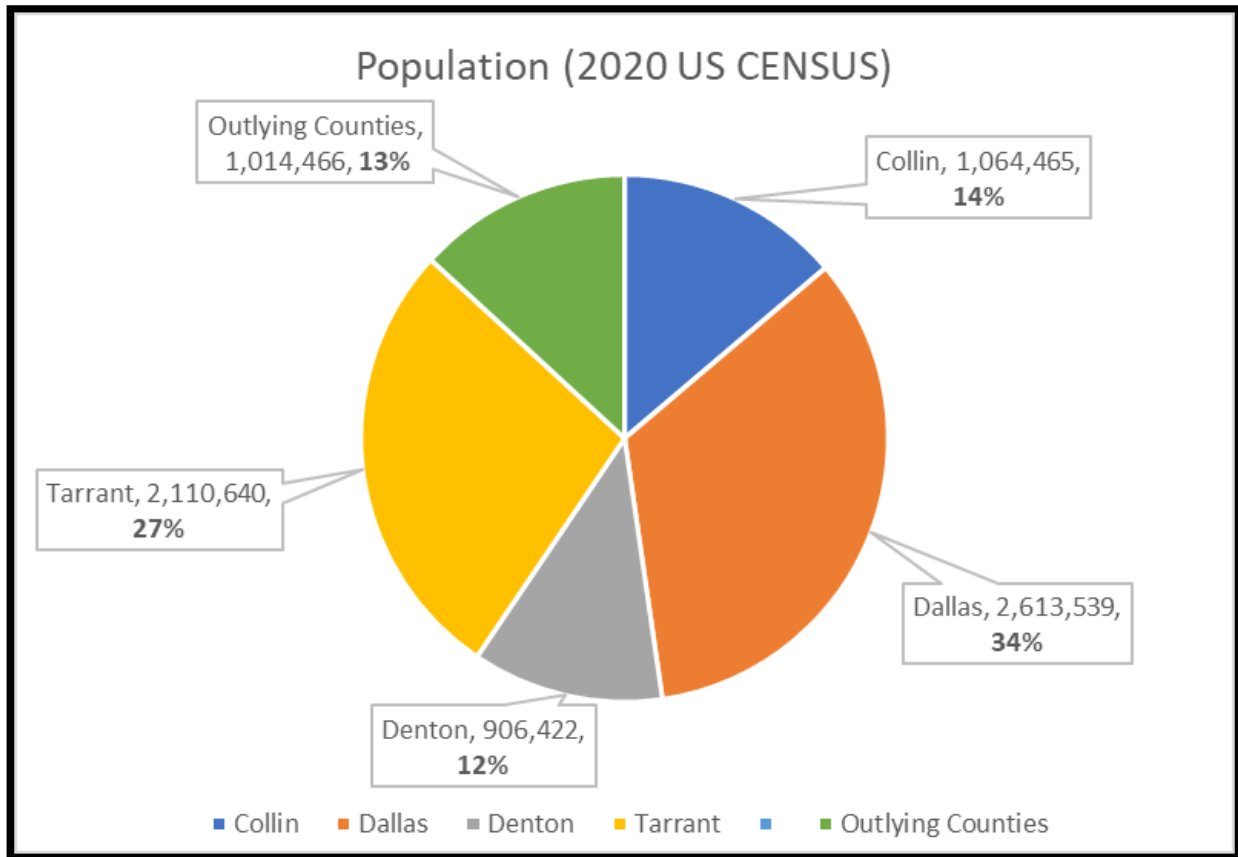
MAP OF DALLAS-FORT WORTH METROPLEX
Red Lines Showing Kaufman County Boundary



When compared to the national economy, the DFW Metroplex is expected to experience expansion arising from growth in a variety of sectors including construction, transportation, manufacturing, finance, healthcare, business services, science and technology, education, and real estate. The expansion is fueled by the region’s strategic location in the center of the country and located at the nexus of major roadways such as Interstates 35, 30, 20, and 45. It is predicted by most analysts that economic activity in the area will exceed the state and national growth averages across most indicators. The region is set for long-term development due in part to its transportation infrastructure, low cost-of-living, business friendly regulatory environment, mild weather, young population, and large work force.

A chart of the four counties in the Metroplex with the highest populations is shown below. Dallas County is the most populated county in the region with 2,613,539 residents, followed closely by Tarrant County with 2,110,640, Collin County with 1,064,465, and Denton County with 906,422. Other outlying counties such as Ellis, Johnson, Parker, Kaufman, Rockwall, etc. add up to another 1,014,476 residents. The subject property is in western Kaufman County.

PIE CHART OF POPULATION PERCENTAGES IN DFW METROPLEX

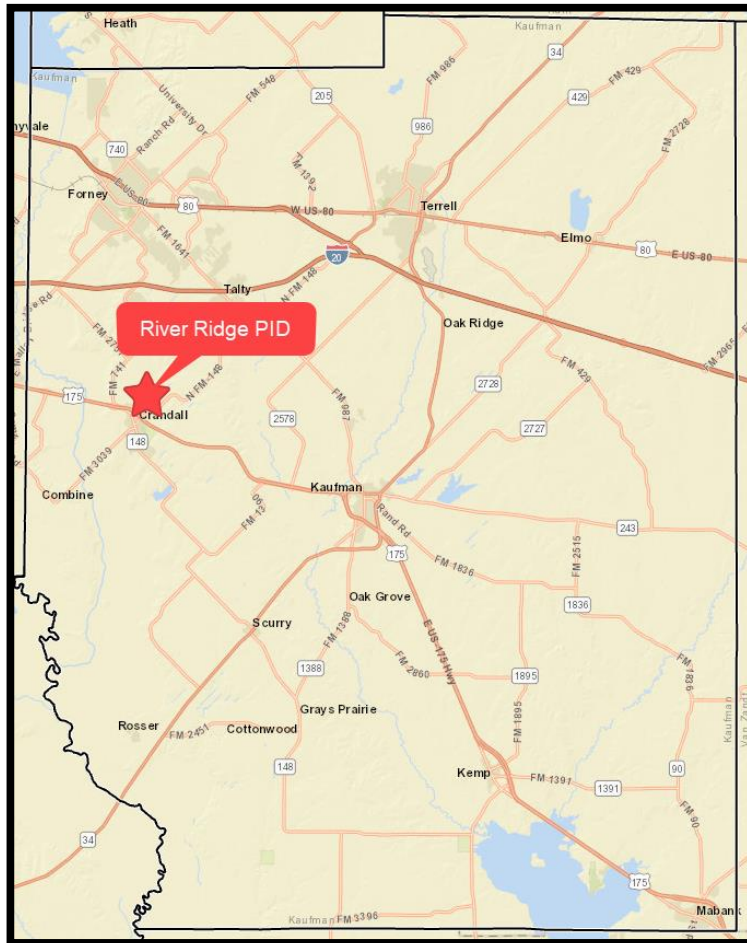


KAUFMAN COUNTY OVERVIEW

The subject property is located in the western area of Kaufman County, which is a region known for its blend of suburban and rural characteristics. Its county seat is Kaufman, and its largest city is Terrell. As of the 2020 census, Kaufman County had a population of 145,310, but recent estimates suggest that number has grown significantly, reflecting its status as one of the fastest-growing counties in the nation. The county encompasses a mix of small towns, agricultural lands, and rapidly developing residential communities, reflecting the growth and expansion of the Dallas-Fort Worth metroplex. The presence of major highways like Interstate 20, U.S. Highway 80, and U.S. Highway 175 facilitates easy access to Dallas, making Kaufman County an attractive location for those seeking a quieter, more rural lifestyle while still being within commuting distance of the City of Dallas.

Economically, Kaufman County has a diverse base, including agriculture, manufacturing, retail, and healthcare. Historically, it has been an agricultural hub, producing crops like cotton, corn, and hay, along with livestock farming. In recent years, the county has experienced significant growth in residential development and commercial enterprises, driven by the expanding population and the influx of businesses. Educational institutions like Trinity Valley Community College and various public-school districts serve the county, contributing to its community-oriented atmosphere. Recreational opportunities abound, with numerous parks, lakes, and outdoor activities available, enhancing the quality of life for its residents.

MAP OF KAUFMAN COUNTY
Subject Located in West Kaufman County



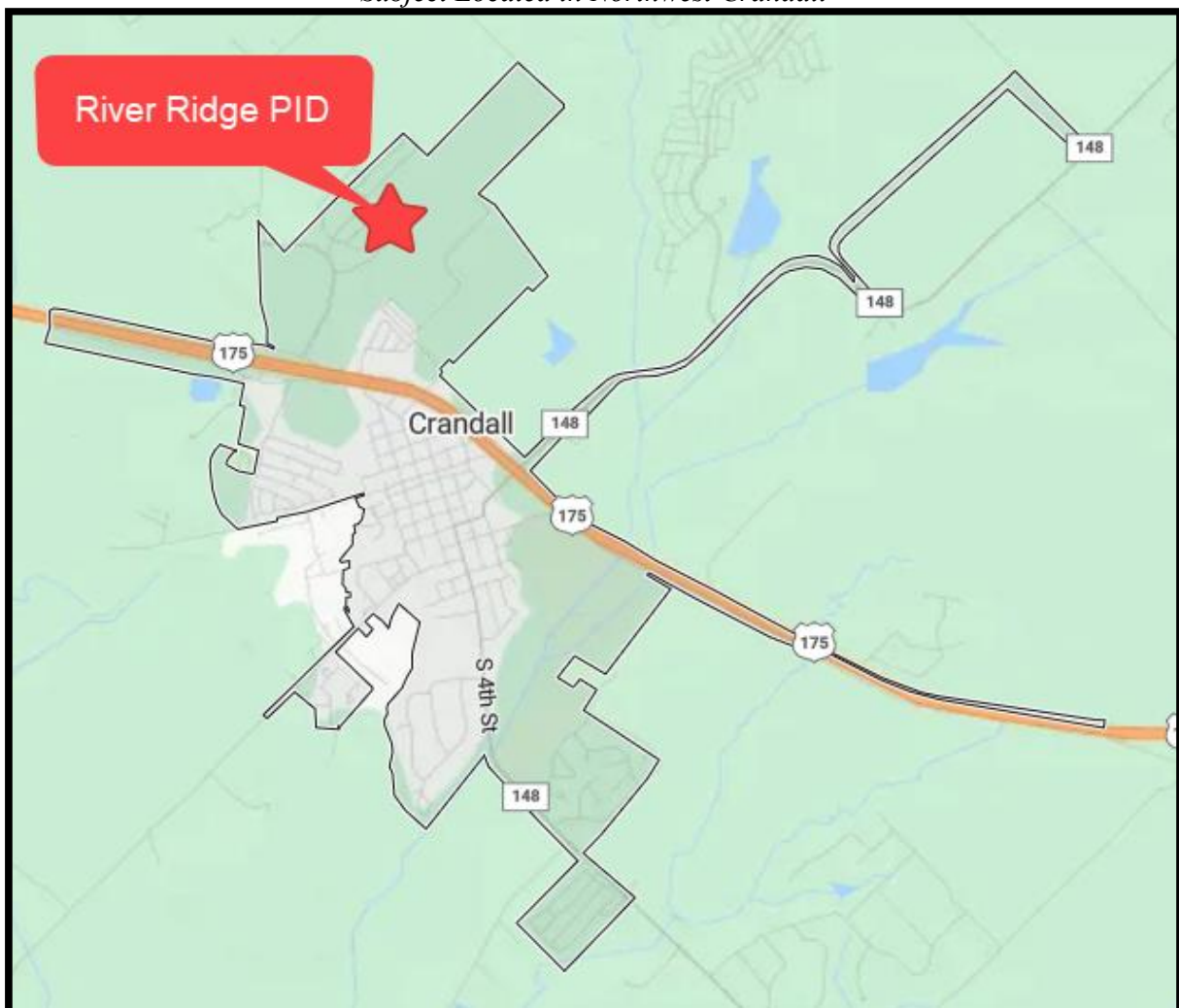
CITY OF CRANDALL OVERVIEW

Crandall, Texas, is a small city located in Kaufman County, part of the Dallas-Fort Worth metroplex. With a population of approximately 5,100 as of 2023, Crandall has grown significantly from its early days as a railway town in the 1880s. The city was named after Cornelius F. Crandall, who also founded Crandall, Indiana. Crandall's development was closely tied to the Texas Trunk Railroad, which played a crucial role in its early growth. Today, Crandall is known for its community-oriented atmosphere, with various local events and programs aimed at fostering a close-knit community. The city is served by the Crandall Independent School District, which includes several elementary schools, a middle school, and a high school, ensuring educational needs are well met.

Geographically, Crandall is situated about 25 miles southeast of downtown Dallas, making it a convenient location for those who work in the city but prefer a quieter, suburban lifestyle. The city covers an area of approximately 4.38 square miles, all of which is land. Crandall experiences a humid subtropical climate, characterized by hot, humid summers and mild to cool winters, typical of the region. The community is actively involved in various local initiatives, including volunteer programs and public safety events, which contribute to the city's welcoming and proactive environment.

MAP OF THE CITY OF CRANDALL

Subject Located in Northwest Crandall

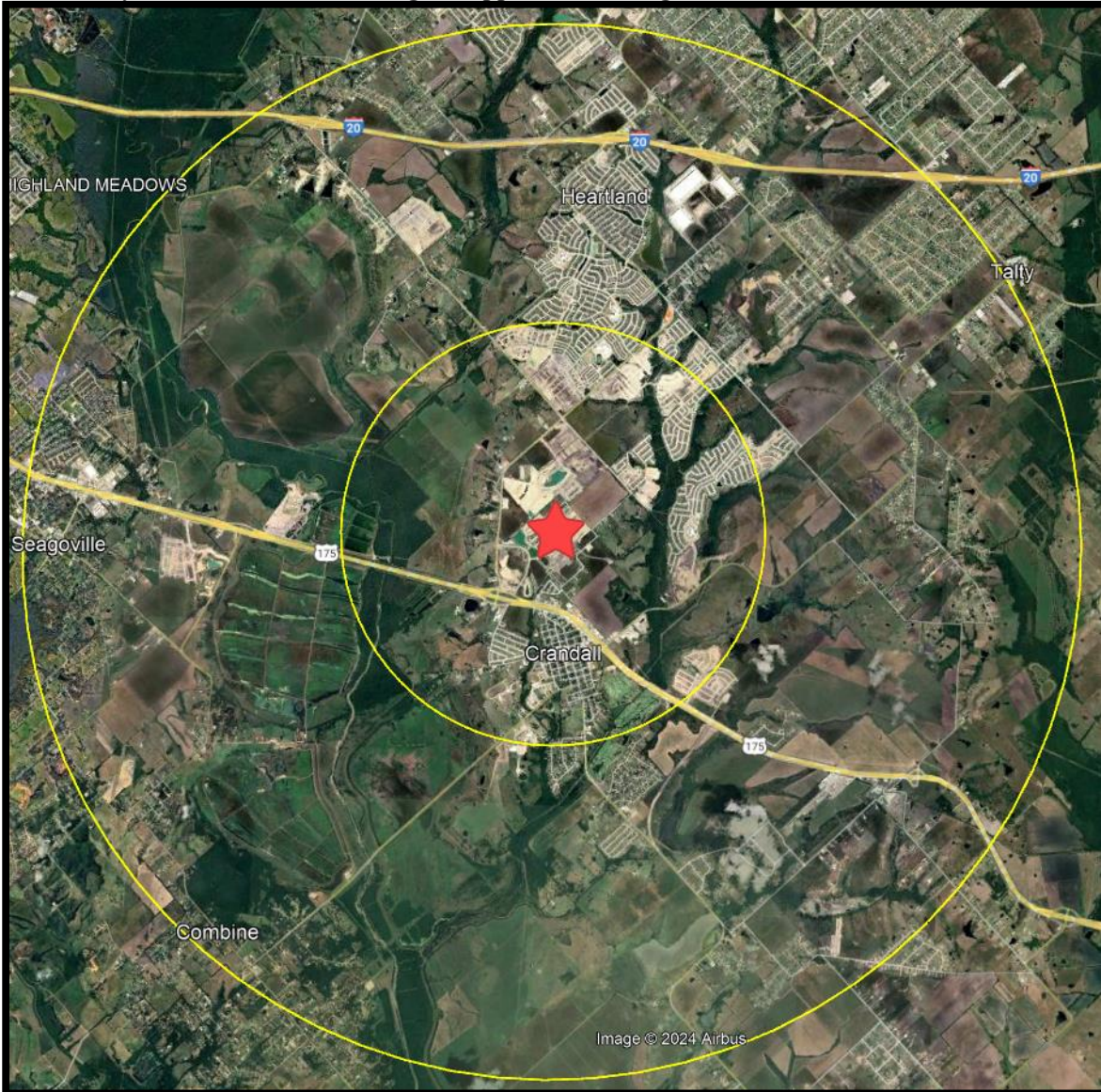


NEIGHBORHOOD ANALYSIS

A neighborhood may be defined as a section of a community or an entire community. It refers to relatively unified areas with definite boundaries which exhibit a fairly high degree of homogeneous uses – basically a group of complimentary land uses that exhibit a greater degree of commonality than the larger area. The boundaries of a neighborhood define the geographical area which exerts influence on the value of the subject property. River Ridge PID IA #2 is located within the City of Crandall, Kaufman County, Texas and is within the Crandall ISD.

NEIGHBORHOOD MAP

Geographic radii of 2 and 5 miles indicating the approximate neighborhood boundaries around the Subject



	2 Miles	5 Miles
North	Hometown Boulevard	Lakemont Drive
East	Michael Talty Avenue	Farm-to-Market 2578
South	Buffalo Creek Drive	South Farm-to-Market 148
West	Farm-to-Market 1389	Seagoville, Texas

NEIGHBORHOOD DEMOGRAPHICS

The subject is located in census tract 0508.02 with the census report shown on the following page. The census tract report for 0508.02 indicates 7,372 people reside in the tract and income levels are in the middle tier with estimated median family incomes of \$124,573. Within census tract 0508.02, approximately 83% of housing units are owner-occupied with 9% being renter-occupied and 8% being vacant. These housing and demographic statistics indicate middle class residents who tend to live in 20–30-year-old single-family homes.

Census Tract 0508.02 Map



Tract 0508.02 Census Report



2024 FFIEC Geocode Census Report

Address: Selected Tract
 MSA: 19124 - DALLAS-PLANO-IRVING, TX
 State: 48 -
 County: 257 - KAUFMAN COUNTY
 Tract Code: 0508.02

Summary Census Demographic Information

Tract Income Level	Middle
Underserved or Distressed Tract	No
2024 FFIEC Estimated MSA/MD/non-MSA/MD Median Family Income	\$110,300
2024 Estimated Tract Median Family Income	\$124,573
2020 Tract Median Family Income	\$99,747
Tract Median Family Income %	112.94
Tract Population	7372
Owner-Occupied Units	1968
1- to 4- Family Units	2341

Census Income Information

Tract Income Level	Middle
2020 MSA/MD/statewide non-MSA/MD Median Family Income	\$88,315
2024 FFIEC Estimated MSA/MD/non-MSA/MD Median Family Income	\$110,300
% below Poverty Line	6.21
Tract Median Family Income %	112.94
2020 Tract Median Family Income	\$99,747
2024 Estimated Tract Median Family Income	\$124,573
2020 Tract Median Household Income	\$95,966

Census Population Information

Tract Population	7372
Number of Families	1873
Number of Households	2190

Census Housing Information

Total Housing Units	2369
1- to 4- Family Units	2341
Median House Age (Years)	27
Owner-Occupied Units	1968
Renter Occupied Units	222
Owner Occupied 1- to 4- Family Units	1968
Inside Principal City?	NO
Vacant Units	179

DEMOGRAPHIC SUMMARY

Analytics from CoStar of the area are provided below. Within a 10-mile radius of the subject there are just over 180,000 people which represents a 4.6% annual increase in population since 2020 and highlights significant growth that has occurred in this portion of the DFW Metroplex. The population growth is expected to continue in the coming years and grow another 5.3% annually in the next five years. Median household incomes in the 10-mile radius are under \$73,900.

Population			
	2 miles	5 miles	10 miles
2020 Population	2,519	26,876	152,669
2024 Population	3,111	34,779	180,454
2029 Population Projection	4,555	47,981	227,867
Annual Growth 2020-2024	5.9%	7.4%	4.6%
Annual Growth 2024-2029	9.3%	7.6%	5.3%
Median Age	34	33.2	33.1
Bachelor's Degree or Higher	19%	20%	21%
U.S. Armed Forces	0	9	210

Income			
	2 miles	5 miles	10 miles
Avg Household Income	\$92,799	\$90,487	\$93,042
Median Household Income	\$74,119	\$73,951	\$73,892
< \$25,000	117	1,171	6,326
\$25,000 - 50,000	129	1,840	9,957
\$50,000 - 75,000	271	2,471	11,530
\$75,000 - 100,000	132	1,816	7,260
\$100,000 - 125,000	162	1,152	5,989
\$125,000 - 150,000	64	881	6,084
\$150,000 - 200,000	84	847	4,167
\$200,000+	54	555	3,287

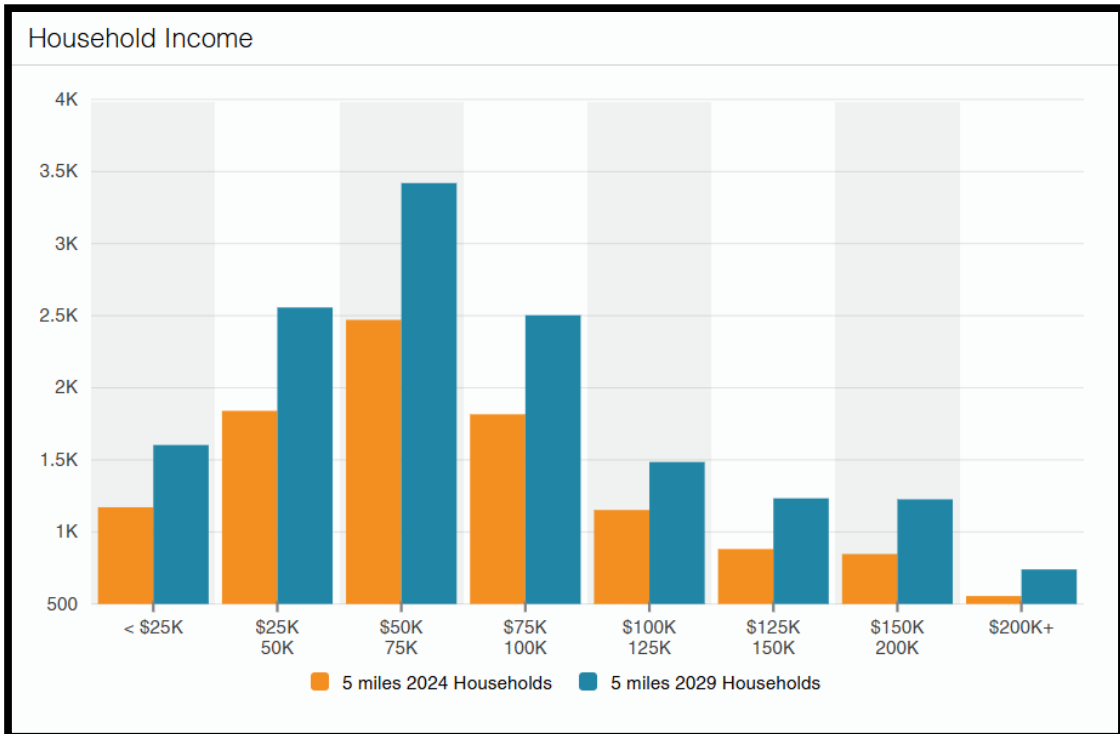
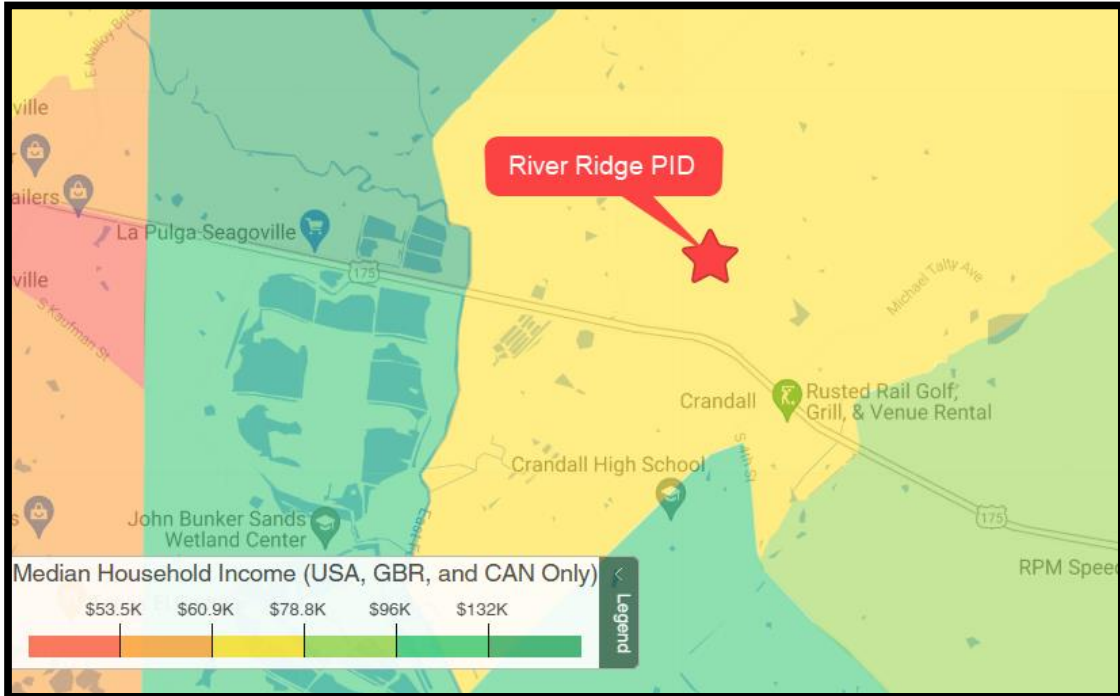
EMPLOYMENT DATA

A table of the 2, 5, and 10-mile radius employment figures are shown below. The numbers highlight the area's economy with most employees in the area surrounding the subject in service-producing industries.

Daytime Employment						
Radius	2 miles		5 miles		10 miles	
	Employees	Businesses	Employees	Businesses	Employees	Businesses
Service-Producing Industries	1,229	97	4,279	480	22,937	2,940
Trade Transportation & Utilit...	76	17	830	87	5,731	577
Information	3	1	90	13	391	54
Financial Activities	60	14	236	63	1,412	361
Professional & Business Se...	57	10	524	67	2,231	382
Education & Health Services	707	20	1,092	86	6,072	635
Leisure & Hospitality	162	16	681	59	3,796	320
Other Services	120	15	426	85	2,156	537
Public Administration	44	4	400	20	1,148	74
Goods-Producing Industries	155	18	594	101	5,337	467
Natural Resources & Mining	0	0	6	3	22	9
Construction	136	15	490	83	2,642	372
Manufacturing	19	3	98	15	2,673	86
Total	1,384	115	4,873	581	28,274	3,407

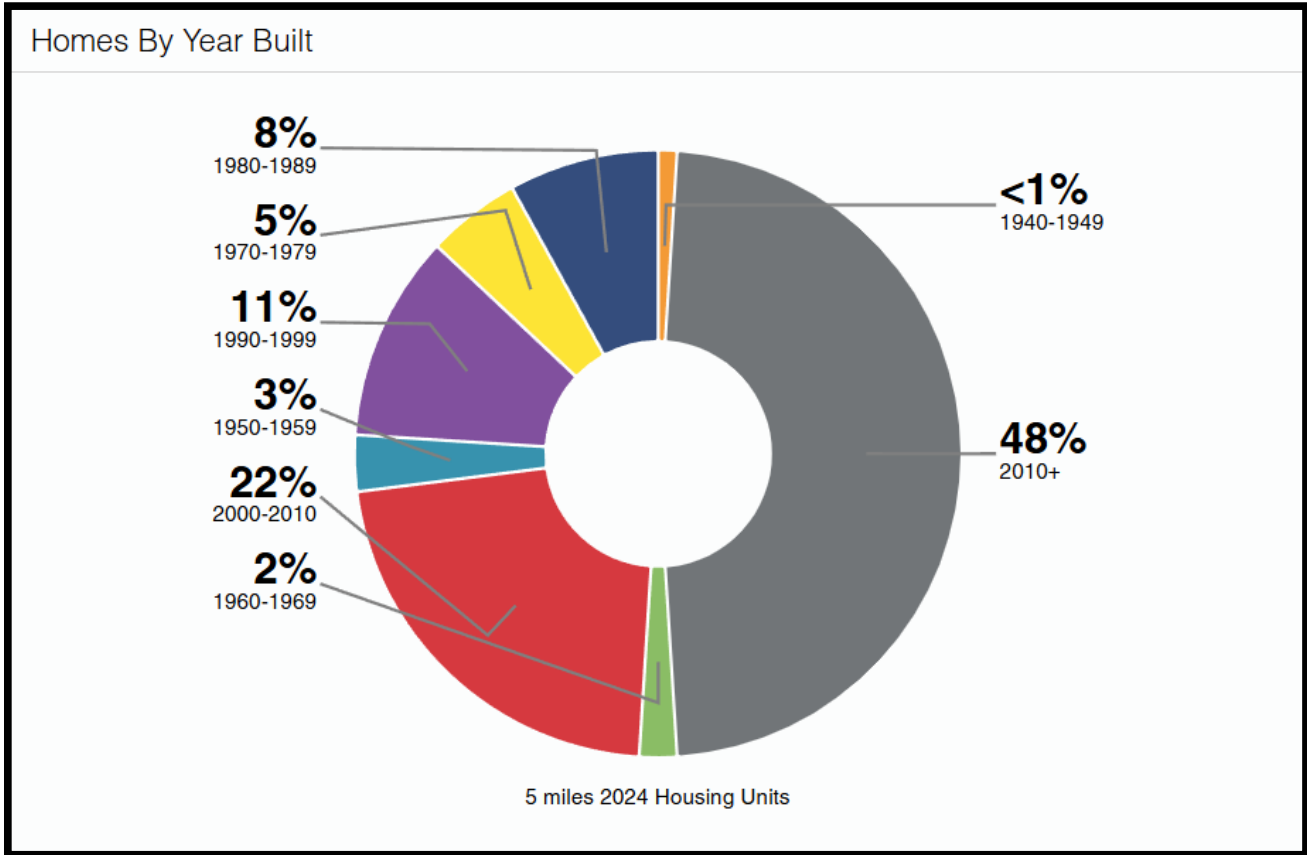
CoStar Analytics – Map of Median Household Income

As indicated by the map below, median incomes in the vicinity of the subject property are between \$60,900 and \$78,800. Median incomes in the DFW tend to be higher in suburban areas outside the population centers in Dallas and Fort Worth. This is especially true in areas north and east of Dallas where affluent communities have concentrated for the past few decades.



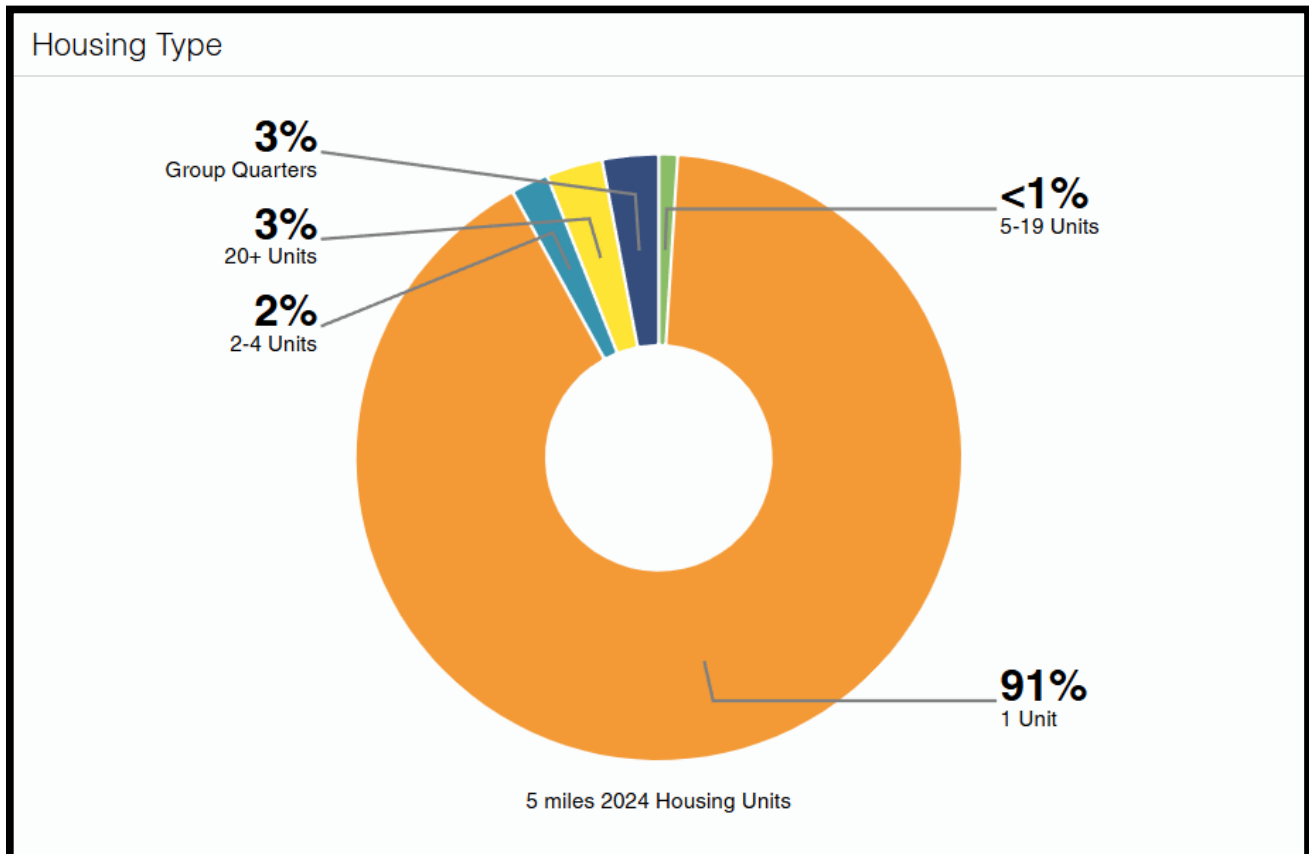
CoStar Analytics – Housing Statistics

Most housing in the area (70%) are homes that were built after 2000. This is consistent with the growth stage of the surrounding area which has experienced numerous residential subdivision developments in recent years.



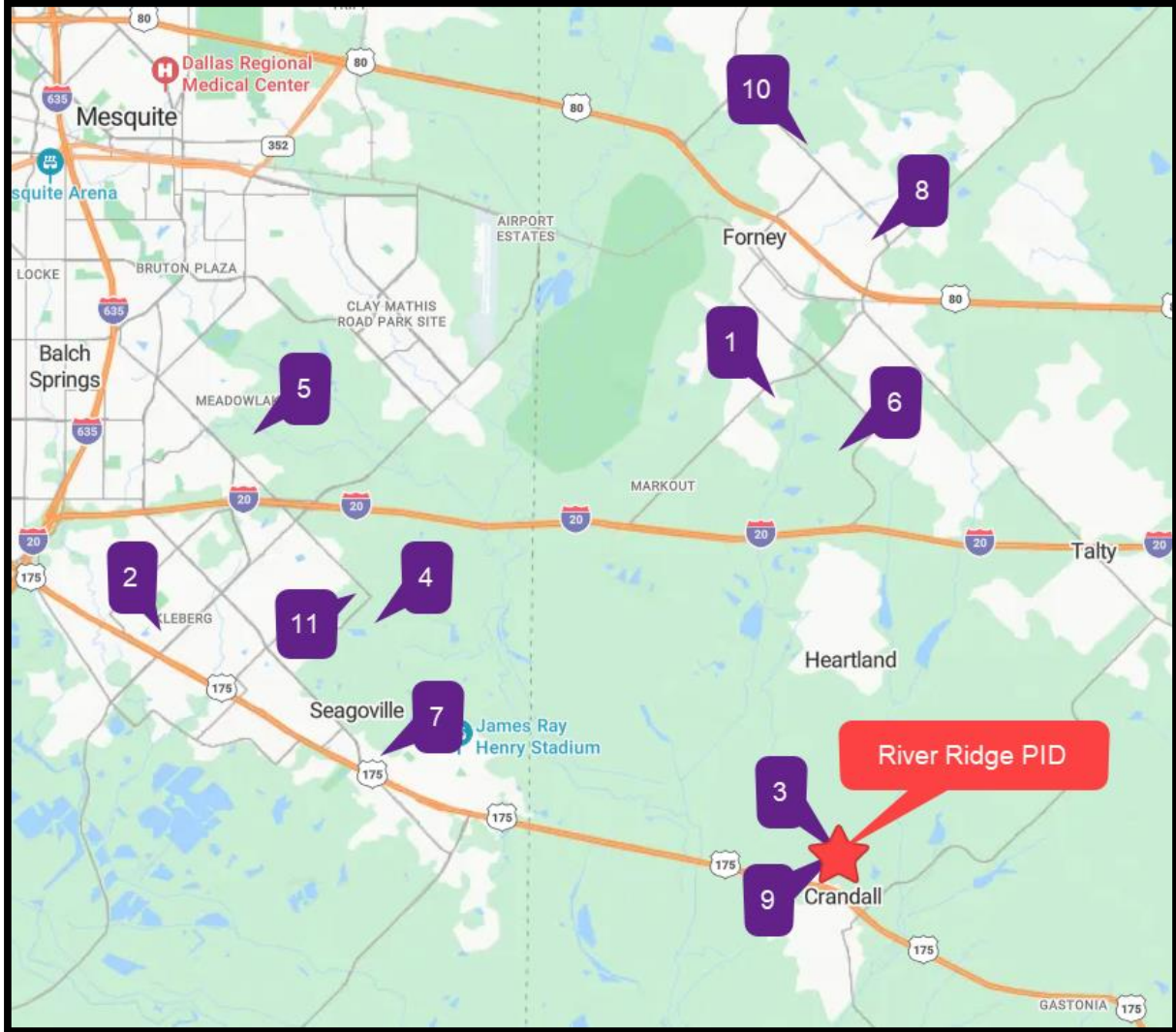
CoStar Analytics – Housing Statistics

In addition, the vast majority (91%) of housing in the 5-mile radius consists of single unit housing stock. The subject property is being developed with detached single-family housing that is consistent with the surrounding area.



Map of Notable Nearby Developing Residential Subdivisions

A map of notable built-out, developing, and planning single-family residential subdivisions are shown below which highlights the similar and conforming uses around the subject property.



MAP KEY	
1	Oak Creek (Forney)
2	Wright Farms (Dallas)
3	River Ridge North (Crandall)
4	Stonehaven (Seagoville)
5	Arcadia Trails
6	Lakewood Trails Addition
7	Tredway Estates
8	Mustang Place
9	River Ridge (Crandall)
10	Brookville Estates
11	Wellington Farms

ABSORPTION ANALYSIS

RESIDENTIAL ANALYSIS

The subject property is River Ridge PID IA #2 which consists of approximately 82.795 acres in Kaufman County being developed into detached single-family lots for residential use. The property is owned by and being developed by Taylor Morrison of Texas Inc.

When analyzing the financially feasible and maximally productive use of the site, uses that are both physically possible and legally permissible must be considered. An important factor affecting the development of the subject is the surrounding land usage. For the subject property, the primary potential use is single-family residential development as that conforms to recent land development in the surrounding area around Crandall. The neighborhood is best described east of Farm-to-Market 741 and north of Highway 175. The neighborhood is a mix of single-family residential subdivisions, scattered single-family dwellings, agricultural land, and commercial development. Just south of the property, US Highway 175 runs northwest/east, and several community commercial uses are located on this arterial traffic carrier.

Since the recession in 2008, the residential real estate market in this area of North Texas has continuously improved and the City of Crandall has experienced this consistent population growth. Low interest rates persisted nationally in 2020 and 2021, and the markets rose significantly, but 2022, 2023, and 2024 are years of higher interest rates as the Fed seeks to combat inflation. Still, with large numbers of in-migration from outside DFW from higher cost-of-living states and an abundance of steady jobs, demand for residential real estate in growing communities like Crandall is expected to remain strong. Those end-user homebuyers in River Ridge PID IA #2 are expected to be middle to upper income earners as the average home price for finished single-family homes in the community is expected to be between \$225,000 and \$425,000.

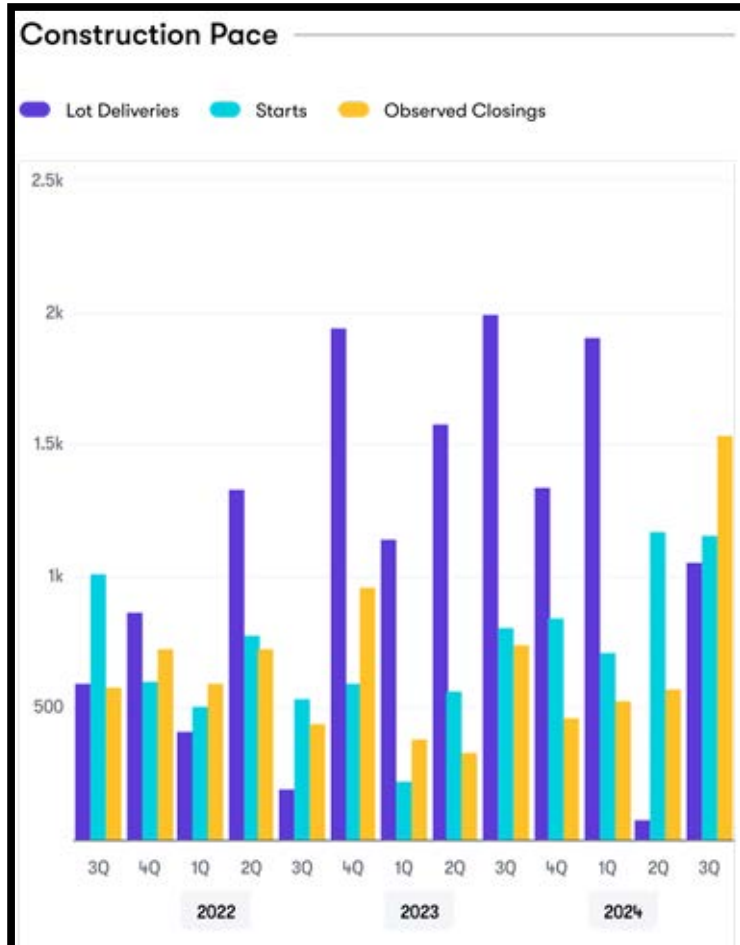
Demand for vacant developed lots (VDLs) for home builders is currently high; however, material and labor shortages were well-publicized in 2021 and are expected to continue with some easing in late-2022, 2023, and 2024 according to the Texas Real Estate Research Center. Developable residential land in DFW with good access to Fort Worth and Dallas is in high demand with developments moving ever further away from the Dallas CBD and highly developed areas south of Dallas where vacant land is scarce after decades of growth. The subject property –River Ridge PID IA #2– is removed from the large Central Business Districts in the Metroplex but relatively near areas of Kaufman County where many young families have migrated when searching for safe neighborhoods, good schools, relatively affordable new homes, and desirable residential amenities.

Based on the preceding, the proposed absorption of single-family home lots in the subject's neighborhood will be analyzed using historical absorption data provided by Zonda as well as information obtained from area market participants and developers. It is important to note that our absorption data is based on historical trends and current available data. Since the residential lots in River Ridge PID IA #2 are not scheduled to be completed until March 1, 2025, we will analyze the historical trends and attempt to forecast the absorption rates based off data, analytics, and our conversations with developers in the market.

We determined a 10-mile radius around the subject property is suitable for our absorption analysis as the competitive supply of lots is within this area. Further, we examined residential communities with lot widths between 45'-65'.

River Ridge Public Improvement District IA #2

The following charts reflect starts, deliveries, and closings in the market area from 3Q2021. Sales rose from 3Q2021-2Q2022, then rapidly decreased in 3Q2022 before rapidly increasing in 4Q2022, then decreasing in 1Q2023, then rapidly increased in 3Q2023 with a drop in 4Q2023 and rose in 1Q2024 which is then followed by a decline through 3Q2024. As expected, the rate of annual starts has increased in the past year as homebuilders anticipated increased demand due to rising interest rates. The area has also seen a relatively stable rate of observed closings as reflected in the numbers reported by Zonda.

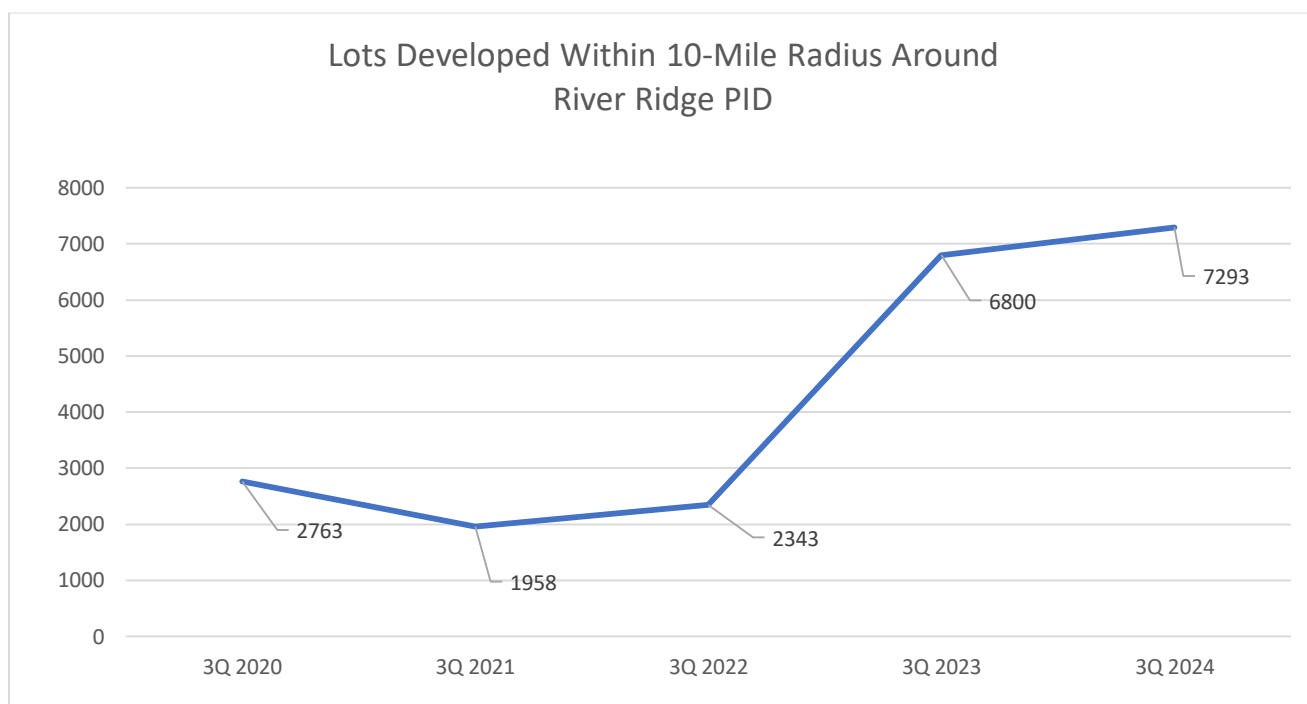


DEFINED SUBMARKET AREA

As shown in the chart below, the absorption of lots within the selected area decreased from 3Q2020 to 3Q2022, then rapidly increased from 3Q2022 to 3Q2024. According to Zonda, the selected area absorbed the following number of 45'-65' lots year-over-year from 3Q 2020 to 3Q 2024:

- 3Q 2020 – 2763 lots absorbed
- 3Q 2021 – 1958 lots absorbed
- 3Q 2022 – 2343 lots absorbed
- 3Q 2023 – 6800 lots absorbed
- 3Q 2024 – 7293 lots absorbed

From 2020-2024, the *annual average* of lots absorbed was 4231 ($21157 \div 5$). Utilizing the more recent 24-month absorption of lots (3Q2022 to 3Q2024), the annual average of lots absorbed increases to 5479 ($16436 \div 3$) lots in the area.

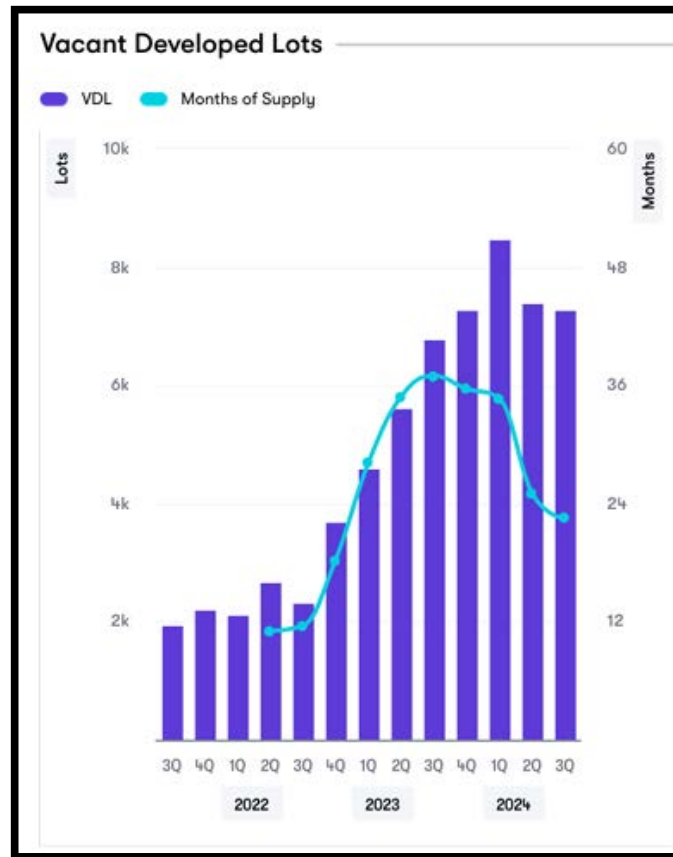


COMPETITIVE SUPPLY (LOT INVENTORY)

According to Zonda, the existing supply of available housing is presently below levels in our selected submarket as the number of Vacant Developed Lots (VDLs) in the area has increased from 3Q2021 with a low occurring in 3Q2021 of just under 2,000 VDLs and a high occurring in 3Q2024 of just under 7,300. **The present VDL count is just over 7,000 with under a 24-month supply.** It should be noted that this is a large radius – 10 miles – for such a developed single-family residential area but we determined prospective buyers would search subdivisions throughout Kaufman County with a preference to be near the Highway 175 Corridor which serves as a major thoroughfare and has numerous newer master-planned communities and desirable commercial options.

Thus, the total lot supply is considered to be **below** the ideal supply levels for a significantly developing market. Also, taking into consideration that new developments require a typical 12-to-18-month construction period, *with increasing demand and declining lot supply, it appears that additional lot product in the submarket is feasible*

and needed at the current time. This corresponds to discussions we had with DFW homebuilders who state there is a scarcity of vacant developed lots currently on the market which is pushing prices higher.



Note: A threat to the pace of lot development is multiple interest rate increases the Federal Reserve enacted as a reaction to rising inflation. These interest rate increases were conducted to combat inflation and cool the hot markets; however, the effect for residential housing may be to price first-time buyers out of the single-family residential market. Supply chain issues stemming back to the COVID-19 Pandemic have also increased development costs which may limit starts on the vacant developed lots thus leading to lower VDL and future home supply, thus increasing home prices. In general, we believe the diverse local economy, strong in-migration, and relative stability of the North Texas real estate market will serve to smooth out more global economic trends.

Having considered the supply of lots in the market, it is now prudent to examine the absorption history of specific competing subdivisions in the subject’s market area with similar lot features and amenities relative to the subject to determine the projected absorption of the subject’s proposed lots.

ABSORPTION ANALYSIS – 50’ AND 60’ LOTS

The similarities considered to be most important are lot size, home price range, and amenity features. The tables that follow detail the active subdivisions that are considered to compete with the subject’s lots. All data is per Zonda as of 3Q2024.

50’ Lots

We included data for lots that were each 45’-50’ lots within a 10-mile radius. Since data on 50’ lots is relatively plentiful, we selected seven comparable absorption schedules at nearby communities we concluded are similar to the subject and considered some of these communities are smaller and some larger than River Ridge PID IA #2.

Subdivision	Size (Foot Front)	Available Lots	Starts	Months	Available Supply (Months)	Starts /Month
Oak Creek (Forney)	45'	0	129	12	0.0	10.8
Wright Farms (Dallas)	45'-50'	0	49	12	0.0	4.1
River Ridge North (Crandall)	50'	157	138	12	13.7	11.5
Stonehaven (Seagoville)	50'	198	106	12	22.4	8.8
Arcadia Trails	50'	12	76	12	1.9	6.3
Lakewood Trails Addition	50'	129	121	12	12.8	10.1
Tredway Estates	50'	0	4	12	0.0	0.3
AVERAGE		70.9	89.0	12.0	7.3	7.4

Our analysis indicates Starts/Month is between 0.3 and 11.5 with an average of 7.4 starts/month and a median of 8.8 starts/month. We similarly weighed and considered **the subject property’s 50’ lots would likely absorb 8 lots/month, or approximately 24 lots per quarter.**

60’ Lots

Again, for the 60’ lots, we included data for lots within an 10-mile radius and included 60’-62’ lots in our analysis. Data on 60’ lots is somewhat limited, so we selected four comparable absorption schedules at nearby communities which are shown as follows:

Subdivision	Size (Foot Front)	Available Lots	Starts	Months	Available Supply (Months)	Starts /Month
Mustang Place	60	24	9	12	32.0	0.8
River Ridge (Crandall)	60'	4	1	12	48.0	0.1
Brookville Estates	62	104	38	12	32.8	3.2
Wellington Farms	62	40	3	12	160.0	0.3
AVERAGE		43.0	12.8	12.0	68.2	1.1

Our analysis indicates Starts/Month is between 0.1 and 3.2 with an average of 1.1 starts/month with a median of 0.5 starts/month. We similarly weighted and considered **the subject property’s 60’ lots would likely absorb 2 lots/month, or approximately 6 lots per quarter.**

Absorption Summary Projection: 50' and 60' Lots

Based on the preceding, we estimate that lots in the subject property's development will sell 24 lots/quarter for 50' lots and 6 lots/quarter for 60' lots with absorption beginning March 2025. An Absorption Summary Projection for both lot types is shown in the table below for the 335 lots in the River Ridge PID IA #2.

Projected Quarterly Absorption Summary - River Ridge IA #2							
Lot Type	Mar-2025	Apr-2025	Jul-2025	Oct-2025	Jan-2026	Apr-2026	Jul-2026
50-FF	8	24	24	24	24	24	24
60-FF	2	6	6	6	6	6	6
Total	10	30	30	30	30	30	30



Projected Quarterly Absorption Summary - River Ridge IA #2							
Lot Type	Oct-2026	Jan-2027	Apr-2027	Jul-2027	Oct-2027	Jan-2028	TOTAL
50-FF	24	24	24	24	24	19	291
60-FF	6	-	-	-	-	-	44
Total	30	24	24	24	24	19	335

The total absorption period for the 50' lots is expected to be ~36 months (291 lots ÷ 8 lots/month), and lots are expected to sell out in March 2028. The total absorption period for the 60' lots is expected to be ~22 months (44 lots ÷ 2 lots/month), and lots are expected to be sold out in December 2026.

SUBJECT PROPERTY ANALYSIS

The development of River Ridge PID IA #2 represents a total of approximately 82.795 acres (3,606,550-SF) and is currently being developed into the area as follows:

- River Ridge PID IA #2 will consist of 291 50-FF lots and 44 60-FF lots with a total of 335 improved residential lots on approximately 82.795 acres.

River Ridge PID IA #2 consists of approximately 82.795 acres in Kaufman County being developed into detached single-family lots for residential use. The property is owned and being developed by Taylor Morrison of Texas Inc. and is located in the northern portion of the City of Crandall and in the western portion of Kaufman County. The subject property is approximately 25 miles southeast of Dallas in the DFW Metroplex. The area surrounding the subject property is primarily rural with a single-family subdivision to the north to go along with scattered single-family residences and commercial development along the US Highway 175 Corridor.

Access to the subject property is considered average as it is located just north of the US Highway 175 Corridor. Generally, the main retail and commercial options near the subject site are found along US Highway 175, which has been rapidly developing with several master-planned communities in the past decade.

The subject property will have a mandatory homeowner's association (HOA) over residential portions of the subject property in order to maintain any potential open spaces, common areas, detention areas, and other related improvements or appurtenances that are not dedicated or maintained by the City of Crandall.

Based on research and discussion with the development team, the price point of homes in the subject's community will be around \$225,000 to \$425,000, which should be a desirable price point for young families and first-and second-time homebuyers looking for a quiet community with the small-town charm of Crandall but with the amenities of a planned residential community. The following information describes the authorized improvements to the subject property. This information comes directly from the Preliminary Service and Assessment Plan (PSAP) distributed by MunicCap, Inc.

IMPROVEMENT AREA #2 IMPROVEMENTS

Roadway Improvements

The roadway improvements portion of Improvement Area #2 Improvements consists of the construction of road improvements, including related paving, drainage, curbs, gutters, sidewalks, signage, traffic control devices, and right of way acquisition, which benefit the Improvement Area #2 Assessed Property. All roadway projects will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

Water Improvements

The water improvement portion of the Improvement Area #2 Improvements consists of construction and installation of a looped water main network, which includes waterlines, valves, fire hydrants, and appurtenances, necessary for the portion of the water distribution system that will service the Improvement Area #2 Assessed Property. The water improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

Sanitary Sewer

The sanitary sewer improvement portion of Improvement Area #2 Improvements consists of construction and installation of various sized sanitary sewer pipes, service lines, manholes, encasements, and appurtenances necessary to provide sanitary sewer service to the Improvement Area #2 Assessed Property. The sanitary sewer

River Ridge Public Improvement District IA #2

improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

Storm Drainage Improvements

The storm drainage improvement portion of the Improvement Area #2 Improvements consist of reinforced concrete pipes, reinforced concrete boxes, multi-reinforced box culverts, junction boxes, inlets, headwalls, and appurtenances necessary to provide adequate drainage to the Improvement Area #2 Assessed Property. The storm drainage collection system improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

Landscaping Improvements

The landscaping improvement portion of Improvement Area #2 improvements consist of irrigation, seeding, and revegetation of all disturbed areas within the public right of way.

Other Soft and Miscellaneous Costs

The soft and miscellaneous costs portion of the Improvement Area #2 Improvements consists of engineering and surveying, project management fees, city inspection fees, contingency, and other soft and miscellaneous costs.

The chart on the following page shows a breakdown of the costs associated with River Ridge PID IA #2 provided by JBI Partners.

PRELIMINARY DEVELOPMENT COST ESTIMATE
 PREPARED BY PMBS RIVER RIDGE
 RIVER RIDGE
 CRANDALL, KAUFMAN COUNTY, TEXAS
 JBI Project No. PMB001
 2/18/2024



	PHASE 2
APPROXIMATE GROSS ACRES	91.38
APPROXIMATE NET DEVELOPABLE ACRES	76.61
APPROXIMATE TOTAL NUMBER OF LOTS	335
APPROXIMATE TOTAL NUMBER OF LOTS	335
APPROXIMATE DENSITY	3.67
APPROXIMATE LENGTH OF ONSITE STREETS (lf)	14,940
APPROXIMATE LENGTH OF OFFSITE STREETS (lf)	-

I. ONSITE COSTS	Total	Private	IA - 2 Within PID	IA - 2 Outside of PID
			Boundary	Boundary
A. EROSION CONTROL	\$95,478	\$95,478		
B. EARTHWORK	\$1,219,625	\$1,158,644	\$60,981	
B1. MOISTURE CONDITIONING	\$371,564	\$371,564		
C. PAVING	\$2,720,138		\$2,720,138	
D. WATER SYSTEM	\$2,064,989		\$2,064,989	
E. SANITARY SEWER SYSTEM	\$1,654,283		\$1,654,283	
F. DRAINAGE SYSTEM	\$3,253,699		\$3,253,699	
G. RETAINING WALLS	\$193,917	\$193,917		
H. ENTRY SIGN AND SCREENING	\$0			
H1. OPEN SPACE LANDSCAPING	\$400,000		\$400,000	
H2. AMENITY CENTER	\$0			
I. ENGINEERING & SURVEYING	\$943,956	\$143,450.07	\$800,505	
J. CITY PLATTING FEES	\$3,250		\$3,250	
K. CITY INSPECTION FEE (3.0% of Paving & Wet Utilities)	\$187,374		\$187,374	
L. 4% PROJECT MGMT FEE	\$524,330	4%	\$524,330	
M. PID SET UP COST	\$272,652	2%	\$272,652	
N. ROW DEDICATION (10.59 ACRES)	\$1,800,300	170,000/ACRE	\$1,800,300	
O. 15% CONTINGENCY (ITEMS A THRU H1)	\$1,923,322	15%	\$280,136	\$1,643,186
TOTAL DIRECT COSTS	\$17,628,856	\$2,243,189	\$15,385,667	
TOTAL COST PER LOT	\$52,623	\$6,696	\$45,927	\$11,942,181

NOTES & ASSUMPTIONS

- 1 This Cost Estimate is based on JBI Partners Preliminary Plat dated January 22, 2024.
- 2 This Cost Estimate assumes onsite detention is required and retention ponds can be utilized.
- 3 Unit pricing based on current pricing seen in the marketplace. Subject to change.
- 4 Installation of telephone and cable assumed to be performed at no cost to developer; need to verify with provider.
- 5 Tree survey and tree mitigation are not included in this estimate.
- 6 Excavation quantities are based on an assumed 1.5' cut across the site. An overall grading analysis has not been completed.
- 7 This estimate includes costs for common area improvement (budget only).
- 8 Cost of common area sidewalks is included in this estimate.
- 9 Construction administration/management fee is not included in this estimate.
- 10 Impact fees (if any) are not included in this estimate. Paid at building permit.
- 11 Park fees (if any) are not included in this estimate.
- 12 Costs of rock excavation are not included in this cost estimate.
- 13 Pad moisture conditioning is included in this estimate as budget only; need geotechnical report to confirm.
- 14 This estimate assumes onsite batch plant to be used. If transit mix concrete to be used, unit price will be higher.
- 15 Retaining Wall Budget assumes 18" exposed grade beams and minimum 24" retaining walls.
- 16 This estimate does not include Water/Sewer Connection fees. Paid at building permit.

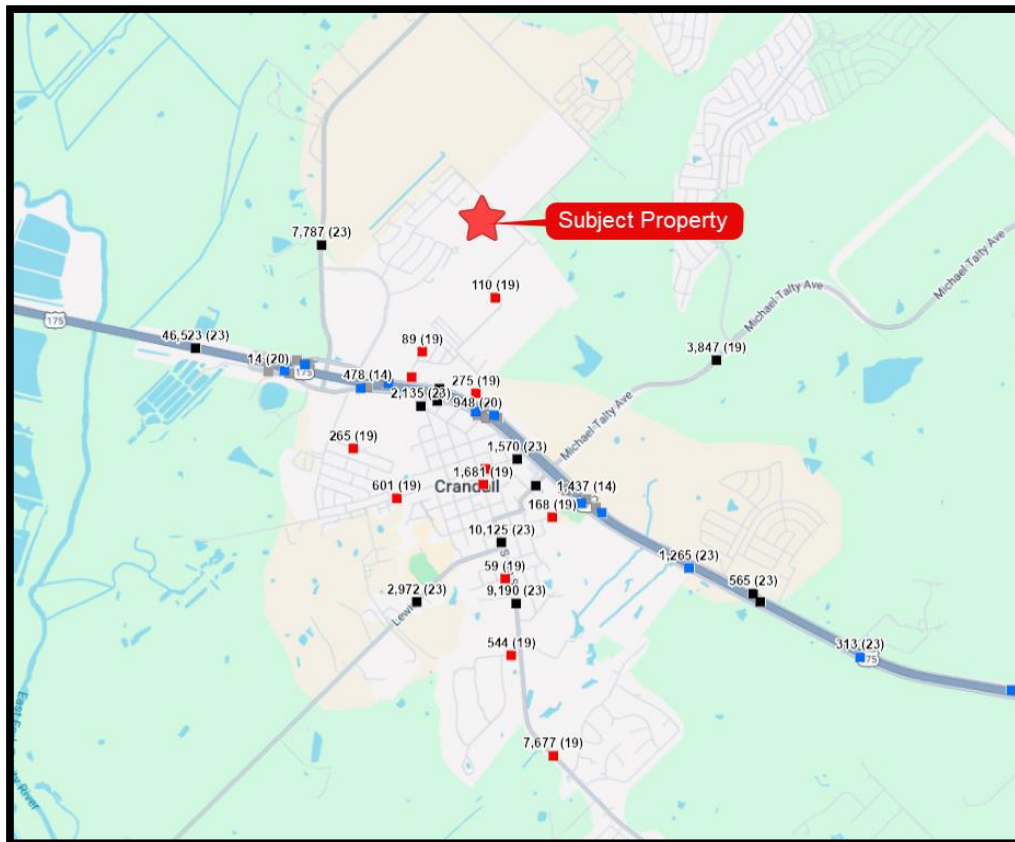
The preceding general descriptions of the subject's characteristics are based on review of available maps and data sources, as well as our physical on-site observations. Please refer to copies of the maps, photographs, and renderings for a visual perspective of the subject's physical characteristics.

ACCESSIBILITY, FRONTAGE, AND STREETS

The subject property is primarily accessed by US Highway 175, a primary throughfare within the City of Crandall and transverses just south of the subject property and extends northwest into the Dallas CBD.

A map below from TXDOT shows traffic counts from 2024 near the subject property. US Highway 175, which is south of the subject property, reports over 46,000 average daily vehicles.

TXDOT Traffic Web Viewer



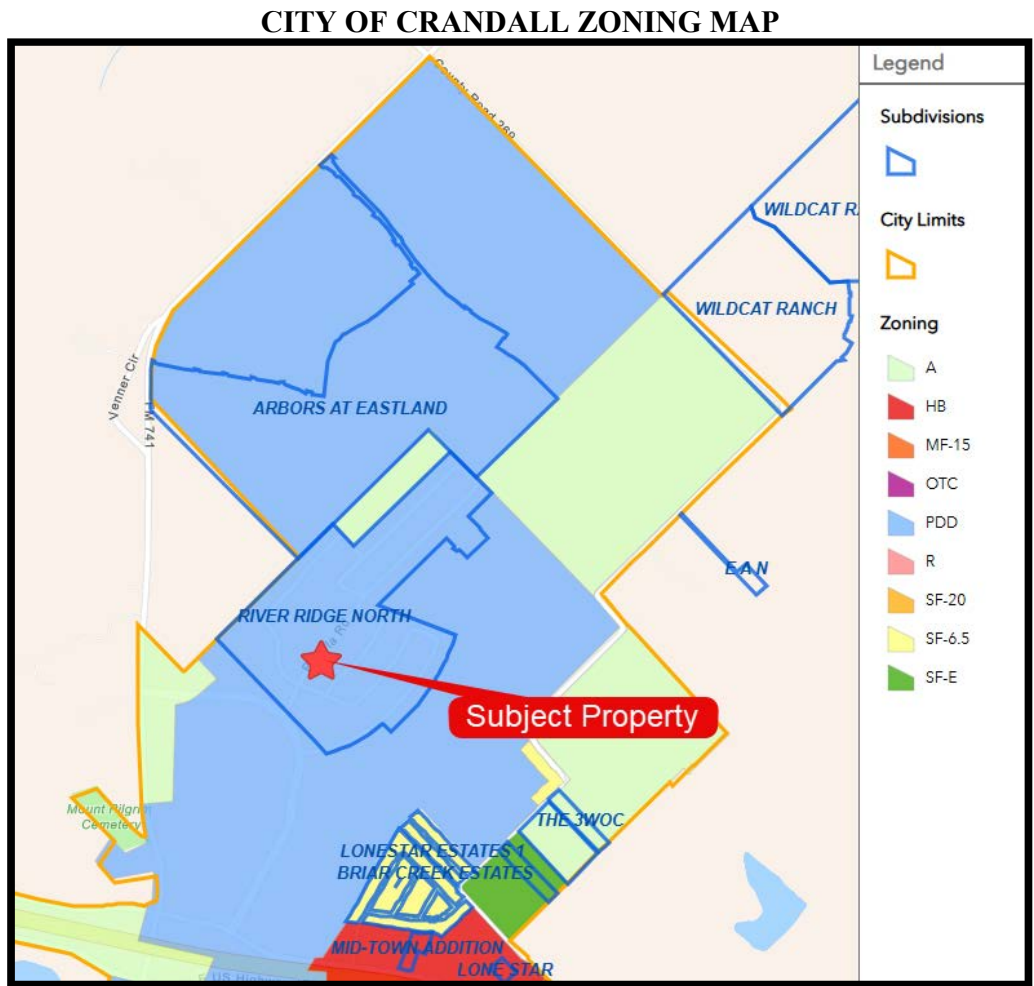
River Ridge Public Improvement District IA #2

ZONING AND RESTRICTIONS

The City of Crandall has passed Resolution No. 060120, signed June 1, 2020, to create River Ridge Public Improvement District, which covers the 82.795 contiguous acres in River Ridge PID IA #2.

The subject property is zoned Planned Development District (PDD) by the City of Crandall pursuant to Ordinance No. 101603, as amended by Ordinance No. 110220 adopted by the City Council on November 2, 2020. The Planned Development zoning in the City of Crandall is intended to provide for combining and mixing of uses to permit flexibility in the use and design of land and buildings; however, our subject property (River Ridge PID IA #2) only encompasses single-family use. The subject must adhere to the City of Crandall’s ordinance for PDD zoning.

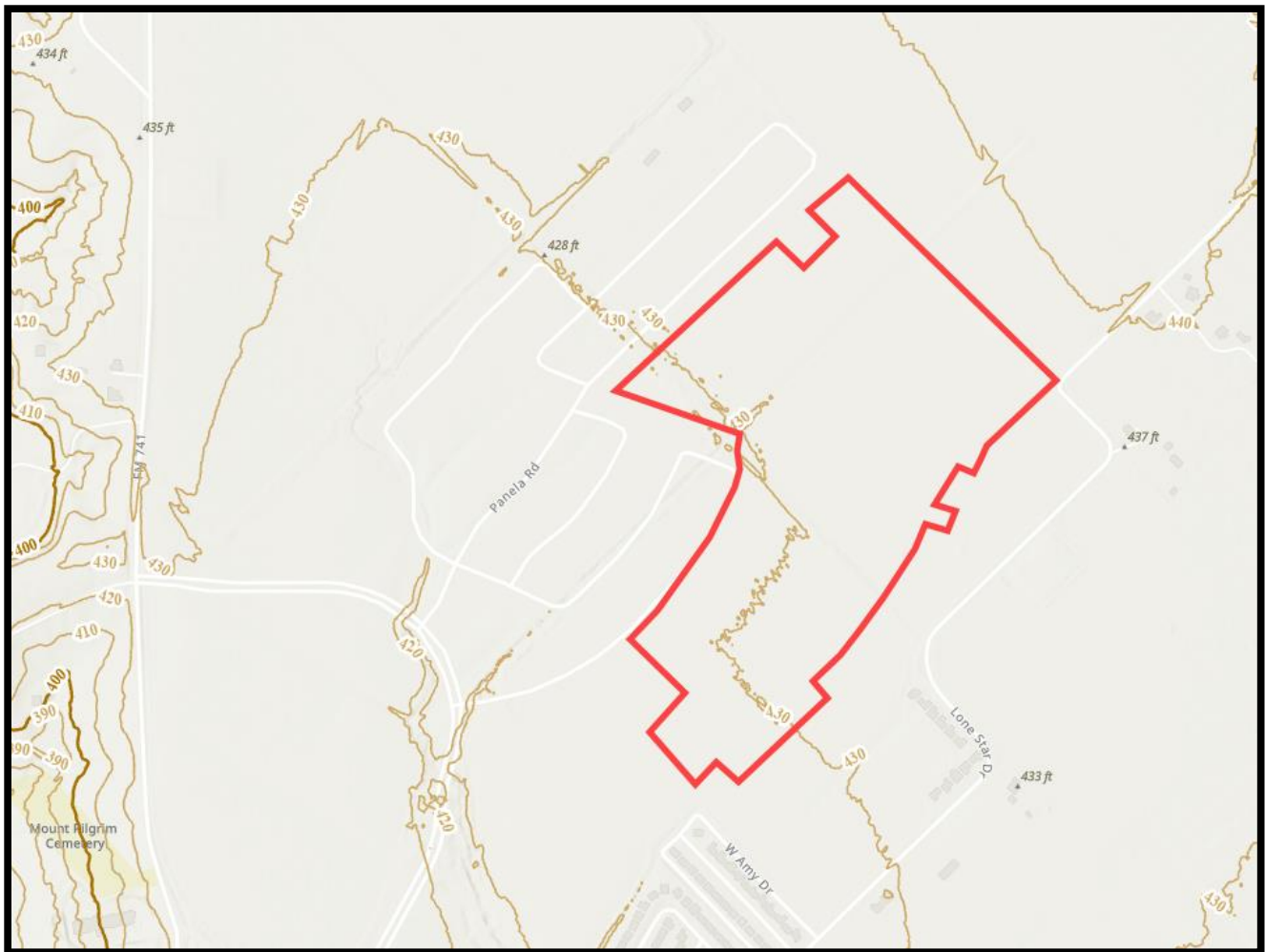
The proposed lot construction appears to be a conforming land use. The City of Crandall’s Zoning Map is shown below.



TOPOGRAPHY

The topography of the subject property is described as gently sloping and construction underway as of the date of inspection. As of the inspection date, December 6, 2024, these topographic maps showing the contours are slightly out-of-date as the site is in the process of being improved for single-family lots with streets, storm sewer, and utilities. Topographic information is provided by the North Central Texas Council of Governments and Texas A&M Forest Service.

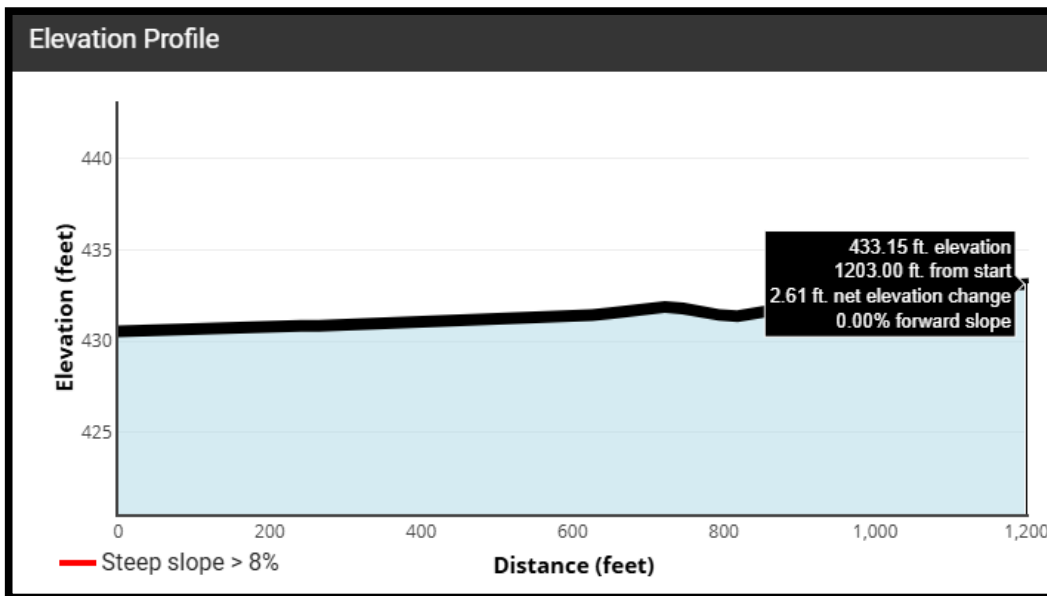
TOPOGRAPHIC MAP
Contours At 2'; Bold at 10'



TEXAS A&M UNIVERSITY FOREST SERVICE – MAP MY PROPERTY

General Slope of the Property Moving from East to West

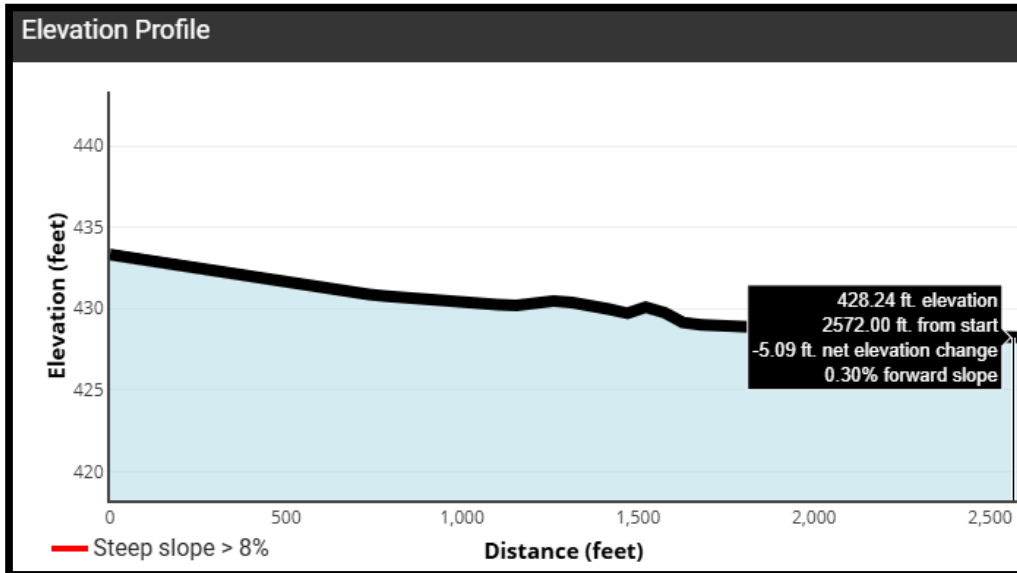
- Note that measurements *are in feet*
- Elevation profile is represented along illustrated axis
- Property slopes east to west with approximately 2.61 feet of variation over approximately 1,203 feet of run



TEXAS A&M UNIVERSITY FOREST SERVICE – MAP MY PROPERTY

General Slope of the Property Moving from North to South

- Note that measurements *are in feet*
- Elevation profile is represented along illustrated axis
- Property slopes north to south with approximately 5.09 feet of variation over approximately 2,572 feet of run



River Ridge Public Improvement District IA #2

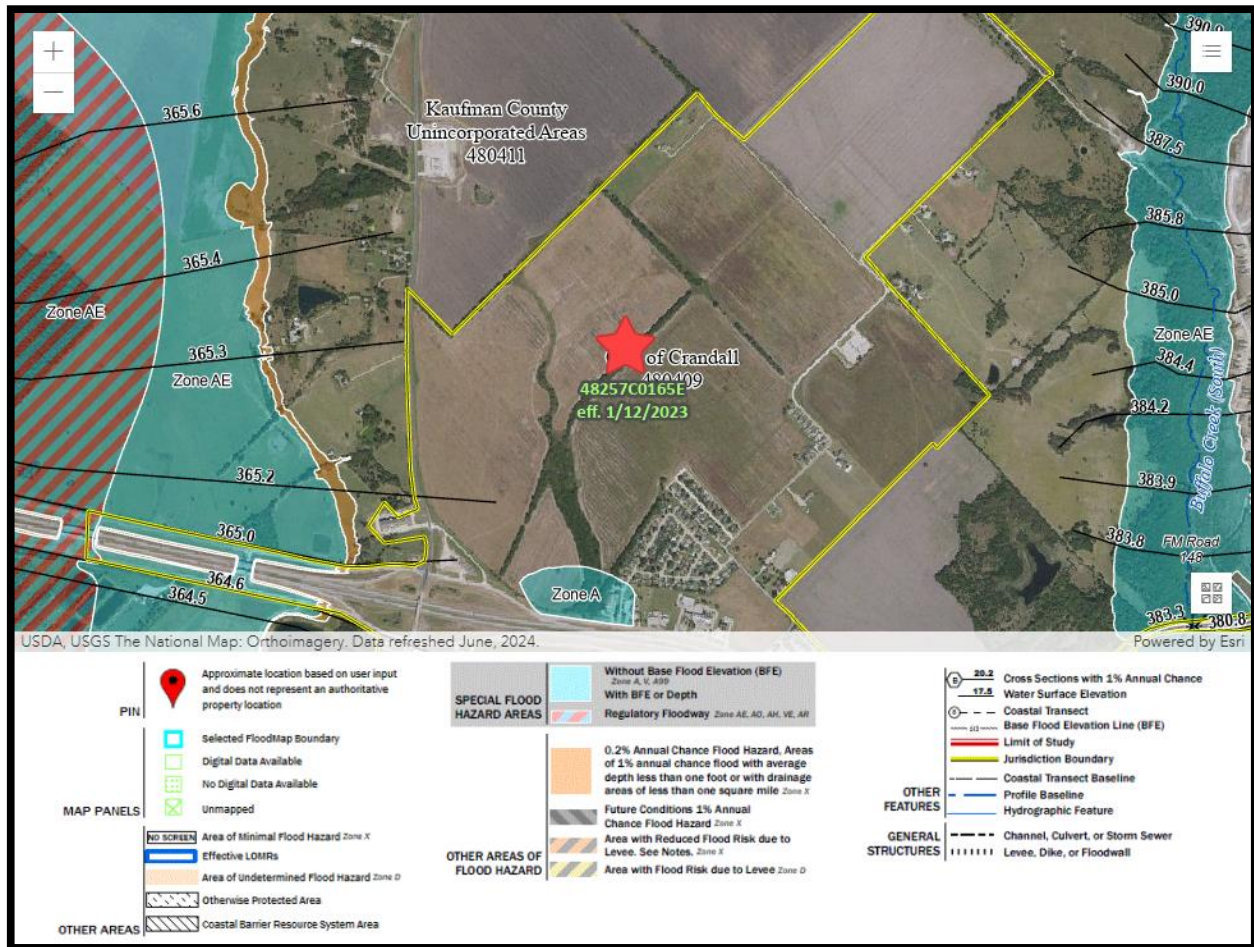
SOIL AND SUB-SOIL CONDITIONS

No soil engineer’s report was available to the appraisers and no recent soil tests are known to have been performed. We have assumed a stable soil condition that would ensure the structural integrity of any improvement to be constructed. As of the report date the developer has excavation and earthwork underway. Our value conclusions are subject to revision should assumptions that land is stable prove incorrect. We caution and advise the user of this report to obtain engineering studies which may be required to ascertain any structural integrity.

FEMA FLOOD ZONE

River Ridge PID IA #2 is 100% within Unshaded Zone X (outside the floodplain) according to Map 48257C0165E, effective January 12, 2023. Per the provided Concept Plan, it appears that the improvements within the subject property will be developed entirely within Unshaded Zone X. Development within Unshaded Zone X does not appear to be detrimental to the development of the subject property.

FLOODPLAIN MAP



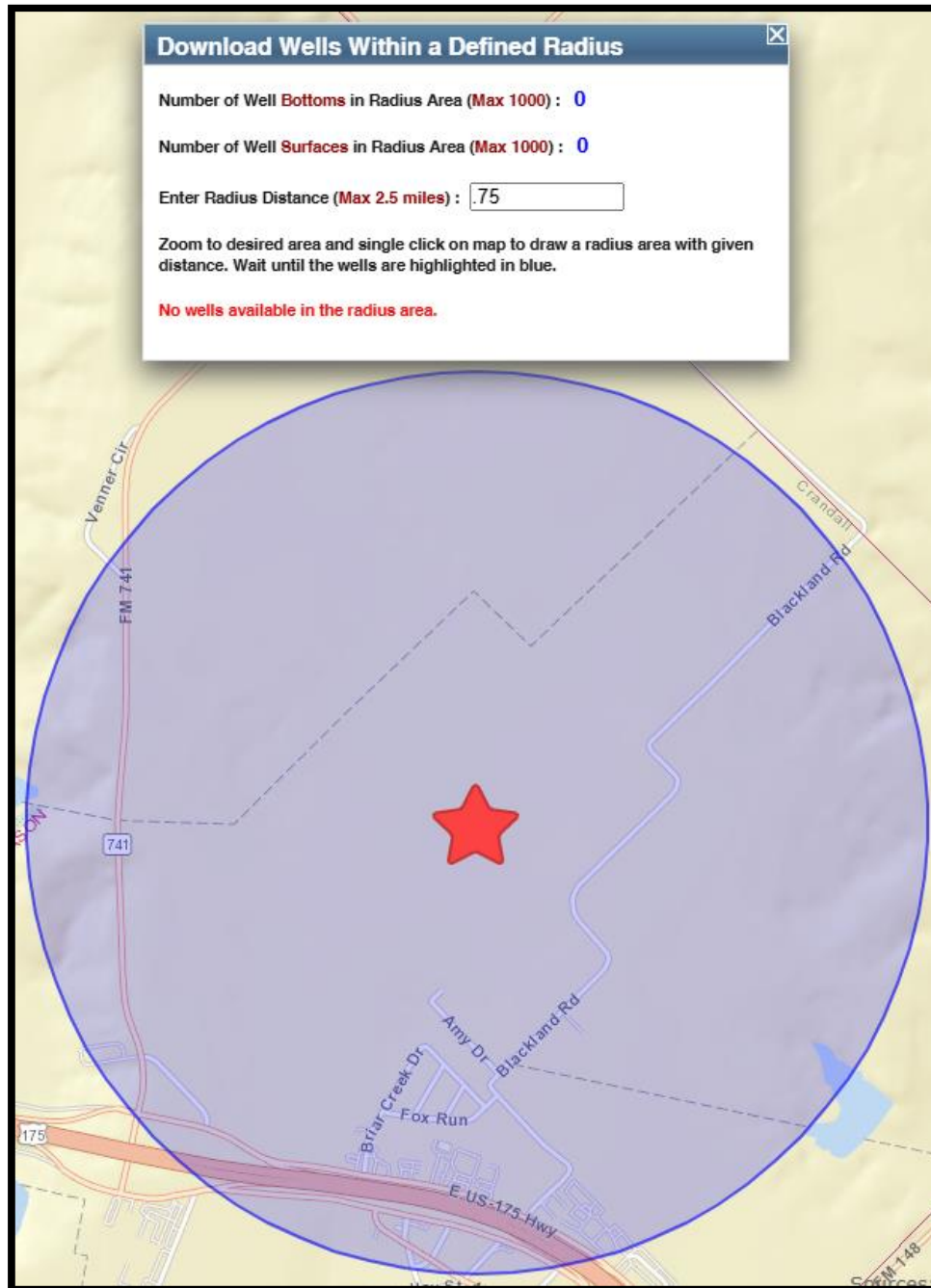
UTILITIES

Electricity to the property is maintained by Oncor and natural gas is maintained by Atmos. Water and sanitary sewer services are provided by the City of Crandall which provides water and sewer to other residential communities within the city limits. The subject property is served by the Crandall Police Department and the Crandall Fire Department for fire and emergency medical services. Telephone, fiber-optic, and internet are available through AT&T, Spectrum, T-Mobile, Optimum, and Nextlink.

EASEMENTS/ENCROACHMENTS

Based on our physical site visit, and review of available maps of the surrounding area it is reasonable to suspect that there are typical setbacks and easements that exist on the property which have been approved by the City of Crandall as well as a 100' powerline easement that bisects the development which does not affect marketability. The appraisers assume the property is free from any additional easements or encroachments and specifically reserves the right to alter the conclusion of this analysis should a survey be provided that indicates detrimental easements or encroachments.

OIL AND GAS WELLS Texas Railroad Commission



There are 0 well bottom sites and 0 well surface sites within 0.75 mile from the subject property according to the above referenced map from the Texas Railroad Commission. The subject site does not appear to be encumbered by any detrimental restrictions due to the proximity to surface or subsurface well locations because this area of DFW is minimally active in mineral extraction.

PROPERTY PHOTOGRAPHS



Entrance to subject property



South of Coletto Road viewing southwest



Southeast corner of Tule Road



Powerline easement



East of Coletto Road



East of Coletto Road

PROPERTY PHOTOGRAPHS



Intersection of Tule Way and Toyah Lane
viewing east



East of amenity center



Coleta Road viewing East



Coleta Road viewing West



Amenity Center



Tule Way viewing south

HIGHEST AND BEST USE

The highest and best use may be defined as the most profitable or likely profitable legal use for which a property may be utilized. The opinion of such use may be based on the highest and most profitable continuous use to which the property is adapted and needed, or likely to be in demand in the reasonably near future. Also, that reasonable and probable use that will support the highest present value, as defined, as of the Prospective Effective Date of the appraisal.

Alternatively, that use, from among reasonably probable and legal alternative uses, is found to be:

- a. Legally Permissible
- b. Physically Possible
- c. Financially Feasible
- d. Maximally Productive

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

There are two distinct types of highest and best use, that being the highest and best use as if the site were vacant, and the highest and best use as improved. Both use determinations require consideration of the legal, physical, financial feasibility and maximal productivity for the site and improvements.

HIGHEST AND BEST USE ANALYSIS

Highest and Best Use “As-Vacant”

Legally Permissible

The subject property is within the City of Crandall and zoned PDD which is residential Planned Development District that allows for detached single-family residential use that also consists of a school site, and approximately 1,003 total residential lots above 1,450 square feet of livable space. Per the Development Agreement, River Ridge PID will have building and development standards that comply with the City of Crandall and the development has a final plat in place.

No private deed restrictions were uncovered during a normal investigation, which would further limit the potential uses of the subject site. No other legal restrictions or covenants were found to be imposed on the subject property at the time of the appraisal which would further restrict development.

Given surrounding land use patterns in the area, only detached single-family residential use is given further consideration in determining the highest and best use of the site as vacant.

Physically Possible

Considering the subject’s physical characteristics including jurisdiction, location, size, shape, and availability of utilities, the site is capable of numerous uses which are physically possible without being constrained by the property itself.

Financially Feasible

In order to be economically feasible, the improvements should conform to the surrounding land uses. To meet the test of being financially feasible, the project must provide a net return over a reasonable period of time. The area surrounding the subject property is quasi-rural and development of the surrounding area has accelerated

River Ridge Public Improvement District IA #2

considerably over the past decade as development in western Kaufman County and along major highways has shown almost endless demand. Developers and home builders have moved further away from the center of the Metroplex to quasi-rural areas of Kaufman County like those surrounding the subject property and are being developed with middle class housing stock. Based on review of homes on the market, we would expect home prices between \$225,000-\$425,000 will be in demand in River Ridge PID IA #2.

Based on our analysis of the market, it is reasonable to expect a rise in demand for vacant developed lots (VDLs) in 2025 as homebuilders sell more homes when mortgage rates remain steady as they have in 2024; along with this, due to the lack of supply for VDLs and the long-term prospects of the subject's area, we expect ample demand for single-family lots in the next 2-5 years. When looking at the longer time horizon, it appears that a newly developed single-family residential use on the site would have a value commensurate with its cost. Therefore, single-family residential use is considered to be financially feasible.

Maximally Productive

There does not appear to be any reasonably probable use of the subject property that would generate a higher residual land value than single-family residential use. Accordingly, it is our opinion that single-family residential use, developed to the normal market density allowed by the planned development is the maximally productive use of the property.

The resilient business climate in North Texas and the continual development of neighborhoods in Crandall and Kaufman County has created increased demand for homes in the area. Coupled with increasing movement into DFW, and southward in the Metroplex in particular, it is our opinion that the highest and best use of the property "As-Vacant" would be for the development of a single-family residential community. Thus, the highest and best use of the property "As-Vacant" is for development of single-family residential use.

Highest and Best Use "As-Improved"

Development of the subject property, as proposed utilizing our extraordinary assumptions, is the only use that meets the four tests of highest and best use. Therefore, we conclude that the highest and best use of the property "As-Improved" is similar to our conclusion "As-Vacant" which is for single-family residential use.

We believe that the **most probable buyers** would be a developer of large single-family communities or a large homebuilder who is active in the DFW Metroplex market.

VALUATION – IMPROVED RESIDENTIAL LOTS

Three approaches to value are typically considered when developing a market value opinion for real property. These are the Cost Approach, the Sales Comparison Approach, and the Income (Subdivision Development) Approach. Use of the approaches in this assignment is summarized as follows:

<i>Approach</i>	<i>Applicability to Subject</i>	<i>Use in Assignment</i>
Cost Approach	<i>Not Utilized since River Ridge PID will be Developed in Multiple Phases</i>	<i>Not Utilized</i>
Income (Subdivision Development) Approach	<i>Appropriate in Determining Residential Subdivision Value</i>	<i>Utilized</i>
Sales Comparison Approach	<i>Aspects Used in Subdivision Valuation to Determine Retail Market Value of the 50-FF and the 60-FF Lots</i>	<i>Partially Utilized</i>

Residential Subdivision (335 Improved Lots)

Cost Approach

The Cost Approach involves research, verification, and comparison of sales of other vacant land with the subject land. The sales are then adjusted for value-related differences. Cost figures are obtained from the developer and engineer and compared to cost figures on competing developments. A developer's profit is based on profit expectations reported by developers as well as actual profit on similar developments.

The Cost Approach provides information that contrasts with information from the Income Capitalization and Sales Comparison Approaches. It allows the appraiser to address the feasibility and highest and best use issues inherent in new construction. This approach is most beneficial when appraising a proposed or recently built project and is typically used when finished lots make up a substantial portion of the entire project. Since the proposed River Ridge PID will be constructed in multiple phases, *the Cost Approach is not appropriate and thus was not utilized* for the 335 Improved Residential Lots.

Income (Subdivision Development) Approach

In the Income Capitalization Approach, the retail value of the residential lots is estimated. The individual lot values are based on lot sales in competing developments. The absorption rates, expenses, and discount rates are also based on competing developments. Since sales of individual lots to an end-user homeowner is exceedingly rare in tract home subdivisions in this market, the value of an individual retail lot is effectively the same value of a portion of lots to a homebuilder because homebuilders tend to be the exclusive buyers of vacant developed lots from land developers. In addition, discussions with developers and homebuilders as well as review of contracts indicate that lots are typically received by the builders on a takedown schedule with annual price escalations of approximately 6% so the lots are not released in bulk to the home builders. The indicated value by the Income (Subdivision) Approach is based on the sellout of the lots with deductions for holding costs and discounted to a net present value.

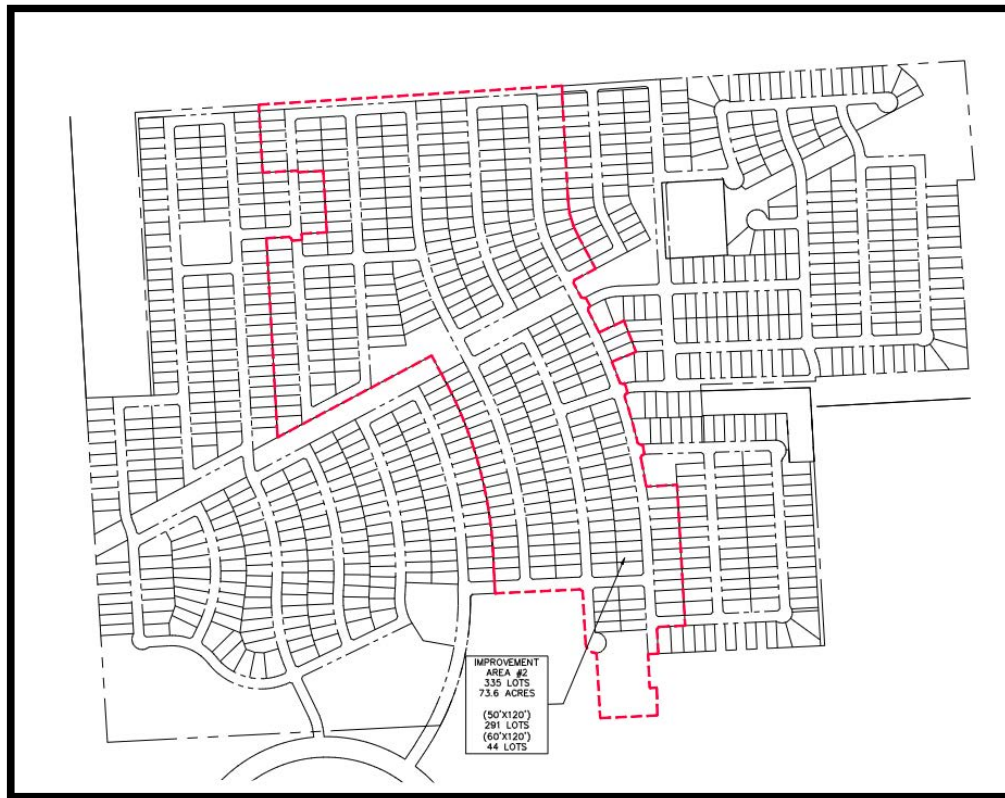
The Income (Subdivision Development) Approach applied in subdivision analysis simulates what occurs in a bulk sale where one buyer purchases a subdivision or large group of lots at a discount. Income capitalization is the primary method used in subdivision valuation because value is determined by future sales over time. Along with discounted cash flow analysis, income capitalization directly measures differences in present value based on future cash flow projections. This approach provides a direct measure of the market value or wholesale value of a group of lots or units, which is different from the sum of the retail lot prices. Since the problem to be solved

in this assignment is to determine the bulk sale value of 335 improved residential lots, as of the date of Substantial Completion (Effective Date), *the Income (Subdivision Development) Approach is appropriate and was developed.*

Sales Comparison Approach

The Sales Comparison Approach involves comparing recent sales of entire subdivisions or a large group of lots that involved a single purchaser. The sales are then adjusted for value-related differences. Determining market values for the subdivision or the group of lots is the objective of the analysis, and that determination requires recent and relevant similar bulk sales for the comparison. Finding highly similar and recent sales of improved subdivisions to a single buyer in most markets can be difficult, perhaps impossible. Comparison requires comparable sales with about the same or similar remaining absorption period, a similar mix of lots or unit types, location, home price points, and other characteristics. As Texas is a non-disclosure state, sales data available is limited to sales confirmed by associated parties. Since data on highly similar bulk sales to a single purchaser is difficult to find and verify, *the Sales Comparison Approach was not fully developed by the appraisers.*

INCOME (SUBDIVISION DEVELOPMENT) APPROACH - IMPROVED RESIDENTIAL LOTS



Income capitalization is the primary method used in subdivision valuation because value is determined by future sales over time. Along with discounted cash flow analysis, income capitalization directly measures differences in present value based on future cash flow projections. The income methodology applied in subdivision analysis has been adapted to simulate what occurs in a bulk sale where one buyer purchases a group of lots at a discount. It provides a direct measure of the market value or wholesale value of a group of lots or units, which is different from the sum of the retail lot prices.

In order to complete the analysis, the appraisers:

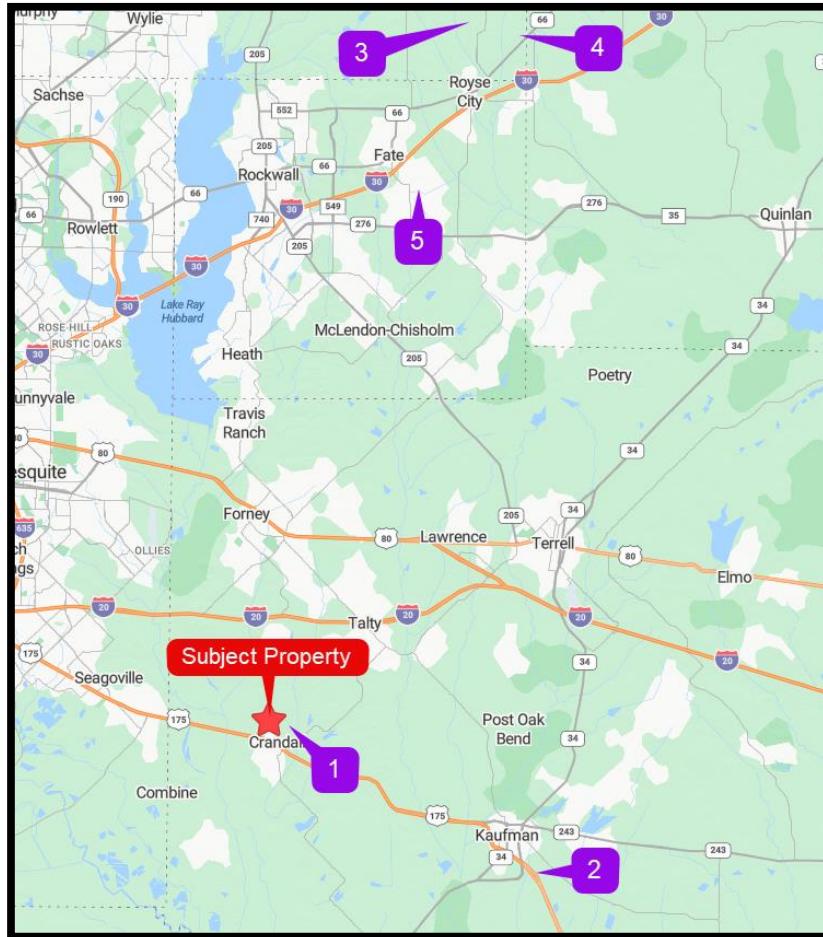
- Determined the value of the lots through aspects of the Sales Comparison Approach based on the concept plan provided by the developers
- Calculated the absorption period (earlier in the report) for the finished lots after construction is complete
- Analyzed the effect of appreciation, taxes, and sales costs over the absorption period
- Estimated the appropriate discount rate necessary to undertake the risks associate with the project
- Utilized discount cash flow (DCF) analysis to determine the present value of future cash flows realized by selling the lots at market prices over time

We utilized the following unit of comparison which is the measure most commonly found in the market:

Sales Price Per Front Foot – Obtained by dividing sale price by the front footage of the lot

Following is our analysis of the 50-FF and 60-FF lots within River Ridge PID IA #2, beginning with the 50' Lots.

MAP OF COMPARABLE LOT SALES –50’ LOTS

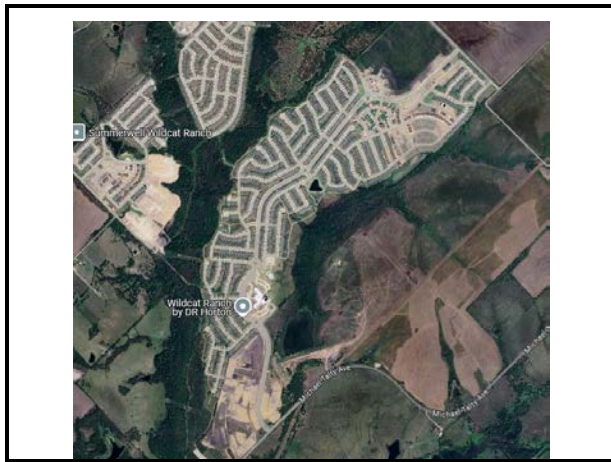


Subject: River Ridge PID IA #2, Crandall, TX 75114

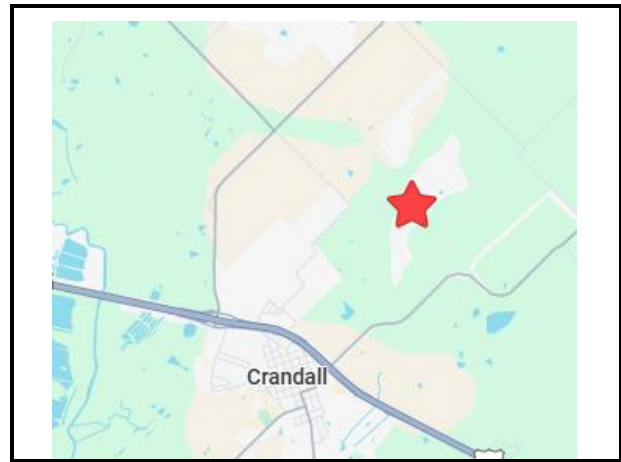
We selected the best and most recent comparable lot sales for our analysis of the 50-FF lots. Our five comparable sales are shown below:

SUMMARY OF LOT SALES - 50' LOTS								
Sale	Subdivision	City	ISD	Contract Date	Sale Date	Base Lot Price	Front Feet (FF)	\$/FF
1	Wildcat Ranch	Crandall	Crandall	Nov-2023	In-Contract	\$89,800	50	\$ 1,796
2	Kaufman PID No. 3	Kaufman	Kaufman	June-2024	In-Contract	\$75,500	50	\$ 1,510
3	Clearview Ranch	Royse City	Royse City	Sept-2024	In-Contract	\$81,000	50	\$ 1,620
4	Creekside PID	Royse City	Royse City	June-2024	In-Contract	\$83,750	50	\$ 1,675
5	Waterscape PID	Royse City	Royse City	June-2024	In-Contract	\$80,000	50	\$ 1,600
Subject	River Ridge PID IA #2	Crandall	Crandall	-	-	-	50	-

SALE COMPARABLE 1 – 50’ LOTS



Comparable 1 Aerial



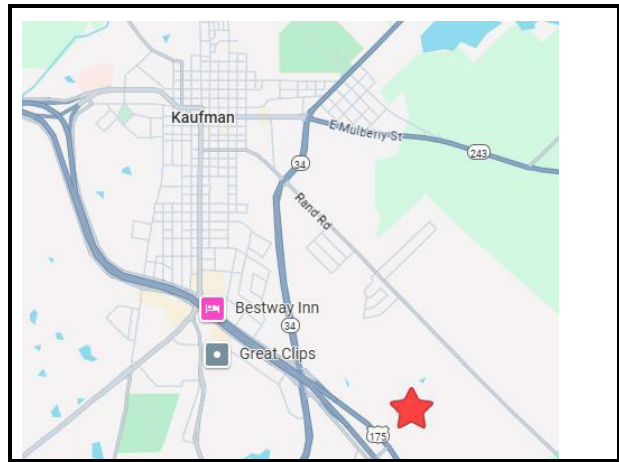
Comparable 1 Map

50-FF Sale Comparable 1				
Property Information				
Subdivision Name	Wildcat Ranch			
Property Class	Residential Lot			
Address	North of Highway 175 and West of Michael Talty Avenue			
County	Kaufman			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	5,500	SF	0.13	Acres
Zoning Code	Planned Development			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	In-Contract			
Sale/Contract Date	September 6, 2024			
Seller	SOCFM Developer LLC			
Buyer	BEAZER HOMES TEXAS LP			
Sale Price	\$89,800			
Price per SF Land	\$16.33			
Price per Front Foot	\$1,796			

SALE COMPARABLE 2 – 50’ LOTS



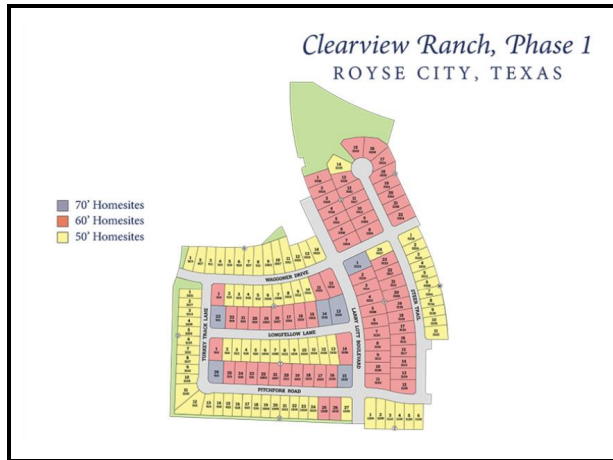
Comparable 2 Aerial



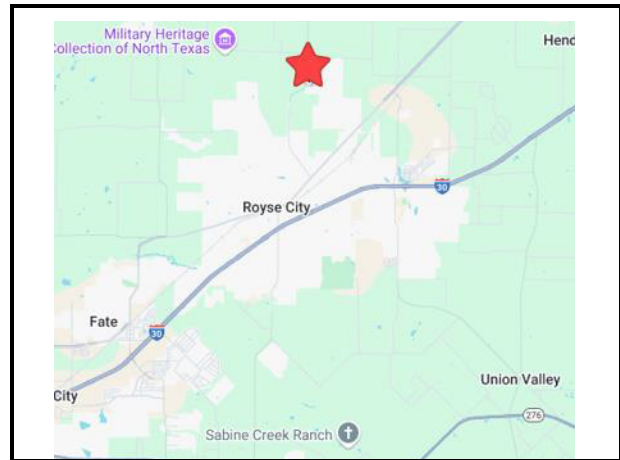
Comparable 2 Map

50-FF Sale Comparable 2			
Property Information			
Subdivision Name	Kaufman PID No. 3		
Property Class	Residential Lot		
Address	Northwest side of U.S. Hwy 175, Kaufman		
County	Kaufman County		
Property Type	Residential / Multiple Units		
Site Information			
Site Size	6,000	SF	0.14 Acres
Zoning Code	Planned Development		
Shape	Rectangular		
Topography	Basically level		
Available Utilities	All available		
Transaction Information			
Sale Status	In Contract		
Sale/Contract Date	June 3, 2024		
Seller	Freeman Farm a Series of EIS Development II, LLC		
Buyer	Lillian Custom Homes, LLC		
Sale Price	\$75,500		
Price per SF Land	\$12.58		
Price per Front Foot	\$1,510		

SALE COMPARABLE 3 – 50’ LOTS



Comparable 3 Aerial



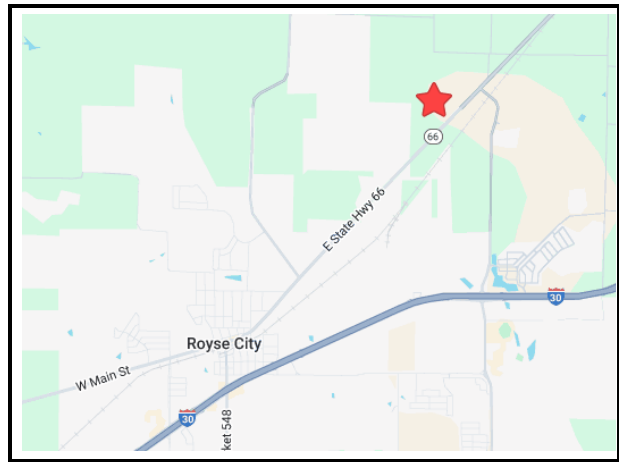
Comparable 3 Map

50-FF Sale Comparable 3				
Property Information				
Subdivision Name	Clearview Ranch			
Property Class	Residential Lot			
Address	East side of FM-1777, south of County Road 677, Royse City			
County	Collin			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	6,000	SF	0.14	Acres
Zoning Code	Planned Development			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	In contract			
Sale/Contract Date	September 30, 2024			
Seller	Clearview Ranch Land, LLC			
Buyer	DRHI, Inc.			
Sale Price	\$81,000			
Price per SF Land	\$13.50			
Price per Front Foot	\$1,620			

SALE COMPARABLE 4 – 50’ LOTS



Comparable 4 Aerial



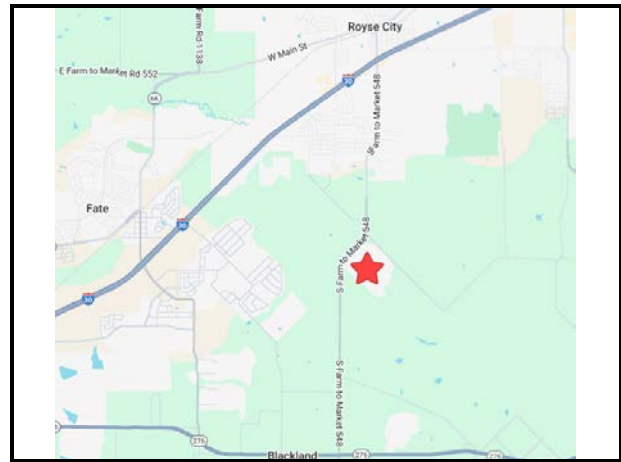
Comparable 4 Map

50-FF Sale Comparable 4				
Property Information				
Subdivision Name	Creekside PID			
Property Class	Residential Lot			
Address	Northwest of State Highway 66 at River Bend Road, Royse City			
County	Collin			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	6,000	SF	0.14	Acres
Zoning Code	Planned Development			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	In contract			
Sale/Contract Date	June 1, 2024			
Seller	HT Hwy 66 Development, LP			
Buyer	William Ryan Homes Texas, Inc.			
Sale Price	\$83,750			
Price per SF Land	\$13.96			
Price per Front Foot	\$1,675			

SALE COMPARABLE 5 – 50’ LOTS



Comparable 5 Aerial



Comparable 5 Map

50-FF Sale Comparable 5				
Property Information				
Subdivision Name	Waterscape PID			
Property Class	Residential Lot			
Address	Southwest side of Crenshaw Road, southeast of FM-548, Royse City			
County	Rockwall			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	6,000	SF	0.14	Acres
Zoning Code	Planned Development			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	In-Contract			
Sale/Contract Date	June 1, 2024			
Seller	HC Royse 548 LLC			
Buyer	HMH Lifestyles, LP			
Sale Price	\$80,000			
Price per SF Land	\$13.33			
Price per Front Foot	\$1,600			

SALES ADJUSTMENT COMPARISON GRID –50’ LOTS

Subdivision	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5
	River Ridge PID IA #2	Wildcat Ranch	Kaufman PID No. 3	Clearview Ranch	Creekside PID	Waterscape PID
	Crandall	Crandall	Kaufman	Royce City	Royce City	Royce City
<i>Transactional Adjustments</i>						
Sales Price/FF		\$1,796	\$1,510	\$1,620	\$1,675	\$1,600
Rights Conveyed		0%	0%	0%	0%	0%
Sales Price/FF		\$1,796	\$1,510	\$1,620	\$1,675	\$1,600
Financing Terms		0%	0%	0%	0%	0%
Sales Price/FF		\$1,796	\$1,510	\$1,620	\$1,675	\$1,600
Conditions of Sale		0%	0%	0%	0%	0%
Sales Price/FF		\$1,796	\$1,510	\$1,620	\$1,675	\$1,600
Expenditures After Purchase		0%	0%	0%	0%	0%
Sales Price/FF		\$1,796	\$1,510	\$1,620	\$1,675	\$1,600
Time/Market Conditions		+4%	+2%	+2%	+2%	+2%
ADJUSTED Price/FF:		\$1,868	\$1,540	\$1,652	\$1,709	\$1,632
<i>Physical Adjustments</i>						
Location/Access	North Crandall, Northeast of Spring Creek Boulevard	0%	+2%	+2%	+2%	+2%
Amenities	Pool, Splashpad, Pond, Walking Path	0%	+5%	+5%	0%	-5%
Size	50-FF	0%	0%	0%	0%	0%
Utilities	All Available	0%	0%	0%	0%	0%
Zoning	PD-SF-2	0%	0%	0%	0%	0%
<i>Total Net Physical Adj. After Transactional Adj.</i>		0%	+7%	+7%	+2%	-3%
ADJUSTED Price/FF:		\$1,868	\$1,648	\$1,768	\$1,743	\$1,583
SUMMARY OF COMPARABLE VALUES						
Value Range/FF			\$1,583	to	\$1,868	
Weighted Average		40%	20%	15%	15%	10%
Average Value/FF Weighted	\$1,762					
Median Value/FF	\$1,743					
Size	50-FF					
Unit Value Indication	\$1760/FF					
Overall Value Indication	\$88,000					
<i>Rounded</i>	\$88,000					

ANALYSIS OF ADJUSTMENTS –50’ LOTS

Our research of comparable lot sales leads us to the determination that there are ample recent transactions within the last few years involving similar properties within the subject’s general competing area that could reliably and reasonably be verified through our due diligence. The comparable sales for the subject property had unadjusted contracted base prices ranging from \$1,510 per front foot to \$1,796 per front foot (FF) with all Sales being 50-FF lot types.

Data on each of the sales, including sales price, was confirmed with sources considered reliable. Based on analysis of this data and other pertinent information obtained in our research, the following pages are a discussion of the factors which were found to exhibit significant influence on property values in this market.

Factors to be Considered and Summary of Adjustments

Transactional Adjustments

Property Rights, Financing Terms, and Conditions of Sale

Each of the comparable sales were sold as Fee Simple interests, sales were transferred in cash equivalency, and under typical sale conditions; thus, no adjustments are made for these three factors.

Expenditures After Purchase

Typically, in a master-planned residential community like the subject, municipalities will require impact fees paid for water, sewer, and roadway. These fees will be the responsibility of the homebuilder rather than the developer. Since purchasers of other lots would typically be expected to pay water, sewer, and roadway impact/connection fees, these are not considered atypical and are not included in our analysis.

Time/Market Conditions

The residential real estate market increased significantly in 2020 through 2022, but it began to cool in 2023 and early 2024. In late 2024, the Federal Reserve lowered mortgage rates by 35 basis points. During the period from 2020 to 2022, price increases were observed in both improved residential homes and vacant developed lots due to strong demand. Homebuilders absorbed lots at rates well above the historical norm. Additionally, data from Zonda indicates a significant shortage of 50-FF vacant developed lots in this market which has driven prices higher even as demand for finished homes has recently diminished.

Considering the residential market data and price increases for recent platted and developed residential lot sales throughout the Metroplex and specifically along the US Highway 175 Corridor which were necessitated based off supply and demand as well as development costs, we believe a market conditions adjustment of +3% year-over-year (YoY) increase throughout 2021, 2022, 2023 and into the first three quarters of 2024 is warranted and supported for residential developed lots for sale in platted subdivisions, due to the time it takes to get all the city entitlements approved and engineer and zoning costs paid. Platted developed lots on the ground have a faster market sale value increase than would raw land sold for this use. Based on the preceding, each of the comparable lot sales have been adjusted positively between +2% and +4% for Market Conditions depending on the sale date.

Physical Adjustments

Location/Access

The subject property is in a quickly developing area of North Texas in the City of Crandall. Development in the subject's area has been moderately increasing and consistent throughout the decades. The subject is located just north of US Highway 175. The area around the subject is primarily rural land with scattered single-family development to the north, east, and west, and commercial use to the south. Also in the area are municipal uses, agricultural uses, and some commercial uses along US Highway 175.

Crandall High School, which is the only high school in Crandall ISD is a district with an "B" rating from the Texas Education Agency (TEA). Many future residents looking for a quasi-rural residential neighborhood would likely prefer a smaller and desirable school district than larger school districts more prevalent near DFW. The subject is located north of US Highway 175, which is a four-lane paved highway, and east of County Road 741, which is a two-lane paved county road. Accessibility is considered average for this area. We have made the following adjustments for Location/Access:

- Sale 1: Similar; Located in Crandall, which has similar access to commercial uses, and is located in Crandall ISD which is the same ISD as the subject; Adjusted 0%
- Sale 2: Inferior; Located in Kaufman, which has inferior access to commercial uses and further removed from the Dallas CBD, however, it is located in Kaufman ISD which has an "A" rating and considered to be a superior ISD; Adjusted +2%
- Sale 3: Inferior; Located in Royce City, which has inferior access to commercial uses and further removed from the Dallas CBD, however, it is located in Royce City ISD which has an "A" rating and considered to be a superior ISD; Adjusted +2%
- Sale 4: Inferior; Located in the Royce City, which has inferior access to commercial uses and further removed from the Dallas CBD, however, it is located in Royce City ISD which has an "A" rating and considered to be a superior ISD; Adjusted +2%
- Sale 5: Inferior; Located in Royce City, which has inferior access to commercial uses and further removed from the Dallas CBD, however, it is located in Royce City ISD which has an "A" rating and considered to be a superior ISD; Adjusted +2%

Amenities

The subject property's amenities will consist of an amenity center, pool, splashpad, park, pond, and a walking path. According to the site visit, earthwork on the site is underway for IA #2. The subject's amenities are standard for a master planned community the size of River Ridge PID IA #2 development being built-out with 335 homes. We have made the following adjustments for Amenities:

- Sale 1: Similar; Wildcat Ranch Subdivision, which has similar amenities as the subject; Adjusted 0%
- Sale 2: Inferior; Kaufman PID No. 3 Subdivision, which consist of inferior amenities such as a park; Adjusted +5%
- Sale 3: Inferior; Clearview Ranch Subdivision, which has inferior amenities such as a park and greenspace; Adjusted +5%
- Sale 4: Similar; Creekside PID Subdivision, which has similar amenities such a pool, splashpad, park, and pond; Adjusted 0%
- Sale 5: Superior; Waterscape PID Subdivision, which has superior amenities such as an amenity center, 2 pools, splashpad, park, sand volleyball court, outdoor grilling area, dog park, and fishing pond; Adjusted -5%

River Ridge Public Improvement District IA #2

Size

Due to economies of scale, smaller lots are expected to sell for a higher price per unit (foot frontage). All Sales are also 50-FF lots that can accommodate the same building pad, so no adjustment is made for Size.

Utilities

The subject property's improved lots will each have access to electric, water, sewer, natural gas, and high-speed Internet. Sales 1-5 will also have access to the same utilities as the subject. Therefore, no adjustment is made for Utilities to those comparable sales.

Zoning

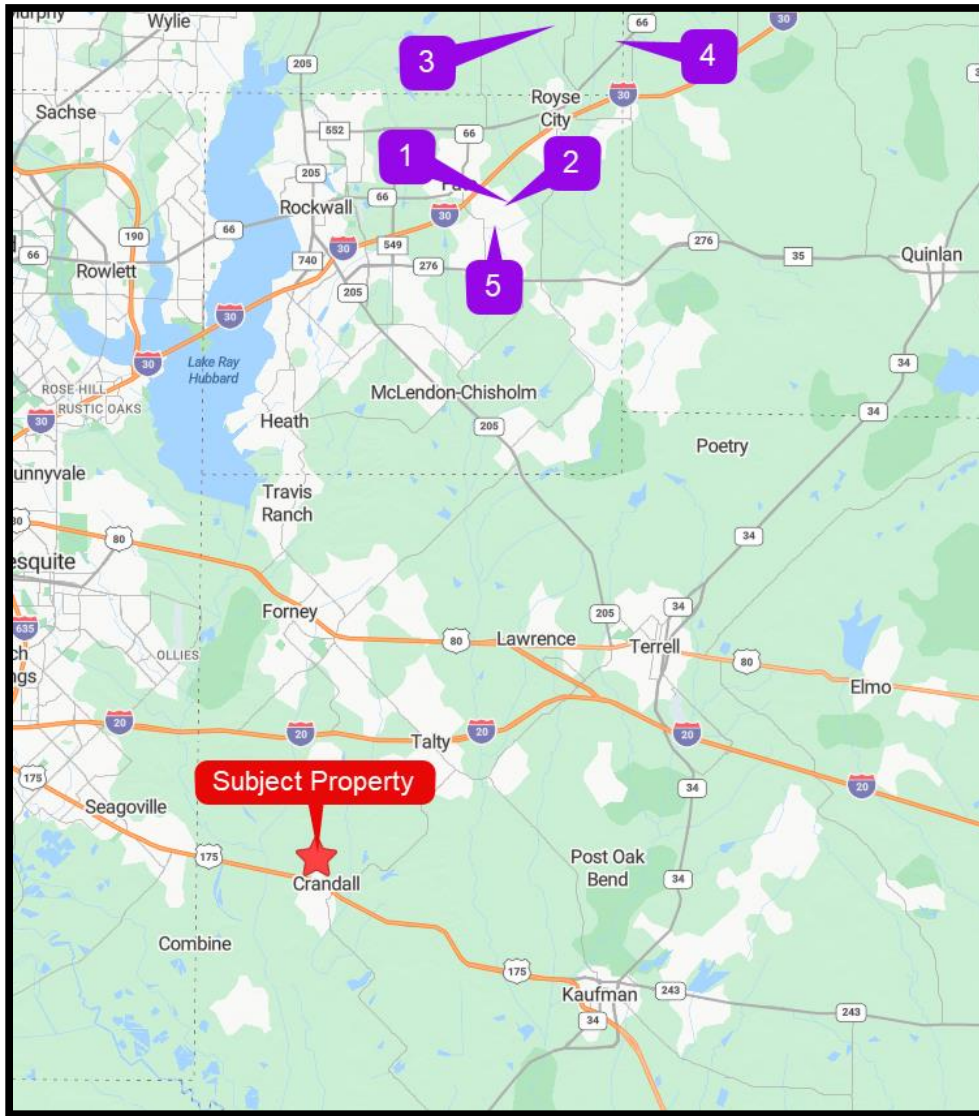
The subject property is in a planned development and comparable sales 1, 2, 3, 4, and 5 are in planned developments with residential subdivision zoning for similar sized residential lots; thus, no adjustment is made for Zoning.

Conclusion for 50' Lots – The 50' Lot Sales have an adjusted range of \$1,583/FF to \$1,868/FF with an average of \$1,722/FF and a median of \$1,743/FF. We considered each of the five sales as being reflective of the market and considered increasing development costs due to increases in material and labor, which has increased the cost to develop a property similar to the subject. We conclude that the retail market value of the **improved 50' lots is \$1760/FF, or \$88,000/Lot.**

Lot Type	Total Lots	Projected Completion Date	Concluded Retail Value Per Lot
50' Detached Lots	291	March 1, 2025	\$88,000

Next, we will analyze the retail market value of the 60' improved lots within the River Ridge PID IA #2.

MAP OF COMPARABLE LOT SALES –60’ LOTS

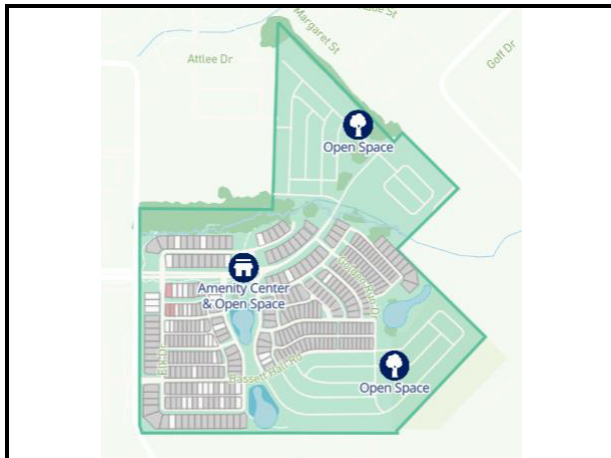


Subject: River Ridge PID IA #2, Crandall, TX 75114

We selected the best and most recent comparable lot sales for our analysis of the 60-FF lots. Our five comparable sales are shown below:

SUMMARY OF LOT SALES - 60' LOTS								
Sale	Subdivision	City	ISD	Contract Date	Sale Date	Base Lot Price	Front Feet (FF)	\$/FF
1	Edgewater	Fate	Rockwall	Oct-2024	In-Contract	\$114,000	60	\$ 1,900
2	Edgewater	Fate	Rockwall	Oct-2024	In-Contract	\$114,000	60	\$ 1,900
3	Clearview Ranch	Royse City	Royse City	Sept-2024	In-Contract	\$93,600	60	\$ 1,560
4	Creekside PID	Royse City	Royse City	June-2024	In-Contract	\$96,000	60	\$ 1,600
5	Monterra	Fate	Rockwall	Oct-2023	Closed	\$87,000	60	\$ 1,450
Subject	River Ridge PID IA #2	Crandall	Crandall	-	-	-	60	-

SALE COMPARABLE 1 – 60’ LOTS



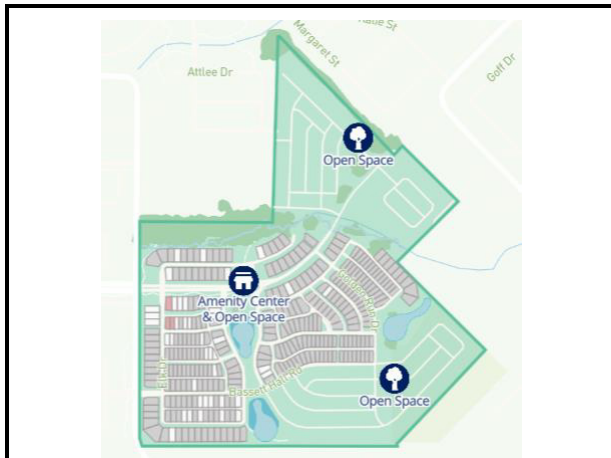
Comparable 1 Aerial



Comparable 1 Map

60-FF Sale Comparable 1				
Property Information				
Subdivision Name	Edgewater			
Property Class	Residential Lot			
Address	East of Green Circle, North of State Highway 276, and South of Interstate 30, Fate			
County	Rockwall			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	7,200	SF	0.17	Acres
Zoning Code	Planned Development			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	In-contract			
Sale/Contract Date	October 2024			
Seller	New Sheridan Dev Co Phase 3 LLC			
Buyer	Grand Acquisition, Inc.			
Sale Price	\$114,000			
Price per SF Land	\$15.83			
Price per Front Foot	\$1,900			

SALE COMPARABLE 2 – 60’ LOTS



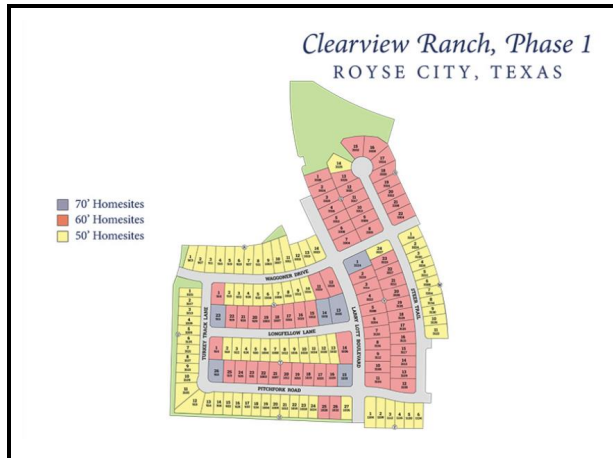
Comparable 2 Aerial



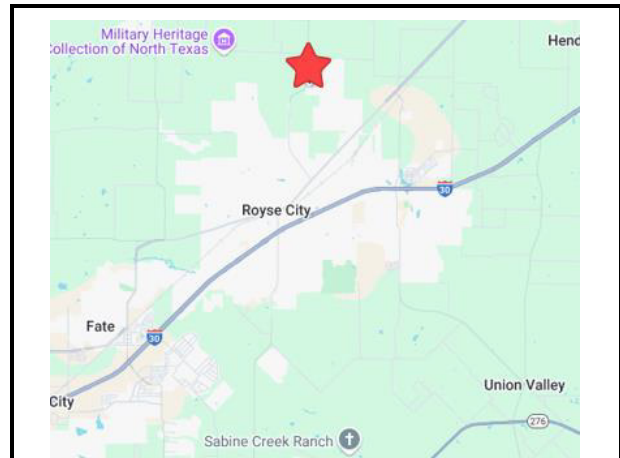
Comparable 2 Map

60-FF Sale Comparable 2				
Property Information				
Subdivision Name	Edgewater			
Property Class	Residential Lot			
Address	East of Green Circle, North of State Highway 276, and South of Interstate 30, Fate			
County	Rockwall			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	7,200	SF	0.17	Acres
Zoning Code	Planned Development			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	In-Contract			
Sale/Contract Date	October 2024			
Seller	New Sheridan Dev Co Phase 3 LLC			
Buyer	UnionMain Homes, LLC			
Sale Price	\$114,000			
Price per SF Land	\$15.83			
Price per Front Foot	\$1,900			

SALE COMPARABLE 3 – 60’ LOTS



Comparable 3 Aerial



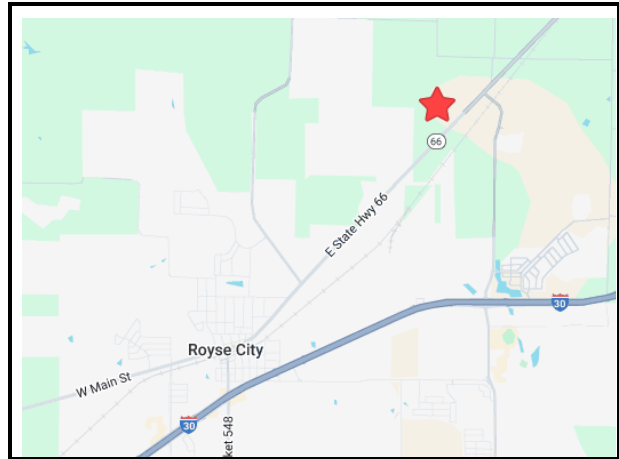
Comparable 3 Map

60-FF Sale Comparable 3				
Property Information				
Subdivision Name	Clearview Ranch			
Property Class	Residential Lot			
Address	East side of FM-1777, south of County Road 677, Royse City			
County	Collin			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	7,200	SF	0.17	Acres
Zoning Code	Planned Development			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	In contract			
Sale/Contract Date	September 2024			
Seller	Clearview Ranch Land, LLC			
Buyer	DRHI, Inc.			
Sale Price	\$93,600			
Price per SF Land	\$13.00			
Price per Front Foot	\$1,560			

SALE COMPARABLE 4 – 60’ LOTS



Comparable 4 Aerial



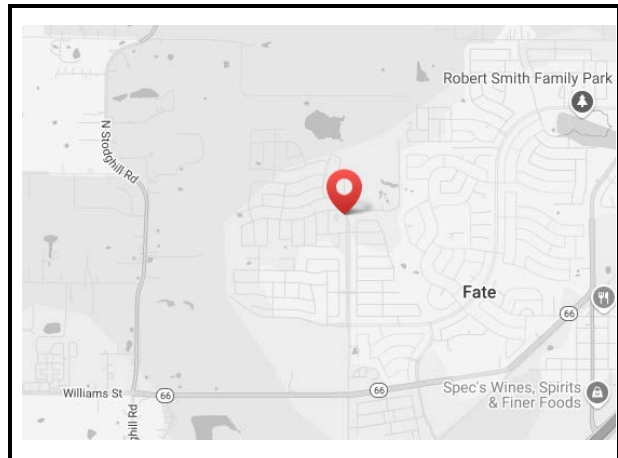
Comparable 4 Map

60-FF Sale Comparable 4				
Property Information				
Subdivision Name	Creekside PID			
Property Class	Residential Lot			
Address	Northwest of State Highway 66 at River Bend Road, Royse City			
County	Collin			
Property Type	Residential / Multiple Units			
Site Information				
Site Size	7,200	SF	0.17	Acres
Zoning Code	Planned Development			
Shape	Rectangular			
Topography	Basically level			
Available Utilities	All available			
Transaction Information				
Sale Status	In-Contract			
Sale/Contract Date	June 1, 2024			
Seller	HT Hwy 66 Development, LP			
Buyer	William Ryan Homes Texas, Inc.			
Sale Price	\$96,000			
Price per SF Land	\$13.33			
Price per Front Foot	\$1,600			

SALE COMPARABLE 5 – 60’ LOTS



Comparable 5 Aerial



Comparable 5 Map

60-FF Sale Comparable 5			
Property Information			
Subdivision Name	Monterra		
Property Class	Residential Lot		
Address	West side of Ben Payne Road, North of West Holiday Road, Fate		
County	Rockwall		
Property Type	Residential / Multiple Units		
Site Information			
Site Size	7,200	SF	0.17 Acres
Zoning Code	Planned Development		
Shape	Rectangular		
Topography	Basically level		
Available Utilities	All available		
Transaction Information			
Sale Status	Closed		
Sale/Contract Date	October - 2023		
Seller	WJ Monterra LP		
Buyer	Weekley Homes, LLC		
Sale Price	\$87,000		
Price per SF Land	\$12.08		
Price per Front Foot	\$1,450		

SALES ADJUSTMENT COMPARISON GRID –60’ LOTS

Subdivision	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5
	River Ridge PID IA #2	Edgewater	Edgewater	Clearview Ranch	Creekside PID	Monterra
	Crandall	Fate	Fate	Royse City	Royse City	Fate
<i>Transactional Adjustments</i>						
Sales Price/FF		\$1,900	\$1,900	\$1,560	\$1,600	\$1,450
Rights Conveyed		0%	0%	0%	0%	0%
Sales Price/FF		\$1,900	\$1,900	\$1,560	\$1,600	\$1,450
Financing Terms		0%	0%	0%	0%	0%
Sales Price/FF		\$1,900	\$1,900	\$1,560	\$1,600	\$1,450
Conditions of Sale		0%	0%	0%	0%	0%
Sales Price/FF		\$1,900	\$1,900	\$1,560	\$1,600	\$1,450
Expenditures After Purchase		0%	0%	0%	0%	0%
Sales Price/FF		\$1,900	\$1,900	\$1,560	\$1,600	\$1,450
Time/Market Conditions		0%	0%	+2%	+2%	+4%
ADJUSTED Price/FF:		\$1,900	\$1,900	\$1,591	\$1,632	\$1,508
<i>Physical Adjustments</i>						
Location/Access	North Crandall, Northeast of Spring Creek Boulevard	-1%	-1%	+2%	+2%	-1%
Amenities	Pool, Splashpad, Pond, Walking Path	0%	0%	+5%	0%	0%
Size	60-FF	0%	0%	0%	0%	0%
Utilities	All Available	0%	0%	0%	0%	0%
Zoning	PD-SF-2	0%	0%	0%	0%	0%
<i>Total Net Physical Adj. After Transactional Adj.</i>		-1%	-1%	+7%	+2%	-1%
ADJUSTED Price/FF:		\$1,881	\$1,881	\$1,703	\$1,665	\$1,493
SUMMARY OF COMPARABLE VALUES						
Value Range/FF			\$1,493	to	\$1,881	
Average Value/FF	\$1,724					
Median Value/FF	\$1,703					
Size	60-FF					
Unit Value Indication	\$1730/FF					
Overall Value Indication	\$103,800					
<i>Rounded</i>	\$103,800					

ANALYSIS OF ADJUSTMENTS –60’ LOTS

Our research of comparable lot sales leads us to the determination that there are ample recent transactions within the last few years involving similar properties within the subject’s general competing area that could reliably and reasonably be verified through our due diligence. The comparable sales for the subject property had unadjusted contracted base prices ranging from \$1,450 per front foot to \$1,900 per front foot with all Sales being 60-FF lot types.

Data on each of the sales, including sales price, was confirmed with sources considered reliable. Based on analysis of this data and other pertinent information obtained in our research, the following pages are a discussion of the factors which were found to exhibit significant influence on property values in this market.

Factors to be Considered and Summary of Adjustments

Transactional Adjustments

Property Rights, Financing Terms, and Conditions of Sale

Each of the comparable sales were sold as Fee Simple interests, sales were transferred in cash equivalency, and under typical sale conditions; thus, no adjustments are made for these three factors.

Expenditures After Purchase

Typically, in a master-planned residential community like the subject, municipalities will require impact fees paid for water, sewer, and roadway. These fees will be the responsibility of the homebuilder rather than the developer. Since purchasers of other lots would typically be expected to pay water, sewer, and roadway impact/connection fees, these are not considered atypical and are not included in our analysis.

Time/Market Conditions

The residential real estate market increased significantly in 2020 through 2022, but it began to cool in 2023 and early 2024. In late 2024, the Federal Reserve lowered mortgage rates by 35 basis points. During the period from 2020 to 2022, price increases were observed in both improved residential homes and vacant developed lots due to strong demand. Homebuilders absorbed lots at rates well above the historical norm. Additionally, data from Zonda indicates a significant shortage of 60-FF vacant developed lots in this market which has driven prices higher even as demand for finished homes has recently diminished.

Considering the residential market data and price increases for recent platted and developed residential lot sales throughout the Metroplex and specifically along the US Highway 175 Corridor which were necessitated based off supply and demand as well as development costs, we believe a market conditions adjustment of 3% year-over-year (YoY) increase throughout 2021, 2022, 2023 and into the first three quarters of 2024 is warranted and supported for residential developed lots for sale in platted subdivisions, due to the time it takes to get all the city entitlements approved and engineer and zoning costs paid. Platted developed lots on the ground have a faster market sale value increase than would raw land sold for this use. Based on the preceding, each of the comparable lot sales have been adjusted positively between 0% and 4% for Market Conditions depending on the sale date.

Physical Adjustments

Location/Access

The subject property is in a quickly developing area of North Texas in the City of Crandall. Development in the subject's area has been moderately increasing and consistent throughout the decades. The subject is located just north of US Highway 175. The area around the subject is primarily rural land with scattered single-family development to the north, east, and west, and commercial use to the south. Also in the area are municipal uses, agricultural uses, and some commercial uses along US Highway 175.

Crandall High School, which is the only high school in Crandall ISD is a district with a "B" rating from the Texas Education Agency (TEA). Many future residents looking for a quasi-rural residential neighborhood would likely prefer a smaller and desirable school district than larger school districts more prevalent near DFW. The subject is located north of US Highway 175, which is a four-lane paved highway, and east of County Road 741, which is a two-lane paved county road. Accessibility is considered average for this area. We have made the following adjustments for Location/Access:

- Sale 1: Superior; Located in Fate, which has similar access to commercial uses, however, it is located in Rockwall ISD which has an "A" rating and considered to be a superior ISD; Adjusted -1%
- Sale 2: Superior; Located in Fate, which has similar access to commercial uses, however, it is located in Rockwall ISD which has an "A" rating and considered to be a superior ISD; Adjusted -1%
- Sale 3: Inferior; Located in Royse City, which has inferior access to commercial uses, however, it is located in Royse City ISD which has an "A" rating and considered to be a superior ISD; Adjusted +2%
- Sale 4: Inferior; Located in Royse City, which has inferior access to commercial uses, however, it is located in Royse City ISD which has an "A" rating and considered to be a superior ISD; Adjusted +2%
- Sale 5: Superior; Located in Fate, which has inferior access to commercial uses, however, it is located in Rockwall ISD which has an "A" rating and considered to be a superior ISD; Adjusted -1%

Amenities

The subject property's amenities will consist of an amenity center, pool, splashpad, park, pond, and a walking path. According to the site visit, earthwork on the site is underway for IA #2. The subject's amenities are standard for a master planned community the size of River Ridge PID IA #2 development being built-out with 335 homes. We have made the following adjustments for Amenities:

- Sale 1: Similar; Edgewater Subdivision, which has similar amenities such as an amenity center, pool, playground, park, pond, and walking path; Adjusted 0%
- Sale 2: Similar; Edgewater Subdivision, which has similar amenities such as an amenity center, pool, playground, park, pond, and walking path; Adjusted 0%
- Sale 3: Inferior; Clearview Ranch Subdivision, which consist of inferior amenities such as a park and greenspace; Adjusted +5%
- Sale 4: Similar; Creekside PID Subdivision, which has similar amenities such as a pool, splashpad, pond, and a park; Adjusted 0%
- Sale 5: Similar; Monterra Subdivision, which has similar amenities such as a pool, splash pad, and pickleball courts; adjusted 0%

Size

Due to economies of scale, smaller lots are expected to sell for a higher price per unit (foot frontage). All Sales are also 60-FF lots that can accommodate the same building pad, so no adjustment is made for Size.

Utilities

The subject property’s improved lots will each have access to electric, water, sewer, natural gas, and high-speed Internet. Sales 1-5 will also have access to the same utilities as the subject. Therefore, no adjustment is made for Utilities to those comparable sales.

Zoning

The subject property is in a planned development and each of the comparable sales are in planned developments with residential subdivision zoning for similar sized residential lots; thus, no adjustment is made for Zoning.

Conclusion for 60’ Lots – The 60’ Lot Sales have an adjusted range of \$1,493/FF to \$1,881/FF with an average of \$1,724/FF and a median of \$1,703/FF. We considered each of the five sales as being reflective of the market and considered increasing development costs due to increases in material and labor , which has increased the cost to develop a property similar to the subject. We conclude that the retail market value of the **improved 60’ lots is \$1730/FF, or \$103,800/Lot.**

Lot Type	Total Lots	Projected Completion Date	Concluded Retail Value Per Lot
60' Detached Lots	44	March 1, 2025	\$103,800

Cumulative Retail Lot Value

We believe a current lot market value of \$88,000 for 50’ improved Lots, and \$103,800 for 60’ improved Lots with an Effective Date of March 1, 2025 is accurate and well-supported. Not only do our compiled recent comparable lot sales indicate that price, but numerous conversations with market participants – land developers and homebuilders – regarding current prices of lots within the subject’s market indicate that our concluded values per front foot is supported by the current retail price for 50-FF and 60-FF lots similar to the subject property. Market participants noted that prices for lots rose significantly in late 2020 and throughout 2023 which followed a spike in the residential housing market in DFW that contributed to a scarcity of vacant developed lots for homebuilders.

As of the Effective Date of March 1, 2025, the market value the 50-FF and 60-FF lot prices for River Ridge PID IA #2 are shown below:

RIVER RIDGE PID IA #2				
Lot Type	Concluded Retail Value	Effective Date	Number of Lots	Total Value
50' Detached Lot	\$88,000	March 1, 2025	291	\$25,608,000
60' Detached Lot	\$103,800	March 1, 2025	44	\$4,567,200
			335	\$30,175,200

Next, we will develop an opinion of value for the residential lots using the Discount Cash Flow analysis.

DISCOUNT CASH FLOW ANALYSIS

Having completed the retail lot value conclusions using aspects of the Sales Comparison Approach, we will develop an opinion of the market value of the property to a single purchaser, as of the substantial completion date. This value will include a provision for compensating the developer, i.e., profit for risk and expenditure of time. This value contemplates that the developer of the subject property would sell the subject to another developer who would in turn sell the developed lots on a retail basis. This value represents the concept of market value to a single purchaser as of the completed construction date, wherein a portion of the overall real property rights or physical asset would typically be sold to its ultimate users over some future period. Valuations involving such properties must fully reflect all appropriate deductions and discounts as well as the anticipated cash flows to be derived from the disposition of the asset over time. Appropriate deductions and discounts are those which reflect all expenses associated with the disposition of the property as well as the cost of capital and entrepreneurial profit. **This latter item of entrepreneurial profit is accounted for herein as part of the discount rate.**

The various assumptions necessary to complete our Discounted Cash Flow (DCF) analysis for the developed subject subdivision are discussed in detail in the following paragraphs.

Takedown Schedule

According to our research of absorption rates within the subject property’s market area, we have projected the initial takedown will be 8 lots with 50-FF and 2 lots with 60-FF, then our quarterly takedown projections are summarized as follows for the subject property based on our research of absorption:

TAKEDOWN SCHEDULE FOR RIVER RIDGE PID IA #2

Projected Quarterly Takedown Summary - River Ridge IA #2							
Lot Type	Mar-2025	Apr-2025	Jul-2025	Oct-2025	Jan-2026	Apr-2026	Jul-2026
50-FF	8	24	24	24	24	24	24
60-FF	2	6	6	6	6	6	6
Total	10	30	30	30	30	30	30



Projected Quarterly Takedown Summary - River Ridge IA #2							
Lot Type	Oct-2026	Jan-2027	Apr-2027	Jul-2027	Oct-2027	Jan-2028	TOTAL
50-FF	24	24	24	24	24	19	291
60-FF	6	-	-	-	-	-	44
Total	30	24	24	24	24	19	335

Note: Typically, quarters start in January, April, July, and October so we have used those baselines in our analysis. Since the Effective Date is March 1, 2025, our analysis starts at the end of the 1st quarter of 2025.

Value Increases During Sellout Period

Historically, in the sales contracts of volume lot sales in the marketplace, the lot prices are typically adjusted upward at rates ranging from the Wall Street Journal prime rate (8.00% as of late October 2024), plus 1% (annually) up to 9.00%. Contracts between land developers and homebuilders typically have a 6% escalation which is consistent with recent improved lot appreciations over many years. Thus, for valuation purposes moving forward, we have estimated an annual appreciation on the subject's lots at 6% per year which is also consistent with residential real estate appreciation over the past decade. This is also considered reasonable given the lack of available lot and housing supply in the area and the historical realization of interest carry/appreciation by developers within DFW and surrounding market areas.

EXPENSES

Taxes are paid by the developer annually. The estimation of taxes paid per period is based upon the principle that taxes are prorated at closing and are paid in arrears. Therefore, we have deducted taxes based upon the estimated retail market value of the unsold lots. The taxes are prorated in each calendar year based upon the projected sales in each period. The current tax rate for the bulk of the property is **2.347973 per \$100 assessed** with taxes due to the City of Crandall, Kaufman County, Road & Bridge, Trinity Valley CC, and Crandall ISD.

Based upon our experience as property tax consultants and information gathered from builders/developers, we do not believe the vacant lots will be assessed for their full market value once Substantial Completion is achieved. We believe the builder will have their lots assessed at approximately 70% of the market value, i.e., if a lot has a retail value of \$100,000 then the assessed value will be \$70,000. We believe this 30% discount is justified as taxing districts do not typically have access to cost data and assessments typically lag the market. In addition, many taxing districts allow for a 20% builder's inventory reduction.

Cost of Sales has been estimated at 1.5% of gross sales proceeds for various closing costs, surveys, commissions, and title policies.

Marketing expenses are not included as there is a shortage of vacant developed lots on the market and we would expect these lots to be absorbed by volume builders.

Discount Rate

The discount rate utilized herein is essentially an anticipated Internal Rate of Return (IRR) for the subject property, as estimated from investment performance realized by market participants. The discount rate used for the subject should be less than the typical land development project because the value we are determining is for a fully entitled project in a city-approved Planned Development which will have less risk exposure than that of a raw land development. Therefore, it is appropriate to utilize a discount rate adjusted for this risk. The appraisers have included a recent discount rate survey published by Realty Rates that considers the market conditions, risk, entrepreneurial profit, and liquidity inherent in a project such as the subject that developers of similar properties would consider.

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

*2nd Quarter 2024 Data Copyright 2024 RealtyRates.com™

As shown, the minimum actual rates in Texas range from 15.70% for less than 100 units; 16.09% for 100 to 500 units; and 16.48% for 500+ units with minimum pro-forma rates ranging from 15.07% to 15.83%.

The 7th Edition of the Dictionary of Real Estate Appraisal defines this term as “a discount rate that is adjusted to offset one or more risk factors, i.e., when a future downswing in the business cycle is likely, the risk associated with a project may increase near the end of its term, necessitating a special adjustment to the discount rate. Such discount rates include all of the elements of risk associated with an income stream for a specified period adjusted to offset additional term risk”. Thus, it is our opinion that a potential purchaser would expect to receive a much lower return on his investment for a completed project similar to the subject, which has numerous purchasers of the end product relative to that of a vacant tract of land awaiting eventual development (higher risk of escalating costs to site development and of the eventual timing of completion).

Based upon the preceding, an IRR that is similar to the minimum actual rate provided by the Realty Rates “Developer Survey” for Texas of 16.48% for 500+ units; and 15.83% for likewise minimum pro-forma rates is considered reasonable for the subject. Hence, taking into consideration the supply and demand levels within the subject’s submarket area, we have selected a discount rate of **15%** for the subject which takes into consideration the degree of risk, developer profit, and the liquidity inherent in a project such as the subject (assisted by involvement of the PID), as well as the current market conditions. To be consistent with the timing of the cash flows, the annual income stream is discounted quarterly with an annual DCF also included. With each of the required elements now identified, we will analyze the subject in DCF analyses as shown on the following pages.

DISCOUNT CASH FLOW (DCF) ANALYSIS - RIVER RIDGE PID IA #2

The following assumptions are made in our analysis which are supported by other research and analysis found earlier in this report:

- Substantial Complete March 1, 2025
- Retail lot values: \$88,000 for 50-FF lots
- Retail lot values: \$103,800 for 60-FF lots
- 6% Appreciation/Year (1.5%/Quarter)
- 50-FF Lots sell at 24/Quarter;
- 60-FF Lots sell at 6/Quarter;
- Discount Rate 15% (3.75%/Quarter)
- Tax Expense on Inventory is 2.347973%/Year, %/Quarter, but is discounted 30%
- Sales and Marketing Expense (1.5% of Revenue)

As Substantial Completion on the improved lots in River Ridge PID IA #2 is expected to be completed as of March 1, 2025, we believe lot prices will continue to appreciate closer to their historical average which is closer to 6% per year. Thus, we have concluded that current retail improved lot values will be similar when takedowns begin. Therefore, as of the expected Substantial Completion Date (**March 1, 2025**) the retail lot value for 291 50-FF lots is \$25,608,000, and the retail lot value for 44 60-FF lots is \$4,567,200 with a total cumulative value of \$30,175,200 as shown in the following table:

RIVER RIDGE PID IA #2					
Total Lots	Feet Frontage (FF)	Retail Price/Lot	Effective Date	Price/FF (\$/FF)	Total Retail Value (\$)
291	50 FF	\$88,000	March 1, 2025	\$1760/FF	\$25,608,000
44	60 FF	\$103,800	March 1, 2025	\$1730/FF	\$4,567,200
335					\$30,175,200

Discount cash flow analysis was completed on a quarterly and annual basis as a check for reasonableness. The annual DCF is a more rudimentary calculation, and we consider the quarterly analysis to be more accurate. When applying the DCF on a quarterly basis, the discount rate is divided by 4 and a discount rate of 3.75% is applied to each period. Typically, quarters start in January, April, July, and October so we have used those baselines in our analysis. Since the Substantial Completion Date was March 1, 2025, we will analyze on a quarterly basis starting March 2025, then proceed at the beginning of each quarter.

DISCOUNT CASH FLOW DATA – RIVER RIDGE PID IA #2 LOTS (QUARTERLY)

Lot Type	Mar. 2025			Apr. 2025			Jul. 2025		
	Starting Units	Lot Price	Sales	Units Available	Lot Price	Sales	Units Available	Lot Price	Sales
50-FF Lot	291	\$ 88,000	8	283	\$ 90,640	24	259	\$ 93,359	24
60-FF Lot	44	\$ 103,800	2	42	\$ 106,914	6	36	\$ 110,121	6
Revenue		\$ 911,600			\$2,816,844			\$2,901,349	
Expenses:									
Amenity Center Fee Reimbursement		\$ 15,000			\$ 45,000			\$ 45,000	
Marketing Fee Reimbursement		\$ 5,000			\$ 15,000			\$ 15,000	
Impact Fees Reimbursement		\$ 69,000			\$ 207,000			\$ 207,000	
Tax Expense		\$ (41,329)			\$ (123,850)			\$ (115,644)	
Sales Expense		\$ (13,674)			\$ (42,253)			\$ (43,520)	
Net Income		\$ 945,597			\$2,917,741			\$3,009,185	
Factor		0.994194			0.960056			0.927090	
Income Net Present Value (NPV)		\$ 940,106			\$2,801,194			\$2,789,786	



Lot Type	Oct. 2025			Jan. 2026			Apr. 2026		
	Units Available	Lot Price	Sales	Units Available	Lot Price	Sales	Units Available	Lot Price	Sales
50-FF Lot	235	\$ 96,160	24	211	\$ 99,045	24	187	\$ 102,016	24
60-FF Lot	30	\$ 113,425	6	24	\$ 116,828	6	18	\$ 120,333	6
Revenue		\$2,988,390			\$3,078,041			\$3,170,383	
Expenses:									
Amenity Center Fee Reimbursement		\$ 45,000			\$ 45,000			\$ 45,000	
Marketing Fee Reimbursement		\$ 15,000			\$ 15,000			\$ 15,000	
Impact Fees Reimbursement		\$ 207,000			\$ 207,000			\$ 207,000	
Tax Expense		\$ (106,834)			\$ (97,392)			\$ (87,286)	
Sales Expense		\$ (44,826)			\$ (46,171)			\$ (47,556)	
Net Income		\$3,103,730			\$3,201,479			\$3,302,541	
Factor		0.895257			0.864516			0.834831	
Income Net Present Value (NPV)		\$2,778,635			\$2,767,730			\$2,757,064	



Lot Type	Jul. 2026			Oct. 2026			Jan. 2027		
	Units Available	Lot Price	Sales	Units Available	Lot Price	Sales	Units Available	Lot Price	Sales
50-FF Lot	163	\$ 105,077	24	139	\$ 108,229	24	115	\$ 111,476	24
60-FF Lot	12	\$ 123,943	6	6	\$ 127,661	6	0	-	-
Revenue		\$3,265,494			\$3,363,459			\$2,675,418	
Expenses:									
Amenity Center Fee Reimbursement		\$ 45,000			\$ 45,000			\$ 36,000	
Marketing Fee Reimbursement		\$ 15,000			\$ 15,000			\$ 12,000	
Impact Fees Reimbursement		\$ 207,000			\$ 207,000			\$ 165,600	
Tax Expense		\$ (76,487)			\$ (64,962)			\$ (52,676)	
Sales Expense		\$ (48,982)			\$ (50,452)			\$ (40,131)	
Net Income		\$3,407,024			\$3,515,046			\$2,796,212	
Factor		0.806165			0.778484			0.751753	
Income Net Present Value (NPV)		\$2,746,625			\$2,736,407			\$2,102,061	



River Ridge Public Improvement District IA #2

Lot Type	Apr. 2027			Jul. 2027			Oct. 2027		
	Units Available	Lot Price	Sales	Units Available	Lot Price	Sales	Units Available	Lot Price	Sales
50-FF Lot	91	\$ 114,820	24	67	\$ 118,265	24	43	\$ 121,813	24
60-FF Lot	-	-	-	-	-	-	-	-	-
Revenue		\$2,755,681			\$2,838,351			\$2,923,502	
Expenses:									
Amenity Center Fee Reimbursement		\$ 36,000			\$ 36,000			\$ 36,000	
Marketing Fee Reimbursement		\$ 12,000			\$ 12,000			\$ 12,000	
Impact Fees Reimbursement		\$ 165,600			\$ 165,600			\$ 165,600	
Tax Expense		\$ (42,933)			\$ (32,558)			\$ (21,522)	
Sales Expense		\$ (41,335)			\$ (42,575)			\$ (43,853)	
Net Income		\$2,885,013			\$2,976,818			\$3,071,727	
Factor		0.725940			0.701013			0.676943	
Income Net Present Value (NPV)		\$2,094,346			\$2,086,789			\$2,079,383	



Lot Type	Jan. 2028		
	Units Available	Lot Price	Sales
50-FF Lot	19	\$ 125,467	19
60-FF Lot	-	-	-
Revenue		\$2,383,872	
Expenses:			
Amenity Center Fee Reimbursement		\$ 28,500	
Marketing Fee Reimbursement		\$ 9,500	
Impact Fees Reimbursement		\$ 131,100	
Tax Expense		\$ (9,795)	
Sales Expense		\$ (35,758)	
Net Income		\$2,507,419	
Factor		0.653698	
Income Net Present Value (NPV)		\$1,639,096	



Total Net Revenue Over ~13 Quarters	\$37,639,530
Net Present Value (As-Is) at 15% Discount Rate	\$30,319,222
<u>Rounded</u>	\$30,320,000

Note: Quarterly discount and appreciation calculations are averaged to the middle of the period.

DISCOUNT CASH FLOW DATA – RIVER RIDGE PID IA #2 LOTS (ANNUAL)

	2025			2026		
Lot Type	Starting Units	Lot Price	Sales	Units Available	Lot Price	Sales
50-FF Lot	291	\$ 91,960	80	211	\$ 102,995	96
60-FF Lot	44	\$ 108,471	20	24	\$ 121,488	24
Revenue		\$ 9,526,220			\$ 12,803,240	
Expenses:						
<i>Amenity Center Fee Reimbursement</i>		\$ 150,000			\$ 180,000	
<i>Marketing Fee Reimbursement</i>		\$ 50,000			\$ 60,000	
<i>Impact Fees Reimbursement</i>		\$ 690,000			\$ 828,000	
<i>Tax Expense</i>		\$ (431,893)			\$ (405,105)	
<i>Sales Expense</i>		\$ (142,893)			\$ (192,049)	
Net Income		\$ 9,841,434			\$ 13,274,086	
Factor		0.943429			0.829984	
Income Net Present Value (NPV)		\$ 9,284,694			\$ 11,017,275	



	2027			2028		
Lot Type	Units Available	Lot Price	Sales	Units Available	Lot Price	Sales
50-FF Lot	115	\$ 115,355	96	19	\$ 125,390	19
60-FF Lot	0	-	-	-	-	-
Revenue		\$ 11,074,044			\$ 2,382,419	
Expenses:						
<i>Amenity Center Fee Reimbursement</i>		\$ 144,000			\$ 28,500	
<i>Marketing Fee Reimbursement</i>		\$ 48,000			\$ 9,500	
<i>Impact Fees Reimbursement</i>		\$ 662,400			\$ 131,100	
<i>Tax Expense</i>		\$ (218,034)			\$ (9,789)	
<i>Sales Expense</i>		\$ (166,111)			\$ (35,736)	
Net Income		\$ 11,544,299			\$ 2,505,994	
Factor		0.721725			0.661356	
Income Net Present Value (NPV)		\$ 8,331,809			\$ 1,657,355	



Total Net Revenue Over ~3.5 Years	\$37,165,813
Net Present Value (As-Is) at 15% Discount Rate	\$30,291,132
Rounded	\$30,290,000

Note: Annual discount and appreciation calculations are averaged to the middle of the period

DCF Conclusion (335 Improved 50' and 60' Lots)

Using the Discount Cash Flow analysis on both a quarterly and annual basis suggests the market value for the 335 improved lots in River Ridge PID IA #2 in a bulk sale transaction would be between \$30,319,222 and , which is approximately a difference. Both annual and quarterly DCF analyses have relevance and are a check of reasonableness on each other, but we consider the quarterly analysis to be the more accurate and precise calculation. Thus, we have determined that the **market value for River Ridge PID IA #2 “Upon Completion” with a Prospective Effective Date of March 1, 2025, for 335 improved lots is \$30,320,000 (\$90,000/Lot Rounded)**

INCOME (SUBDIVISION DEVELOPMENT) APPROACH CONCLUSIONS

Using the Discount Cash Flow Analysis to determine the net present value as of the expected substantial completion date (March 1, 2025), we have determined the following value for River Ridge PID IA #2 as shown in the table below:

INCOME APPROACH VALUE INDICATION	
<i>Fee Simple Interest, Complete March 1, 2025</i>	
River Ridge PID IA #2 <i>335 Improved Lots on 82.795 Acres</i>	\$30,320,000 (\$90,000/Lot Rounded)

RECONCILIATION AND FINAL VALUE CONCLUSION

The Appraisal of Real Estate, Fourteenth Edition, copyright 2013, pages 641-642, published by the Appraisal Institute states,

“Resolving the differences among various value indications is called reconciliation.... The final value opinion is not the average of the different value indications derived. No mechanical formula is used to select one indication over the others...Final reconciliation relies on proper application of appraisal techniques and the appraiser’s judgment.”

Three approaches to value are recognized in the appraisal profession (Sales Comparison Approach, Cost Approach, and Income Approach). All three approaches were analyzed and developed as part of the scope of work of this assignment. A summary of each approach follows:

Cost Approach

The Cost Approach involves research, verification, and comparison of sales of other vacant land with the subject land. The sales are then adjusted for value-related differences. Cost figures are obtained from the developer and engineer and compared to cost figures on competing developments. A developer’s profit is based on profit expectations reported by developers as well as actual profit on similar developments.

The Cost Approach provides information that contrasts with information from the Income Capitalization and Sales Comparison Approaches. It allows the appraiser to address the feasibility and highest and best use issues inherent in new construction. This approach is most beneficial when appraising a proposed or recently built project and is typically used when finished lots make up a substantial portion of the entire project. Since the proposed River Ridge PID will be constructed in multiple phases, *the Cost Approach is not appropriate and thus was not utilized* for the 335 Improved Residential Lots.

Income (Subdivision Development) Approach

For the improved residential lots, the Income (Subdivision Development) Approach applied in subdivision analysis simulates what occurs in a bulk sale where one buyer purchases the bulk of the lots at a discount. Income capitalization is the primary method used in subdivision valuation because value is determined by future sales over time. Along with discounted cash flow analysis, income capitalization directly measures differences in present value based on future cash flow projections. This approach provides a direct measure of the market value or wholesale value of a group of lots or units, which is different from the sum of the retail lot prices.

Since the problem to be solved is to determine the bulk sale value of 335 improved residential lots in River Ridge PID IA #2, as of the substantial completion date, the Income Approach is appropriate and was developed. **Through Discounted Cash Flow Analysis, we determined the market value of the 335 improved lots “Upon Completion” in River Ridge PID IA #2 as of March 1, 2025, is \$30,320,000 (\$90,000/Lot Rounded).**

Sales Comparison Approach

The Sales Comparison Approach involves comparing recent sales of entire subdivisions or a large group of lots that involved a single purchaser. The sales are then adjusted for value-related differences. Determining market values for the subdivision or the group of lots is the objective of the analysis, and that determination requires recent and relevant similar bulk sales for the comparison. Finding highly similar and recent sales of improved subdivisions to a single buyer in most markets can be difficult, perhaps impossible. Comparison requires comparable sales with about the same or similar remaining absorption period, a similar mix of lots or unit types, location, home price points, and other characteristics. As Texas is a non-disclosure state, sales data available is

limited to sales confirmed by associated parties. Since data on highly similar bulk sales to a single purchaser is difficult to find and verify, *the Sales Comparison Approach was not fully developed by the appraisers.*

Final Value Conclusion Summary

As a result of our investigations, studies and analysis of the sale, cost, income, and expense data, interpreted within the context of all the factors in the marketplace which effect value, our reconciliation of the indicated values between the utilized approaches to value are listed in the table below. The property type warranted one approach to be developed so our final value conclusion for the subject property is shown below:

FINAL MARKET VALUE CONCLUSION RIVER RIDGE IA #2			
	<i>Cost</i>	<i>Sales</i>	<i>Income (Subdivision)</i>
<i>Fee Simple Interest, Complete March 1, 2025</i>	<i>N/A</i>	<i>N/A</i>	<i>\$30,320,000</i>
<i>335 Improved Lots on 82.795 Acres</i>			<i>(\$90,000/Lot Rounded)</i>

Exposure Time

Assuming adequate exposure and normal marketing efforts, the estimated exposure time (i.e. the length of time the subject property would have been exposed for sale in the market had it sold at the market value concluded to in this analysis as of the date of this valuation) would have been at least 6-12 months; the estimated marketing time (i.e. the amount of time it would probably take to sell the subject property if exposed in the market beginning on the date of this valuation) is estimated to be between 6-12 months.

Marketing Time

Marketing time is an estimate of the amount of time it might take to sell a property at the concluded market value immediately following the Effective Date of value. Market conditions are presently strong, and we expect no significant changes in the near term. It is our opinion that a reasonable marketing period for the subject is likely to be the same as the exposure time. Accordingly, we estimate the subject’s marketing period at 6-12 months.

ADDENDA

ENGAGEMENT LETTER



Real Estate Brokerage * Development * Appraisals * Property Tax Consulting
1703 N. Peyco Dr. Arlington, Texas 76001
Metro 817-467-6803 * Fax 817-465-7464 * www.peycosouthwest.com

November 26, 2024

Mr. R.R. "Tripp" Davenport, III
Director
FMSbonds, Inc.
5 Cowboys Way, Ste. 300-25
Frisco, Texas 75034
tdavenport@fmsbonds.com

SUBJECT: Proposal/Authorization for Valuation and Consulting Services of a residential master planned development known as the "River Ridge Public Improvement District" located in Crandall, Kaufman County, Texas

Dear Mr. Davenport:

Upon your acceptance of this contract engagement, Peyco Southwest Realty, Inc. ("Peyco"), will prepare an appraisal of the Subject Property:

Purpose of the Assignment The purpose of the appraisal is to provide an opinion of the "As-Complete" and "As-If Improved" market value of the fee simple interest in the Subject Property outlined herein. We will assume that the City of Crandall will approve or has approved the proposed development and that all development entitlements are in place for the "Project" to proceed. Further, our valuation will also be based upon, and assume that:

- a) Only limited specific offsite general infrastructure indicated is fully funded with cash or cash-equivalent (lines of credit, completion agreements, etc.) with special assessments levied on property within the River Ridge Public Improvement District ("PID"), and
- b) Improvement relating to the "Project" will be completed based on engineering plans provided to the appraisers

It is our understanding that the Appraisal Report will be included in the Preliminary and Final Official Statements for the sale of one or more series of Public Improvement District (PID) bonds for the Project, and we will provide our written consent to the inclusion of the Appraisal Report in the Preliminary and Final Official Statements. The appraisal will be prepared in conformance with and subject to, the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute and the *Uniform Standards of Professional Appraisal Practice* (USPAP) developed by the Appraisal Standards Board of the Appraisal Foundation. The Ethics Rule of USPAP requires us to disclose to you any prior services we have performed regarding the Subject Property within a three-year period immediately preceding the acceptance of this assignment, either as an appraiser or in any other capacity. We represent that we have not performed any services that require disclosure under this rule.

In accordance with our correspondence, the scope of this assignment will require Peyco to consider all relevant and applicable approaches to value as determined during the course of our research, Subject Property analysis, and preparation of the report. **The report will include an opinion of the fee simple market value of the following:**

- **Improvement Area #2 with approximately 335 improved residential lots to be sold in bulk in the River Ridge PID. We will report the estimated retail value of the lots during the sellout period consisting of:**
 - 285 lots of 50-FF sizes, and
 - 50 lots of 60-FF sizes

Federal banking regulations require banks and other lending institutions to engage appraisers where FIRREA compliant appraisals must be used in connection with mortgage loans or other transactions involving federally regulated lending institutions. Given that requirement, this appraisal may not be accepted by a federally regulated financial institution.

The appraisal will be communicated in an Appraisal Report-Standard Format Report. All work will be performed under the direct supervision of the undersigned, together with other staff members. The appraisal and this letter agreement will be subject to our standard assumptions and limiting conditions, a copy of which is attached as Attachment 1.

The total fee for this assignment will be \$17,000 which will be paid for by the Developer, but payment may be reimbursed to the developer as a qualified creation and issuance cost of the "Public Improvement District". Please note that the full fee must be received in our office before the commencement of this appraisal. The delivery date will be within 30 days from your signed acceptance of this letter agreement, receipt of the fee and receipt of requested documents from the developer, but subject to extension based upon late delivery of the requested data and scheduled access for inspection. **We will require the full fee of \$17,000 prior to the commencement of this appraisal assignment.** If the assignment is cancelled by either party prior to completion, you agree to pay us for all our expenses and our time to date based upon the percentage of work completed.

Two hard copies of the appraisal report will be provided upon request. Digital copies, in PDF format, will be delivered upon completion via email or other file transfer as client requests. Additionally, we confirm our permission to use the final appraisal report in the offer and sale of public securities secured by the special assessments levied on property within the PID for the "Project"; and we confirm that we will execute, subject to our approval of the same, a certificate related to the use of the appraisal for such purpose. The 30-day delivery date is contingent upon the absence of events outside our control, timely access for inspection of the Subject Property, as well as our receipt of all requested information necessary to complete the assignment. Should, upon review of the draft Appraisal Report, the client requests material changes, or additions **beyond the agreed to Scope of Work that materially affect the appraisal report and/or resulting values;** the Client agrees to additional scope of work changes at our current hourly rates (\$300/hour).

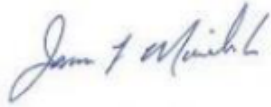
Please be advised that we are not experts in the areas of building inspection (including mold), environmental hazards, ADA compliance, or wetlands. Therefore, unless we have been provided with appropriate third-party expert reports, the appraisals will assume that there are no environmental, wetlands, or ADA compliance problems. The agreed upon fees for our services assume the absence of such issues inasmuch as additional research and analysis may be required. If an expert is required, you are responsible for their selection, payment, and actions.

In the event that we receive a subpoena or are called to testify in any litigation, arbitration or administrative hearing of any nature whatsoever or as a result of this engagement or the related report, to which we are not a party, you agree to pay our current hourly rates (\$300/hour) for such preparation and presentation of testimony.

You agree that: (i) the data collected by us in this assignment will remain our property; and (ii) with respect to any data provided by you, Peyco and its partner companies may utilize, sell, and include such data (either in the aggregate or individually), in the Peyco database and for use in derivative products. You agree that all data already in the public domain may be utilized on an unrestricted basis. Finally, you agree that we may use commercially available, as well as proprietary software programs, to perform your assignment (web based and others).

If you are in agreement with the terms set forth in this letter and wish us to proceed with the contract engagement, please sign below and return one copy to us. Thank you for this opportunity to be of service and we look forward to working with you.

Sincerely,



James L. Maibach, C.P.M.
TX-1323658
State Certified General Real Estate Appraiser

AGREED TO AND ACCEPTED THIS ____ DAY OF _____, 2024.

BY:

FMS Bonds, Inc.



Authorized Signature

Name (printed)

ATTACHMENT 1: STANDARD ASSUMPTIONS & LIMITING CONDITIONS

The appraisal report and any work product related to the engagement will be limited by the following standard assumptions:

1. The title is marketable and free and clear of all liens, encumbrances, encroachments, easements, and restrictions. The Subject Property is under responsible ownership and competent management and is available for its highest and best use.
2. There are no existing judgments or pending or threatened litigation that could affect the value of the Subject Property.
3. There are no hidden or undisclosed conditions of the land or of the improvements that would render the Subject Property more or less valuable. Furthermore, there is no asbestos or environmental contamination at the Subject Property.
4. The revenue stamps placed on any deed referenced herein to indicate the sale price are in correct relation to the actual dollar amount of the transaction.
5. The Subject Property is in compliance with all applicable building, environmental, zoning, and other federal, state, and local laws, regulations, and codes.
6. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

The appraisal report and any work product related to the engagement will be subject to the following limiting conditions, except as otherwise noted in the report:

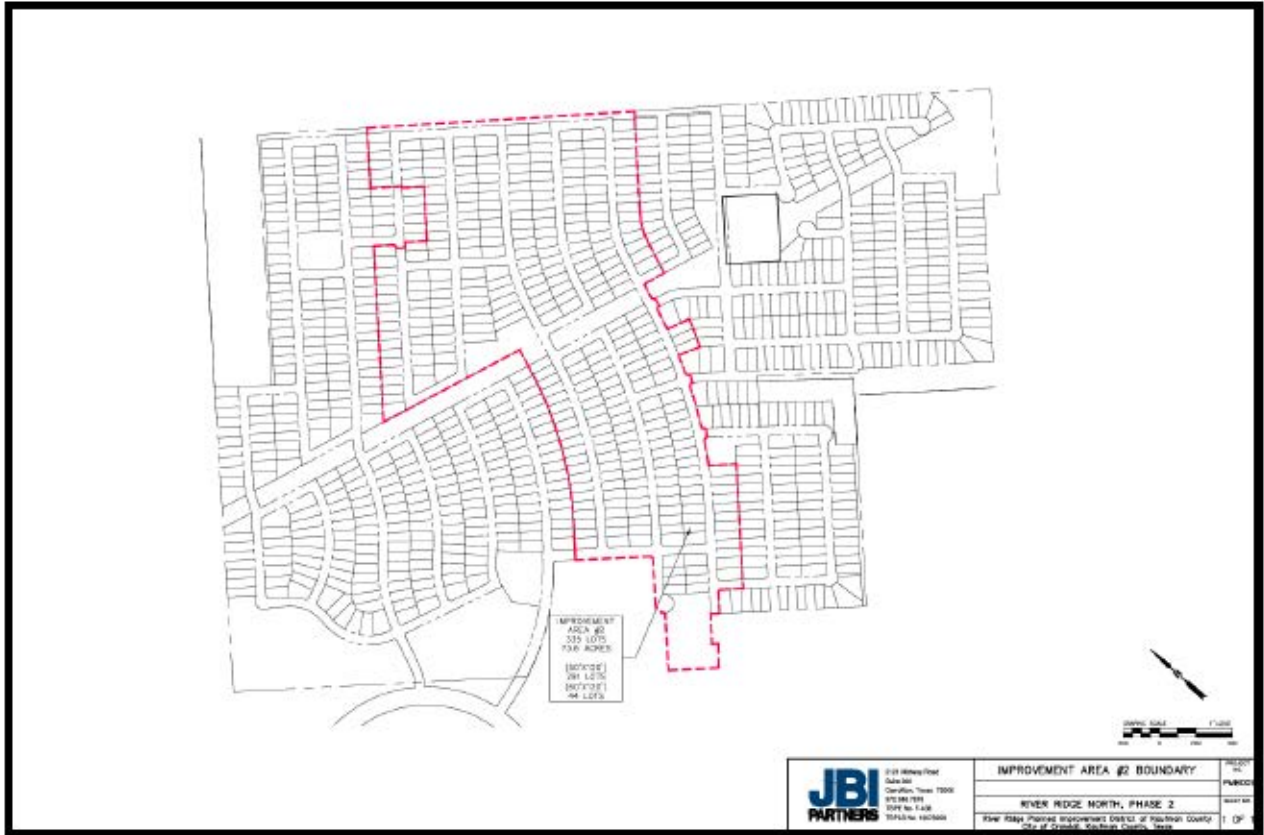
1. An appraisal is inherently subjective and represents our opinion as to the value of the Subject Property appraised.
2. The conclusions stated in our appraisal apply only as of the effective date of the appraisal, and no representation is made as to the effect of subsequent events.
3. No changes in any federal, state, or local laws, regulations, or codes (including, without limitation, the Internal Revenue Code) are anticipated.
4. No environmental impact studies were either requested or made in conjunction with this appraisal, and we reserve the right to revise or rescind any of the value opinions based upon any subsequent environmental impact studies. If any environmental impact statement is required by law, the appraisal assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.
5. Unless otherwise agreed to in writing, we are not required to give testimony, respond to any subpoena, or attend any court, governmental or other hearing with reference to the Subject Property without compensation relative to such additional employment.
6. We have made no survey of the Subject Property and assume no responsibility in connection with such matters. Any sketch or survey of the Subject Property included in the appraisal report is for illustrative purposes only and should not be considered to be scaled accurately for size. The appraisal covers the Subject Property as described in this report, and the areas and dimensions set forth are assumed to be correct.
7. No opinion is expressed as to the value of subsurface oil, gas, or mineral rights, if any, and we have assumed that the Subject Property is not subject to surface entry for the exploration or removal of such materials, unless otherwise noted in our appraisal.
8. We accept no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal descriptions and other legal matters such as legal title, geologic considerations, such as soils and seismic stability, and civil, mechanical, electrical, structural, and other engineering and environmental matters. Such considerations may also include determinations of compliance with zoning and other federal, state, and local laws, regulations, and codes.
9. The distribution of the total valuation in the report between land and improvements applies only under the reported highest and best use of the Subject Property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. The appraisal report shall be considered only in its entirety. No part of the appraisal report shall be utilized separately or out of context.
10. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or any reference to the Appraisal Institute) shall be disseminated through advertising media, public relations media, news media or any other means of communication (including without limitation prospectuses, private offering memoranda and other offering material provided to prospective investors) without the prior written consent of the persons signing the report.
11. Information, estimates, and opinions contained in the report and obtained from third-party sources are assumed to be reliable and have not been independently verified.
12. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute predictions of future operating results.

13. If the Subject Property is subject to one or more leases, any estimate of residual value contained in the appraisal may be particularly affected by significant changes in the condition of the economy, of the real estate industry, or of the Subject Property at the time these leases expire or otherwise terminate.
14. Unless otherwise stated in the report, no consideration has been given to personal property located on the Subject Property or to the cost of moving or relocating such personal property; only the real property has been considered.
15. The current purchasing power of the dollar is the basis for the value stated in the appraisal; we have assumed that no extreme fluctuations in economic cycles will occur.
16. The values found herein are subject to these and to any other assumptions or conditions set forth in the body of this report but which may have been omitted from this list of Assumptions and Limiting Conditions.
17. The analyses contained in the report necessarily incorporate numerous estimates and assumptions regarding property performance, general and local business and economic conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will vary from our estimates, and the variations may be material.
18. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific survey or analysis of the Subject Property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. We claim no expertise in ADA issues and render no opinion regarding compliance of the Subject Property with ADA regulations. Inasmuch as compliance matches each owner's financial ability with the cost to cure the non-conforming physical characteristics of a property, a specific study of both the owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.
19. The appraisal report is prepared for the exclusive benefit of you, your subsidiaries and/or affiliates. It may not be used or relied upon by any other party. All parties who use or rely upon any information in the report without our written consent do so at their own risk.
20. No studies have been provided to us indicating the presence or absence of hazardous materials on the Subject Property or in the improvements, and our valuation is predicated upon the assumption that the Subject Property is free and clear of any environment hazards including, without limitation, hazardous wastes, toxic substances, and mold. No representations or warranties are made regarding the environmental condition of the Subject Property. Peyco and/or any of its officers, owners, managers, directors, agents, subcontractors, or employees (the "Peyco Parties") shall not be responsible for any such environmental conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because we are not experts in the field of environmental conditions, the appraisal report cannot be considered as an environmental assessment of the Subject Property.
21. The persons signing the report may have reviewed available flood maps and may have noted in the appraisal report whether the Subject Property is located in an identified Special Flood Hazard Area. However, we are not qualified to detect such areas and therefore do not guarantee such determinations. The presence of flood plain areas and/or wetlands may affect the value of the Subject Property, and the value conclusion is predicated on the assumption that wetlands are nonexistent or minimal.
22. We are not a building or environmental inspector. Peyco does not guarantee that the Subject Property is free of defects or environmental problems. Mold may be present in the Subject Property and a professional inspection is recommended.
23. The appraisal report and value conclusions for an appraisal assumes the satisfactory completion of construction, repairs, or alterations in a workmanlike manner.
24. Peyco is an independently owned and operated company, which has prepared the appraisal for the specific intended use stated elsewhere in the report. The use of the appraisal report by anyone other than the Client is prohibited except as otherwise provided. Accordingly, the appraisal report is addressed to and shall be solely for the Client's use and benefit unless we provide our prior written consent. We expressly reserve the unrestricted right to withhold our consent to your disclosure of the appraisal report or any other work product related to the engagement (or any part thereof including, without limitation, conclusions of value and our identity), to any third parties. Stated again for clarification, unless our prior written consent is obtained, no third party may rely on the appraisal report (even if their reliance was foreseeable).
25. The conclusions of this report are estimates based on known current trends and reasonably foreseeable future occurrences. These estimates are based partly on property information, data obtained in public records, interviews, existing trends, buyer-seller decision criteria in the current market, and research conducted by third parties, and such data are not always completely reliable. Peyco is not responsible for these and other future occurrences that could not have reasonably been foreseen on the effective date of this assignment. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance. While we are of the opinion that our findings are reasonable based on current market conditions, we do not represent that these estimates will actually be achieved, as they are subject to considerable risk and uncertainty. Moreover, we

assume competent and effective management and marketing for the duration of the projected holding period of the Subject Property.

26. All prospective value opinions presented in this report are estimates and forecasts which are prospective in nature and are subject to considerable risk and uncertainty. In addition to the contingencies noted in the preceding paragraph, several events may occur that could substantially alter the outcome of our estimates such as, but not limited to changes in the economy, interest rates, capitalization rates, behavior of consumers, investors and lenders, fire and other physical destruction, changes in title or conveyances of easements and deed restrictions, etc. It is assumed that conditions reasonably foreseeable at the present time are consistent or similar to the future.
27. As will be determined during the course of the assignment, additional extraordinary or hypothetical conditions may be required in order to complete the assignment. The appraisal shall also be subject to those assumptions.

Rive Ridge PID Improvement Area #2 Boundary Exhibit



ASSUMPTIONS AND LIMITING CONDITIONS

This report is subject to the following assumptions and limiting conditions:

- 1) The value assumes of responsible ownership and competent management. The subject property is assumed to be free and clear of all liens, except as may be otherwise described herein. No responsibility is assumed by the appraiser for matters legal in character, nor is any opinion on the title rendered, which is assumed to be good and marketable.
- 2) The information contained herein has been gathered from sources deemed to be reliable, but the appraiser assumes no responsibility for its accuracy. Correctness of estimates, opinions, dimensions, sketches, and other exhibits that have been furnished and have been used in this report are not guaranteed.
- 3) The value rendered herein is based on preliminary analyses of the subject and market area. The market value is expressed in terms of the current purchasing power of the dollar.
- 4) Any leases, agreements or other written or verbal representations and/or communications and information received by the appraiser have been reasonably relied upon in good faith but have not been analyzed for their legal implications. We urge and caution the user of this report to obtain legal counsel of his/her own choice to review the legal and factual matters, and to verify and analyze the underlying facts and merits of any investment decision in a reasonably prudent manner.
- 5) Appraisers assume no responsibility for any hidden agreements known as "side reports", which may or may not exist relative to this property, which have not been made known to us, unless specifically acknowledged within this report.
- 6) This report is to be used in whole, and not in part. Any separate valuation for land and improvements shall not be used in conjunction with any other valuation and is invalid if so used. Possession of this report or any copy thereof does not carry with it the right of publication nor may the same be used for any purpose by anyone but the client without the previous written consent of the appraiser, and in any event, only in its entirety.
- 7) The appraiser, by reason of this report, is not required to give testimony in court with reference to the property unless notice and proper arrangements have been previously made, therefore.
- 8) Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales or other media without prior written consent and approval of the author.
- 9) No subsoil data or analysis based on engineering core borings or other tests were furnished to us. We have assumed that there are no subsoil defects present that would impair development of the land to its maximum permitted use or would render it more or less valuable. No responsibility is assumed for engineering, which might be required to discover such factors.
- 10) Any construction and physical condition of the improvements described herein are based on the building construction plans and specifications and construction budgets if provided. No liability is assumed by the appraiser for the soundness of structural members since no engineering tests were conducted. No liability is assumed for the condition or adequacy of mechanical equipment, plumbing or electrical components. No responsibility is assumed for engineering, which might be required to discover such factors. We urge the user of this report to retain an expert in this field as this is any considered "to-be-built" improvements.

- 11) Unless otherwise stated in this report, the existence of hazardous substances, including without limitation asbestos, polychlorinated biphenyls, petroleum leakage, or agricultural chemicals, which may or may not be present in or on the property, or other environmental conditions were not called to the attention of the appraiser nor did the appraiser become aware of such during the appraiser site visit. The appraiser has no knowledge of the existence of such materials on or in the property unless otherwise stated. The appraiser, however, is not qualified to test such substances or conditions. If the presence of such substances as asbestos, urea formaldehyde, foam insulation or other hazardous substance or environmental conditions may affect the value of the property, the value is predicated on the assumption that there is no such condition on or in the property or in such proximity thereto as to cause a loss in value. No responsibility is assumed for any such conditions, nor for any expertise or engineering knowledge required to detect or discover them. We urge the user of this report to retain an expert in the field of environmental impacts on real estate if so desired.
- 12) We have made no survey of the property and assume no responsibility in connected with such matters. Any sketch or survey of the property included in this report is for illustrative purposes only and should not be considered to be scaled accurately for size. The appraisal covers the property as described in this report, and the areas and dimensions set forth are assumed to be correct.
- 13) We accept no responsibility for issues requiring expertise in other fields. Such factors include, but are not limited to, legal descriptions and other legal matters such as legal title, geologic items such as soils and seismic stability; civil, mechanical, electrical, structural, and other engineering and environmental matters. Such issues may also include determinations of compliance with zoning and other federal, state, and local laws, regulations, and codes.
- 14) The projections of income, expenses, terminal values, or future sales prices are not predictions of the future; rather, they are the best estimate of current market thinking of what future trends will be. No warranty or representation is made that these projections will materialize. The real estate market is constantly changing. It is not the task of the appraiser to estimate the conditions of a future real estate market, but rather to reflect what the investment community envisions for the future, and upon what assumptions of the future investment decisions are based.
- 15) The client or user of this report agrees to notify the appraiser of any error, omission or inaccurate data contained in the report within 15 days of receipt and return the report and all copies thereof to the appraiser for correction prior to any use.
- 16) The acceptance of this report, and its subsequent use by the client or any other party in any manner whatsoever for any purpose, is acknowledgment by the user that the report has been read and understood, and specifically agrees that the data and analyses, to their knowledge, are correct and acceptable.
- 17) We have assumed no extreme fluctuations in the economic cycles will occur over the dates analyzed herein.
- 18) The appraisal report and value conclusions assume the satisfactory development proceeds in a workmanlike manner.

- 19) The conclusions in this report are estimates based on known current trends and reasonably foreseeable future occurrences. These estimates are based partly on property information, existing trends, interviews with parties knowledgeable and experienced in the market, data obtained from public records, and research conducted by third parties. Such data is not always completely reliable. The appraisers are not responsible for these and other future occurrences that could not have reasonably been foreseen on the Effective Date of this assignment. In addition, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance. While we hold the opinion that our finding is reasonable based on current market conditions, we do not represent that these estimates will be achieved, as they are forecasts and subject to risk and uncertainty. Additionally, we assume competent and effective management and market for the duration of the projected holding period of this property.
- 20) Prospective value opinions presented in this report are estimates and forecasts which are prospective in nature and are subject to risk and uncertainty. Many events could occur that may substantially alter the outcome of our estimates such as changes in the economy, interest rates, capitalization rates, the behavior of consumers, investors, and lenders, and changes in title or conveyances of easements and deed restrictions. It is assumed that conditions reasonably foreseeable at the present time are consistent or similar to the future.
- 21) This assignment was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan. However, it is based on a hypothetical assumption that access to the south tract is achievable in accordance with all applicable regulations, and any building is to be constructed according to the approved plans and specifications provided by a licensed general contractor.
- 22) The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detailed analysis of the requirements of the ADA could reveal that the property is not in compliance with one or more requirements of the act. If so, this fact could have a negative impact upon the value of the property. However, since we have no direct evidence relating to the issue of compliance, we did not consider possible noncompliance with requirements of ADA in forming an opinion of the value of the property.
- 23) In addition to the preceding assumptions and limiting conditions, this appraisal is subject to the following extraordinary assumptions and/or hypothetical conditions:

EXTRAORDINARY ASSUMPTIONS AND HYPOTHETICAL CONDITIONS

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following **Extraordinary Assumptions** that may affect the assignment results. An Extraordinary Assumption is uncertain information accepted as fact. If the assumption is found to be false as of the Prospective Effective Date of the appraisal, we reserve the right to modify our value conclusions. Extraordinary Assumptions are used in this assignment because the improved residential lots to be delivered by the date utilized in this report are currently incomplete for River Ridge PID IA #2 as of the report date.

- Our opinions of prospective market value at completion assumes that the proposed improvements are completed in accordance with plans and specifications provided by JBI Partners, the Professional Engineers, as of February 18, 2024, for 335 improved residential lots in River Ridge PID IA #2.
- All information relative to the property located within River Ridge PID IA #2 including land areas, lot totals, lot sizes, and other pertinent data that was provided by Taylor Morrison of Texas Inc. (the “Homebuilder” and “Developer”), JBI Partners (Professional Engineers and Professional Surveyors), the City of Crandall, Kaufman County, and the Kaufman Central Appraisal District is assumed to be correct.
- The subject is proposed residential lots construction with a prospective completion date of March 1, 2025 for River Ridge PID IA #2; therefore, this report contains a prospective opinion of value. Considering this, we have assumed that the market conditions as discussed and considered within this report will be similar on the prospective valuation date. Further, we cannot be held responsible for unforeseeable global events that alter market conditions prior to the prospective Effective Date.

The use of these Extraordinary Assumptions has affected assignment results.

In addition to the Extraordinary Assumptions, the value conclusions are based on the following **Hypothetical Conditions** that may affect the assignment results. A Hypothetical Condition is a condition contrary to known fact on the Effective Date of the appraisal but is supposed for the purpose of analysis.

No Hypothetical Conditions are used in this report.

ENVIRONMENTAL ASSUMPTIONS

This report is subject to the following environmental assumptions:

- 1) There is a safe, lead-free, adequate supply of drinking water.
- 2) The subject property is free of soil contamination.
- 3) There is no uncontained friable asbestos or other hazardous asbestos material on the property. The appraiser is not qualified to detect such substances.
- 4) There are no uncontained PCB's on or near the property.
- 5) The radon level is at or below EPA recommended levels.
- 6) Any functioning underground storage tanks (UST's) are not leaking and are properly registered; any abandoned UST's are free from contamination and were properly drained, filled, and sealed.
- 7) There are no hazardous waste sites on or near the subject property that negatively affect the value and/or safety of the property.
- 8) There is no significant urea formaldehyde (UFFI) insulation or other urea formaldehyde material on the property.
- 9) There is no flaking or peeling of lead-based paint on the property.
- 10) The property is free of air pollution.
- 11) There are no wetlands/flood plains on the subject property (unless otherwise stated in the report).
- 12) There are no other miscellaneous hazardous substances and/or detrimental environmental conditions on or in the area of the site (excess noise, radiation, light pollution, magnetic radiation, acid mine drainage, agricultural pollution, waste heat, miscellaneous chemical, infectious medical wastes, pesticides, herbicides, and the like).

DEFINITIONS

Fee Simple Estate

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat.

Leased Fee Interest

The ownership interest held by the lessor includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.

Leasehold Interest

The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.

Market Rent

The most probable rent that a property should bring in a competitive and open market reflecting the conditions and restrictions of a specified lease agreement, including the rental adjustment and revaluation, permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TIs).

Market Value

Market value means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- (1) Buyer and seller are typically motivated;
- (2) Both parties are well informed or well advised, and acting in what they consider their own best interests;
- (3) A reasonable time is allowed for exposure in the open market;
- (4) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- (5) The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

The value conclusions expressed within this report are in terms of cash (\$US).

Extraordinary assumptions are assignment-specific assumptions as of the Effective Date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

Hypothetical condition a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the Effective Date of the assignment results but is used for the purpose of analysis.

Prospective Opinion of Value

A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a valued opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.

Prospective Market Value “As Completed” and “As Stabilized”

A prospective market value may be appropriate for the valuation of a property interest related to a credit decision for a proposed development or renovation project. According to USPAP, an appraisal with a prospective market value reflects an Effective Date that is subsequent to the date of the Appraisal Report. Prospective value opinions are intended to reflect the current expectations and perceptions of market participants, based on available data. Two prospective value opinions may be required to reflect the time frame during which development, construction, and occupancy will occur. The prospective market value—as completed - reflects the property’s market value as of the time that development is expected to be completed. The prospective market value - as stabilized - reflects the property’s market value as of the time the property is projected to achieve stabilized occupancy. For an income-producing property, stabilized occupancy is the occupancy level that a property is expected to achieve after the property is exposed to the market for lease over a reasonable period of time and at comparable terms and conditions to other similar properties. (See USPAP Statement 4* and Advisory Opinion 17.) (Interagency Appraisal and Evaluation Guidelines)

Retrospective Value Opinion

A value opinion effective as of a specified historical date. The term retrospective does not define a type of value. Instead, it identifies a valuable opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., “retrospective market value opinion.”

Neighborhood

- (1) A group of complementary land users; a congruous grouping of inhabitants, buildings, or business enterprises.
- (2) A developed residential super pad within a master-planned community usually has a distinguishing name and entrance.

Depreciation

1. In appraisal, a loss in property value from any cause; the difference between the cost of an improvement on the Effective Date of the appraisal and the market value of the improvement on the same date.
2. In accounting, an allocation of the original cost of an asset, amortizing the cost over the asset’s life; calculated using a variety of standard techniques.

The three major types of accrued depreciation are:

Physical Deterioration

Physical deterioration is loss in value from actual physical causes and measured either as curable or incurable. The curable items are measured by the actual cost to replace or repair the component parts. The incurable portion is estimated by virtue of an observed condition or ascertaining the used portion by the best estimate of the appraiser. Curable physical deterioration, also referred to as deferred maintenance, is caused by normal wear and tear that should be corrected immediately or is necessary to keep rents at market levels. The cost of curing the condition and bringing the property to a satisfactory and functioning condition is generally the measure of deferred maintenance.

Functional Obsolescence

Functional obsolescence is loss in value from conditions existing within the property which make the property inadequate or less desirable to the typical prudent purchaser. It, too, may be curable or incurable. Incurable obsolescence is normally measured by the loss in income which may accrue to the property by reason thereof.

External Obsolescence

According to the Dictionary of Real Estate Appraisal, Sixth Edition, external obsolescence is “*A type of depreciation; a diminution in value caused by negative external influences and generally incurable on the part of the owner, landlord, or tenant. The external influence may be either temporary or permanent.*”

Paper Lot

Consists of a portion of land with the necessary legal (zoning and platting) and engineering entitlements (site plan approvals) in place but lacking the necessary direct improvements (such as earthwork, erosion control, drainage, retaining walls, and landscaping in addition to lacking direct access from a paved street and utilities) to develop a lot with a residence. The paper lots have access to utilities stubbed nearby and have a status between raw ground and a fully developed lot upon which home construction can begin.

Definition Sources:

- Office of the Comptroller of the Currency (12 CFR Part 34)
- Appraisal Institute, *The Dictionary of Real Estate Appraisal*, Sixth Edition, copyright 2015.
- The Appraisal Foundation: USPAP (Uniform Standards of Professional Appraisal Practice) 2018-2019 edition

JAMES L. MAIBACH, CPM - STATE CERTIFIED GENERAL REAL ESTATE APPRAISER

EDUCATION:

Graduate North Quincy High School, Quincy, Massachusetts, 1976
Bachelor of Science in Business Administration (with Honors)
Northeastern University, Boston Massachusetts, 1981
Major: Accounting Minor: Marketing

TECHNICAL TRAINING:

Institute of Real Estate Management Courses:
#303 - Leasing and Management of Shopping Center and Retail Space
#400 - Managing Real Estate as an Investment
#500 - Problem-Solving & Decision-Making for the Property Manager
#800 - Ethics in Real Estate Management
University of Texas at Arlington: Real Estate Courses:
RE 001 Real Estate Finance; RE 004 Real Estate Mathematics;
RE 101 Principles of Real Estate; RE 301 Texas Real Estate Law: Contracts;
RE 501 Texas Real Estate Law; RE 701 Property Management
East Texas Baptist University:
Uniform Standards of Professional Appraisers and Code of Ethics. The Appraisal Foundation:
USPAP Update
Texas Association of Property Tax Professionals, Inc.:
Principles of Property Tax Consulting; A Survey of Texas Property Tax Law
Other: USPAP-97 Instructor's Workshop, USPAP Instructor 1997
TREC Licensed Instructor – Commercial Investment Course, CEI 1998
Continuing Education Institute:
Deceptive Trade Practices Act; Let's Talk-Not Fight; Property Taxes: Rights, Remedies and Responsibilities; USPAP Update
Institute for Real Estate Professionals, Inc.
Preparing & Presenting an Ethical Ad Valorem Property Tax Valuation; Texas Property Tax Law 2007
Texas Association of Realtors:
Tarrant County Appraisal Review Board Member (1991-1992)

PROFESSIONAL AFFILIATIONS:

Texas Appraiser Licensing and Certification Board - State Certified General Real Estate Appraiser No. TX-1323658-G since 1992
Institute of Real Estate Management (IREM)- Certified Property Manager, CPM Designation No. 14942 since 1993
Texas Real Estate Broker's License, No. 375882 since 1989
Texas Dept. of Licensing & Regulations - Licensed Property Tax Consultant, License #1360 since inception
Texas Property Tax Arbitrator #32020394139 since 2006
Tarrant Appraisal Review Board Member 1991-1992 Appointment
City of Arlington - Planning and Zoning – Commissioner 1997-2003 (Appointed by Mayor and City Council)
American Planning Association – Member 1997 to 2003
Greater Arlington Chamber of Commerce - Board of Directors 1995 to 2001 – Reappointed 2003 to 2006 – Reappointed 2008 to 2014
– Chairman of the Board 2022, now servicing as Chairman of the Chamber Foundation Board
City of Arlington Parks & Recreation – Board of Directors, Appointed 2003 to 2007
Levitt Pavilion – Board of Directors since 2014

EXPERIENCE:

Active field appraiser, property manager, developer, broker, and tax consultant of all types of real property since June, 1986.
Appeared in Texas State Court as an expert witness on real estate values on numerous occasions (1990s, 2000s, 2020s). A property manager and developer for nineteen years at Peyco Properties, Inc. and twenty-one years through Peyco Southwest Realty, Inc. (formerly Southwest Real Estate Services, Inc.), involved in real estate development, leasing, management, rent analysis and consulting services through the DFW metroplex and Colorado. President and founder of Peyco Southwest Realty, Inc. (Southwest Real Estate Services, Inc.), a full-service brokerage company, real estate appraisal, and ad valorem property tax representation firm.



Certified General Real Estate Appraiser

Appraiser: **James Lawrence Maibach**

License #: **TX 1323658 G**

License Expires: **09/30/2026**

Having provided satisfactory evidence of the qualifications required by the Texas Appraiser Licensing and Certification Act, Occupations Code, Chapter 1103, authorization is granted to use this title:
Certified General Real Estate Appraiser

For additional information or to file a complaint please contact TALCB at www.talcb.texas.gov.


Chelsea Buchholtz
Executive Director

LESLIE TOLLIVER - STATE CERTIFIED GENERAL REAL ESTATE APPRAISER

EDUCATION:

MBA – Masters in Business Administration – *University of Phoenix* (3.95 GPA)
Bachelor of Science in Business Administration - *University of Phoenix*
Graduate *Owings Mills High School*, Owings Mills, Maryland, 1988

TECHNICAL TRAINING:

Appraisal Institute, Associate Member – 300+ hours of qualifying and continuing education
University of Texas in Arlington – 180 hours of qualifying education for the Texas Real Estate License
Southern Methodist University – qualifying education for the Texas Comptroller Arbitrator registry

PROFESSIONAL AFFILIATIONS:

Texas Appraiser Licensing and Certification Board – State Certified General Appraiser No. TX-1381494
Texas Appraiser Licensing and Certification Board – State Certified Residential Appraiser No. TX-1361274
Texas Real Estate Commission – Real Estate Broker License, No. 0468343

EXPERIENCE:

- 8 Years' experience as a fee appraiser for residential and commercial properties for *Peyco Southwest Realty, Aloft Appraisals, and G.S. Zachary Company*
 - Residential appraisals – area of expertise is in north Texas region; FHA certified
 - Commercial appraisals - throughout the states of Texas and Oklahoma
- 25 Years' experience as a residential and commercial real estate broker for multiple firms
 - *Savage Realty Investments* – Founding President
 - Negotiated contracts for clients in over \$50 million dollars of real estate transactions
 - Managed and trained over 25 Real Estate Agents
 - *Fathom Realty* – Broker Team Leader
 - Trained and mentored Real Estate Agents and assisted them with contracts and client transactions
- 25 Years' experience as a Property Tax Consultant
 - Valued properties, prepared cases, and appeared before Appraisal Review Boards to dispute the tax valuations of residential, commercial, and business personal property throughout the nation. Major clientele base included national accounts such as: Sonic restaurants, Church's Chicken restaurants, and Chuck-E-Cheese restaurants
- 9 Years' experience as a Real Estate Arbitrator on the *Texas Comptroller* registry
 - Act as an Arbitrator for real estate cases involving property tax disputes on residential, commercial, and business personal property taxes throughout Texas
 - Made binding valuation determinations for the disputed properties
- 16 Years' experience as a Real Estate Instructor at the *University of Texas in Arlington*
 - Adjunct instructor, teaching real estate classes to students pursuing a Real Estate Agent license in Texas
- 6 Years' experience as a Real Estate Arbitrator Instructor at the *University of Texas in Arlington*
 - Adjunct instructor, teaching continuing education classes to existing Arbitrators on the Texas Comptroller's registry
 - Trained and mentored many Arbitrators
- 3 Year's expectancy as a Real Estate Acquisition and Valuation Analyst for multiple firms
 - *KeyGlee* – Provided valuation of residential real estate for wholesaling to real estate investors
 - *Hyperion Homes* – Provided valuation of residential real estate for rent-to-own clients



Certified General Real Estate Appraiser

Appraiser: **Leslie Elizabeth Tolliver**

License #: **TX 1381494 G**

License Expires: **09/30/2026**

Having provided satisfactory evidence of the qualifications required by the Texas Appraiser Licensing and Certification Act, Occupations Code, Chapter 1103, authorization is granted to use this title:
Certified General Real Estate Appraiser

For additional information or to file a complaint please contact TALCB at www.talcb.texas.gov.

Chelsea Buchholtz
Executive Director

BROOKE CLOCK – LICENSED RESIDENTIAL APPRAISER

TECHNICAL TRAINING:

McKissock Learning Appraisal Courses:

- Advanced Residential Applications and Case Studies
- Residential Report Writing and Case Studies
- Statistics, Modeling and Finance
- Appraisal Subject Matter Electives
- Residential Appraiser Site Valuation and Cost Approach
- Residential Market Analysis and Highest and Best Use
- Residential Sales Comparison and Income Approaches
- Basic Appraisal Procedures
- 2020-2021 National USPAP Course
- Short Sales and Foreclosures
- Fair Housing
- Characteristics of Real Estate Title Insurance

APPRAISAL EXPERIENCE:

April 2024 – Present

Licensed Residential Appraiser with Peyco Southwest Realty, Arlington, TX

- Written Reports on Commercial Industrial, Commercial Office, Vacant Land.
- Property Tax Consultant.
- Business Personal Property.
- April 2023-April 2024

Licensed Residential Appraiser with RSDS Appraisal Diversity, Irving, TX

- Residential Real Estate Appraisals – area of expertise in the North Texas Region.

March 2022-February 2023

Real Estate Appraiser Trainee with Aloft Appraisal

- Residential Real Estate Appraisals – area of expertise in the North Texas Region.

April 2021-February 2022

Real Estate Appraiser Trainee with ASI, Inc.

- Residential Real Estate Appraisals – area of expertise in the North Texas Region.

January 2009 – August 2021

Licensed Real Estate Agent with Elite Real Estate

- Real Estate Agent with a focus on lead generation, appointment setting, and follow-up. Concentrating on client's needs and providing solutions to assist in closing transactions. Proficient at negotiating deals, listing properties, and finding buyers.
- Develop Broker Price Opinions for lenders in real estate transactions.



Licensed Residential Real Estate Appraiser

Appraiser: **Brooke Marie Clock**

License #: **TX 1350743 L**

License Expires: **03/31/2025**

Having provided satisfactory evidence of the qualifications required by the Texas Appraiser Licensing and Certification Act, Occupations Code, Chapter 1103, authorization is granted to use this title:
Licensed Residential Real Estate Appraiser

For additional information or to file a complaint please contact TALCB at www.talcb.texas.gov.


Chelsea Buchholtz
Commissioner

BRANDON LAWSON – APPRAISER TRAINEE

EDUCATION:

Bachelor of Arts - Communication, 2021 - University of Arkansas (3.97 GPA)

Master of Arts - Communication, 2023 - University of Arkansas (4.0 GPA)

Graduate *Arlington Martin High School*, Arlington, Texas, 2017

TECHNICAL TRAINING:

- Basic Appraisal Principles (QE) – 30 hours
- Basic Appraisal Procedures (QE) – 30 hours
- 2024-2025 15 Hour National USPAP Course (QE) – 15 hours
- Appraising for the Supervisor and Trainee – 4 hours
- Law of Agency (QE) – 30 hours
- Law of Contracts (QE) – 30 hours
- Principals of Real Estate I and II (QE) – 60 hours
- Promulgated Contracts Forms (QE) – 30 hours
- Real Estate Finance (QE) – 30 hours
- Associate Member, Appraisal Institute – since 2023
-

PROFESIONAL AFFILIATIONS:

Texas Appraiser Licensing and Certification Board – Appraisal Trainee No. TX-1343865

APPRAISER EXPERIENCE

July 2023-Present

Appraiser Associate/Trainee with *Peyco Southwest Realty*, Arlington TX

- Commercial Appraisals – throughout the state of Texas



Appraiser Trainee

Trainee: **Brandon L Lawson**

Authorization #: **TX 1343865 Trainee**

Expires: **11/30/2025**

Review the list of the above Trainee's Supervisors on the License Holder Search at www.talcb.texas.gov.

Having provided satisfactory evidence of the qualifications required by the Texas Appraiser Licensing and Certification Act, Occupations Code, Chapter 1103, authorization is granted to use this title: Appraiser Trainee

For additional information or to file a complaint please contact TALCB at www.talcb.texas.gov.


Chelsea Buchholtz
Commissioner

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APPENDIX F

OMNIBUS REIMBURSEMENT AGREEMENT

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Kaufman County
Laura Hughes
County Clerk

Instrument Number: 2022-0014093

Billable Pages: 30
Number of Pages: 31

FILED AND RECORDED – REAL RECORDS	CLERKS COMMENTS
<p>On: 04/11/2022 at 10:09 AM</p> <p>Document Number: <u>2022-0014093</u></p> <p>Receipt No: <u>22-11232</u></p> <p>Amount: S <u>142.00</u></p> <p>Vol/Pg: <u>V:7572 P:280</u></p>	<p>E-RECORDING</p>



STATE OF TEXAS
COUNTY OF KAUFMAN

I hereby certify that this instrument was filed on the date and time stamped hereon by me and was duly recorded in the Official Public Records of Kaufman County, Texas.

Laura A. Hughes

Laura Hughes, County Clerk

Recorded By: Ashley Kirby, Deputy

ANY PROVISION HEREIN WHICH RESTRICTS THE SALE, RENTAL, OR USE OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR RACE IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.

Record and Return To:

CITY OF CRANDALL
PO BOX 277
CRANDALL, TX 75114



**AGREEMENT FOR THE CONSTRUCTION OF AUTHORIZED
IMPROVEMENTS AND REIMBURSEMENT OF ADVANCES**

This Agreement for the Construction of Authorized Improvements and Reimbursement of Advances (this "*Agreement*") is made and entered into as of 11 / 1, 2021 (the "*Effective Date*") by and between the City of Crandall, Texas, a Type A general law municipality existing under the laws of the State of Texas ("*City*"); Taylor Morrison of Texas, Inc., a Texas corporation (together with any successors and assigns, "*Developer*"); and PMBS River Ridge L.P., a Texas limited partnership ("*PMB*") (each individually, a "*Party*," and collectively, the "*Parties*"). Unless another meaning is clearly set forth in this Agreement, the words and phrases set forth in this Agreement shall have the same meaning as given to the same words and phrases in the Development Agreement (as defined below).

RECITALS

WHEREAS, effective August 3, 2020, the City and JWS Land, Ltd, a Texas limited partnership (the "*Original Owner*"), the then owner of approximately 441.793 acres, entered into the River Ridge Development Agreement, recorded as Instrument No. 2020-0032698 of the Official Public Records of Kaufman County, setting forth certain terms and conditions relating to the development of such property ("*Development Agreement*");

WHEREAS, on or about May 26, 2021, the Original Owner sold the 253.78 acres described in the attached Exhibit "A" (the "*Property*") to PMB and pursuant to a Partial Assignment and Assumption of River Ridge Development Agreement and TIRZ No. 1 Reimbursement Agreement, recorded as Instrument No. 2021-0020842 of the Official Public Records of Kaufman County ("*JWS/PMB Partial Assignment*") assigned to PMB all of its rights and obligations under the Development Agreement applicable to such Property;

WHEREAS, on or about July 13, 2021, PMB sold the Property to Developer and assigned to Developer pursuant to a certain Partial Assignment and Assumption of River Ridge Development Agreement and TIRZ No. 1 Reimbursement Agreement (Pod-A – SF Residential Tract), recorded as Instrument No. 2021-0027880 of the Official Public Records of Kaufman County ("*PMB/TMT Partial Assignment*") all of PMB's rights and obligations under the Development Agreement, as assigned to PMB pursuant to the JWS/PMB Partial Assignment; provided however, PMB reserved, and did not assign to Developer, the right to receive any reimbursement of the costs for the Authorized Improvements, as more particularly set forth in the PMB/TMT Partial Assignment;

WHEREAS, in connection with such sale of the Property by PMB to Developer as aforesaid, Developer and PMB Advisors, LLC, a Texas limited liability company ("*Manager*"), entered into a certain Lot Development Agreement dated as of July 13, 2021 ("*Lot Development Agreement*"), whereby Developer engaged Manager as exclusive independent contractor to, among other things, generally supervise the day-to-day affairs of the Property by managing, overseeing and coordinating the planning, development and ongoing operations of the Property in conformity with the governmental and quasi-governmental consents, permits and requirements, all in accordance with the terms and conditions more particularly set forth therein;

WHEREAS, pursuant to Section 2.09 hereof, Developer is assigning to PMB all of its rights to be reimbursed any monies pursuant to this Agreement;

WHEREAS, on June 1, 2020, and pursuant to Chapter 372, Texas Local Government Code, as amended (the "*PID Act*"), the City Council of the City (the "*City Council*") approved Resolution No. 060120, establishing the River Ridge Public Improvement District (the "*PID*");

WHEREAS, the Property, as presently described, is located fully within the boundaries of the PID;

WHEREAS, all notices relating to establishment and enlargement of the PID were published as required by the PID Act;

WHEREAS, Developer has incurred and/or intends to incur Authorized Improvement Costs associated with the design and construction of the Authorized Improvements;

WHEREAS, the PID was created, in part, to finance the Authorized Improvements;

WHEREAS, a service and assessment plan ("**SAP**") will be established and approved by City in accordance with the PID Act and the provisions of the Development Agreement, and shall establish, among other matters, the projected Authorized Improvement Costs;

WHEREAS, the SAP shall allocate the Authorized Improvement Costs to the Property upon which they confer a special benefit;

WHEREAS, assessments against lots within the PID ("**PID Assessments**"), which will be reflected on the SAP and an assessment roll to be approved by the City Council, will be collected to pay Authorized Improvement Costs;

WHEREAS, PID assessments may be levied upon the property in multiple phases or improvement areas;

WHEREAS, subject to the consent and approval of the City Council, the satisfaction of all conditions for issuing the PID Bonds (as defined in the Development Agreement and SAP), Developer's compliance with this Agreement and the Development Agreement, and in accordance with the terms of this Agreement, the Development Agreement, and all legal requirements, including, but not limited to any Indenture (as defined in the SAP), the Parties desire to set forth their agreement regarding: (i) adoption of the SAP, (ii) adoption of one or more assessment ordinances (each an "**Assessment Ordinance**") levying assessments on the Property, and (iii) the levy of assessments and any related issuance of PID Bonds for the purpose of financing the Authorized Improvements in accordance with the SAP and reimbursing Developer for certain associated costs as described herein;

WHEREAS, all PID Assessment revenues shall be deposited (1) as provided in the applicable Indenture if PID Bonds secured by PID Assessments are issued and/or (2) into the PID Reimbursement Fund (defined herein) if no such PID Bonds are issued or such PID Bonds are no longer outstanding;

WHEREAS, the funds on deposit in the in a PID Project Fund (as defined below) created under an Indenture (shall only be used in the manner set forth in the SAP and the applicable Indenture; and

WHEREAS, this Agreement is a "reimbursement agreement" authorized by Section 372.023(d)(1) of the Act.

AGREEMENT

NOW, THEREFORE, for and in consideration of the mutual promises, covenants, obligations, and benefits hereinafter set forth, the sufficiency of which is hereby acknowledged, the Parties hereby contract and agree as follows:

ARTICLE I. Design and Construction of the Authorized Improvements

Section 1.01 Design and Construction of Authorized Improvements. Developer shall cause all Authorized Improvements to be designed and constructed in accordance with the applicable provisions of the Development Agreement, any other agreement between the parties pertaining in whole or in part to the construction of the Authorized Improvements, and all applicable laws of the State of Texas and any other political subdivision or governmental agency that has jurisdiction over the construction of the Authorized Improvements. Contracts for the construction of such Authorized Improvements shall be exempt from competitive bidding requirements pursuant to Section 252.022(a)(9), Texas Local Government Code, as amended. Subject to the right of Developer to cure any nonconformity in accordance with the Development Agreement, Developer shall not be entitled to reimbursement for Authorized Improvement Costs relating to an Authorized Improvement if the design and construction of the Authorized Improvement does not otherwise conform to the requirements set forth in the Development Agreement.

Section 1.02 Authorized Improvement Costs to be Funded by Developer. Developer shall pay (or cause to be paid) prior to delinquency all Authorized Improvement Costs, including all costs incurred in connection with obtaining governmental approvals, certificates, permits, easements, rights-of-way, or sites required as a part of the construction of the Authorized Improvements, including, without limitation, any on-site or off-site mitigation costs; and all costs arising in connection with the creation of the PID. City shall not be liable to any contractor, engineer, attorney, materialman or other party employed or contracted with in connection with the construction of the Authorized Improvements but shall only be obligated to acquire and maintain the Authorized Improvements and reimburse Developer in the manner and to the extent provided herein.

Section 1.03 Security for Authorized Improvements. In accordance with Section 12.3 of the Development Agreement, prior to completion and conveyance to City of any Authorized Improvement, Developer shall cause a two (2) year maintenance bond to be delivered to City in the amount required by applicable City Regulations (as that term is defined in the Development Agreement) for applicable Authorized Improvements. Nothing in this Agreement or the Development Agreement shall be deemed to prohibit Developer or City from contesting in good faith the validity or amount of any mechanic's or materialman's lien and/or judgment nor limit the remedies available to Developer or City with respect thereto so long as such delay in performance shall not subject the Authorized Improvement to foreclosure, forfeiture, or sale. In the event that any such lien and/or judgment with respect to the Authorized Improvement is contested before conveyance of the Authorized Improvement to the City, Developer shall be required to post or cause the delivery of a surety bond in compliance with Texas Property Code §53.172 to indemnify against a mechanic's lien claim or, in the case of a judgment lien, a surety bond or letter of credit, whichever is preferred by City, in an amount reasonably determined by City, not to exceed 100% of the disputed amount.

Section 1.04 Cost Overruns, Underruns, and Remaining Funds after Completion of an Authorized Improvement. Upon the final completion of an Authorized Improvement and payment of all outstanding invoices for such Authorized Improvement, if the Authorized Improvement Costs of such Authorized Improvement is less than shown in the SAP (a "*Cost Underrun*"), any remaining amounts in the PID Project Fund will be available to pay cost overruns on any other Authorized Improvement, subject to the provisions of Section 6.2 and 6.3 of the Development Agreement. Any Cost Underrun for any Authorized Improvement within an assessment area available to pay cost overruns on any other Authorized Improvement within such assessment area may, subject to Section 6.2 and 6.3 of the Development Agreement, be added to the amount approved for payment in any Certificate for Payment, in substantially the form attached hereto as Exhibit B. If funds remain in any PID Reimbursement Fund or PID Project Fund associated with any assessment area after the completion of all Authorized Improvements and the payment of all Authorized Improvement Costs in such assessment area, then such funds shall be the exclusive property of the City, pursuant to and in accordance with Section 6.4 of the Development Agreement.

Section 1.05 Contracts and Change Orders. Developer shall be responsible for entering into all contracts and any supplemental agreements (herein referred to as "*Change Orders*") required for the construction of an Authorized Improvement. Developer or its contractors may approve and implement any Change Orders even if such Change Order would increase the Authorized Improvement Cost of an Authorized Improvement, but Developer shall be solely responsible for payment of any cost overruns resulting from such Change Orders except to the extent amounts are available pursuant to Section 1.04 hereof. If any Change Order is for work that requires changes to be made by an engineer to the construction and design documents and plans previously approved under the Development Agreement, then such revisions made by an engineer must be submitted to City for approval by City's engineer prior to execution of the Change Order, which approval shall not be unreasonably withheld and shall be provided within ten (10) business days of submission to the City.

Section 1.06 Indemnity. DEVELOPER SHALL INDEMNIFY AND HOLD CITY HARMLESS FROM AND AGAINST ALL LOSSES, COSTS, DAMAGES, EXPENSES, AND LIABILITIES (HEREIN COLLECTIVELY REFERRED TO AS "*LOSSES*") OF WHATSOEVER NATURE, INCLUDING, BUT NOT LIMITED TO, REASONABLE ATTORNEYS' FEES, COSTS OF LITIGATION, COURT COSTS, AMOUNTS PAID IN SETTLEMENT AND AMOUNTS PAID TO DISCHARGE JUDGMENTS RELATING TO ANY CLAIM, LAWSUIT, CAUSE OF ACTION OR OTHER LEGAL ACTION OR PROCEEDING BROUGHT AGAINST CITY OR TO WHICH CITY MAY BE A PARTY, DIRECTLY OR INDIRECTLY RESULTING FROM, ARISING OUT OF, OR RELATING TO THE ACQUISITION, PURCHASE OR CONSTRUCTION OF THE AUTHORIZED IMPROVEMENTS PRIOR TO THE ISSUANCE OF ANY APPLICABLE MAINTENANCE BOND. IN THE EVENT OF ANY ACTION BROUGHT AGAINST CITY IN WHICH INDEMNIFICATION BY DEVELOPER IS APPLICABLE, CITY SHALL PROMPTLY GIVE WRITTEN NOTICE TO DEVELOPER AND DEVELOPER SHALL ASSUME THE INVESTIGATION AND DEFENSE OF SUCH ACTION, INCLUDING THE EMPLOYMENT OF COUNSEL AND THE PAYMENT OF ALL EXPENSES RELATED THERETO. CITY SHALL HAVE THE RIGHT, AT CITY'S EXPENSE, TO EMPLOY SEPARATE COUNSEL AND TO PARTICIPATE IN THE INVESTIGATION AND DEFENSE OF ANY SUCH ACTION. DEVELOPER SHALL NOT BE LIABLE FOR THE SETTLEMENT OF ANY SUCH ACTION MADE BY CITY WITHOUT THE CONSENT OF DEVELOPER; PROVIDED, HOWEVER, IN THE EVENT OF ANY SETTLEMENT ENTERED INTO WITH THE CONSENT OF DEVELOPER OR OF ANY FINAL JUDGMENT FOR A PLAINTIFF IN ANY SUCH ACTION, DEVELOPER SHALL INDEMNIFY AND HOLD CITY HARMLESS FROM AND AGAINST ANY LOSSES INCURRED BY REASON OF SUCH SETTLEMENT OR JUDGMENT. THE EXPIRATION OF THE TERM OF THIS AGREEMENT SHALL NOT RELIEVE DEVELOPER FROM ANY LIABILITY HEREUNDER ARISING PRIOR TO THE EXPIRATION OF THIS AGREEMENT; PROVIDED HOWEVER, THIS INDEMNITY PROVISION SHALL NOT APPLY TO THE EXTENT OF ANY GROSS NEGLIGENCE, WILLFUL MISCONDUCT OR UNLAWFUL ACTIONS OF THE CITY.

ARTICLE II. Reimbursement for Funds Advanced

Section 2.01 PID Assessments.

(a) In the event that the City adopts an assessment ordinance or ordinances levying and beginning collection of PID Assessments without the intention to immediately issue PID Bonds secured by such assessments, the City hereby undertakes to establish a fund corresponding to each such assessment ordinance, to be segregated from all other City funds, into which City shall deposit PID Assessment revenues corresponding to such assessment ordinance (each, a "*PID Reimbursement Fund*"). In such event, until PID Bonds secured by such PID Assessments are issued, City shall bill, collect and deposit into the PID Reimbursement Fund all such PID Assessment revenues consisting of: (1) revenue collected from the payment of such PID

Assessments (including prepayments and amounts received from the foreclosure of liens but excluding costs and expenses related to collection); (2) revenue collected from the payment of Annual Installments (as defined below) of such PID Assessments (excluding costs and expenses related to collection), and (3) any other revenue authorized by the PID Act and approved by the City Council.

(b) If PID Bonds are issued, City shall deposit the proceeds of such PID Bonds and any other funds authorized or required by a corresponding Indenture into a project fund (a "*PID Project Fund*"), as provided in such Indenture. In such event, City shall bill, collect and deposit all PID Assessment revenues securing such PID Bonds in the manner and in the amounts set forth in the such Indenture. Funds deposited into any fund under an Indenture shall only be used in accordance with that Indenture.

(c) Annual installments of PID Assessments ("*Annual Installments*") shall be billed and collected by City (or by any person, entity or governmental agency permitted by law) in the same manner and at the same time as City ad valorem taxes are billed and collected.

(d) Funds in a PID Reimbursement Fund or PID Project Fund shall only be used to reimburse the Developer for Authorized Improvement Costs of Authorized Improvements actually benefitting the associated assessment area, as set forth in the SAP.

Section 2.02 Payment of Reimbursement Agreement Balance.

(a) Strictly subject to the terms, conditions and requirements and solely from the PID Assessment revenues herein provided, City agrees to pay to Developer, and Developer shall be entitled to receive from City, until the date after the last Annual Installment is collected (the "*Maturity Date*"), a principal amount not to exceed Seventy Million AND NO/100 DOLLARS (\$70,000,000) (the "*Reimbursement Agreement Balance*"); provided, however, that (1) the amount to be reimbursed hereunder shall not exceed the budgeted, Authorized Improvement Costs of the Authorized Improvements actually incurred by the Developer, and (2) the Reimbursement Agreement Balance shall be reduced by the costs of issuance associated with the issuance of any PID Bonds issued pursuant to this Agreement, including, but not limited to, any underwriter's discount and reserved fund deposits, if any, required by an applicable Indenture, notwithstanding that such funds shall not actually be paid by the Developer.

(b) Prior to the issuance of PID Bonds, the Reimbursement Agreement Balance shall bear simple interest on the unpaid Reimbursement Agreement Balance at the rate set forth in the SAP, which rate shall not exceed the maximum net effective interest rate permitted under applicable law. Following the issuance of PID Bonds, the interest rate paid to Developer on the unpaid and outstanding principal amount of the Reimbursement Agreement Balance shall be the same as the interest rate on the initial series of PID Bonds. The interest rate on any portion of the outstanding Reimbursement Agreement Balance shall [accrue from] and be calculated based on the date the City accepts (i) by recording of the final plat in association with which the applicable Authorized Improvement(s) was/were constructed or (ii) if such Authorized Improvement is not constructed in association with development of Property within the boundaries of a specific recorded final plat, the latter of (y) the date an authorized City representative provides written notice to Developer of acceptance for City ownership and maintenance the completed Authorized Improvement(s) and (z) the date the document conveying to City an easement in which such Authorized Improvement is located is recorded. The method for determining the interest rate for the unpaid balance of the Reimbursement Agreement Balance as set forth in this paragraph has been approved by the City Council and is authorized by and complies with the PID Act, including specifically subsections

(e)(1) and (e)(2) of Section 372.023 of the PID Act.

(c) THE CITY'S OBLIGATION TO PAY THE REIMBURSEMENT AGREEMENT BALANCE IS PAYABLE SOLELY FROM PID ASSESSMENTS, THE PID REIMBURSEMENT FUND(S) OR FROM THE PROCEEDS OF PID BONDS. EXCEPT AS APPROVED BY THE CITY COUNCIL, NO OTHER CITY FUNDS, REVENUES, TAXES, INCOME OR PROPERTY SHALL BE USED TO PAY THE REIMBURSEMENT AGREEMENT BALANCE EVEN IF THE REIMBURSEMENT AGREEMENT BALANCE IS NOT PAID IN FULL BY THE MATURITY DATE.

(d) Payments from the PID Reimbursement Fund shall be applied in accordance with this Agreement. Each payment from the PID Reimbursement Fund shall be accompanied by an accounting that certifies the Reimbursement Agreement Balance as of the date of the payment and that itemizes all deposits to and disbursements from the PID Reimbursement Fund since the last payment. If there is a dispute over the amount of any payment, City shall nevertheless pay the undisputed amount, and the Parties shall use all reasonable efforts to resolve the disputed amount before the next payment is made; however, if the parties are unable to resolve the disputed amount, then the City's determination of the disputed amount (as determined by the City Manager in his/her reasonable and good faith judgment) shall control.

Section 2.03 PID Bonds.

(a) The City, in its sole, legislative discretion, may issue PID Bonds, in one or more series, when and if the City Council determines it is financially feasible for the purposes of: (1) paying the Reimbursement Agreement Balance, or any portion thereof; or (2) directly paying for Authorized Improvement Costs. PID Bonds issued for either such purpose will be secured by and paid solely as authorized by the applicable Indenture. Upon the issuance of any PID Bonds, Developer's right to receive payments each year from any PID Assessments securing such PID Bonds in accordance with Section 2.02, if applicable, shall (i) be subordinate to the deposits required to provide for the security for and payment of such PID Bonds and any administrative costs of funds related to such PID Bonds under the applicable Indenture, and (ii) exclude revenues from the portion of PID Assessments levied to pay Administrative Expenses and Additional Interest. Developer shall be entitled to receive funds pursuant to the flow of funds provisions of the applicable Indenture. The failure of City to issue PID Bonds shall not constitute a default by City under this Agreement. Upon the issuance of PID Bonds, Developer has a duty to construct the Authorized Improvements described in the applicable Indenture. Developer shall not be relieved of its duty to construct or cause to be constructed such Authorized Improvements pursuant to the terms of the Development Agreement even if there are insufficient funds in the PID Project Fund to pay the Authorized Improvement Costs. Notwithstanding the foregoing sentence to the contrary, nothing herein shall be construed as relieving Developer from construction of any public improvements relating to the development of the Property that are required to be constructed in accordance with the City Regulations. Except to the extent that such terms may be modified in the SAP, the terms "Administrative Expenses" and "Additional Interest" shall have the meanings assigned to them in the City's Cartwright Ranch Service and Assessment Plan.

(b) The issuance of PID Bonds shall be at the sole, legislative discretion of City and is subject to the provisions of the Development Agreement and this Agreement. In addition to the satisfaction of the conditions contained in the Development Agreement, including the review and approval of a Home Buyer Disclosure Program and receipt of an executed Landowner Agreement, the issuance of PID Bonds is further subject to the following conditions:

- (1) Recommendation of City's financial advisor that sale of the PID Bonds to finance all or a portion of the Authorized Improvement Costs is feasible and prudent;
- (2) the City will select the PID Bonds financing team, determine method of sale and investor suitability, establish the PID Bonds structure and its own continuing disclosure requirements; and
- (3) The issuance of the PID Bonds and reimbursement to Developer are subject to the requirements of the PID Act.

Section 2.04 This Agreement shall apply to all PID Bonds issued by City whether in one or more series, and no additional reimbursement agreement shall be required for future series of PID Bonds. Once PID Bonds are issued, the applicable Indenture shall control in the event of any conflicts with this Agreement.

Section 2.05 Disbursements and Transfers at and after Bond Closing.

(a) The Parties agree that from the proceeds of an applicable series of PID Bonds, and upon the presentation of evidence satisfactory to City, City will cause the Trustee under the applicable Indenture to pay at the closing of such PID Bonds approved amounts from the appropriate account to City or Developer, as applicable, which amounts may include payment for costs of issuance and payment of costs incurred in the establishment, administration and operation of the PID and any other eligible items expended by Developer and City as of the time of the delivery of such PID Bonds as described in the applicable Indenture and the SAP.

(b) In order to receive disbursements at the closing of an applicable series of PID Bonds, Developer shall execute a Closing Disbursement Request, in substantially the form attached hereto as **Exhibit C**, to be delivered to City no less than fifteen (15) business days prior to the scheduled pricing date for such PID Bonds for payment in accordance with the provisions of the applicable Indenture.

(c) In order to receive additional disbursements from a PID Reimbursement Fund or PID Project Fund, as applicable, Developer shall execute a Certificate for Payment, in substantially the form attached hereto as **Exhibit B**, no more frequently than monthly, to be delivered to City for payment in accordance with the provisions of the applicable Indenture and this Agreement.

(d) Upon receipt of a Certificate for Payment or Closing Disbursement Request (along with all accompanying documentation required by City) from Developer, City shall conduct a review in order to confirm that such request is complete, to confirm that the work for which payment is requested was performed in accordance with Section 1.01, and to verify and approve the Authorized Improvement Costs of such work specified in such Certificate for Payment or Closing Disbursement Request. City shall also conduct such review as is required in its discretion to confirm the matters certified in the Certificate for Payment and Closing Disbursement Request. Developer agrees to reasonably cooperate with City in conducting each such review and to provide City with such additional information and documentation as is reasonably necessary for City to conclude each such review.

(e) Not later than fifteen (15) business days following receipt of any Certificate for Payment, City shall either: (1) approve the Certificate for Payment and forward it to the Trustee for payment, or (2) provide Developer with written notification of disapproval of all or part of a Certificate for Payment, specifying the basis for any such disapproval. Any disputes shall be

resolved as required by Section 2.02(d) hereof.

(f) City shall deliver the approved or partially approved Certificate for Payment to the Trustee for payment, and the Trustee shall make the disbursements as quickly as practicable thereafter.

(g) With respect to any series of PID Bonds, the City shall deliver the approved Closing Disbursement Request to the Trustee for payment prior to the applicable closing, and the Trustee shall make the disbursements as quickly as practicable following such closing.

(h) The Developer shall not submit a Certificate for Payment or Closing Disbursement Request requesting reimbursement for Authorized Improvement Costs in excess of the budgeted cost therefore unless a Cost Overrun amount has been approved for a particular Authorized Improvement pursuant to Section 1.04 hereof and the applicable terms of the Development Agreement. If a Cost Overrun amount has been approved, then the amount reimbursed shall not exceed the Authorized Improvement Cost plus the approved Cost Overrun amount. Approved Certificates for Payment that await reimbursement shall not accrue interest from the date of City approval.

Section 2.06 Obligations Limited. THE OBLIGATIONS OF CITY UNDER THIS AGREEMENT SHALL NOT, UNDER ANY CIRCUMSTANCES, GIVE RISE TO OR CREATE A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWER OF CITY OR A DEBT OR OTHER OBLIGATION OF CITY PAYABLE FROM ANY SOURCE OTHER THAN THE PID REIMBURSEMENT FUND OR THE PID PROJECT FUND. Unless approved by City, no other City funds, revenues, taxes or income of any kind shall be used to pay: (1) the Authorized Improvement Costs; (2) the Reimbursement Agreement Balance, even if the Reimbursement Agreement Balance is not paid in full on or before the Maturity Date; or (3) debt service on any PID Bonds. NONE OF CITY OR ANY OF ITS ELECTED OR APPOINTED OFFICIALS OR ANY OF ITS OFFICERS, EMPLOYEES, CONSULTANTS OR REPRESENTATIVES SHALL INCUR ANY LIABILITY HEREUNDER TO DEVELOPER OR ANY OTHER PARTY IN THEIR INDIVIDUAL CAPACITIES BY REASON OF THIS AGREEMENT OR THEIR ACTS OR OMISSIONS UNDER THIS AGREEMENT, EXCEPT IN THE EVENT OF GROSS NEGLIGENCE OR WILLFUL MISCONDUCT COMMITTED BY ANY SUCH PARTIES.

Section 2.07 Obligation to Pay. Subject to the provisions of Sections 2.04 and 2.05 hereof, and as determined solely by City, if Developer (1) is current on the payment of all taxes, assessments and fees owed to City, (2) is in then-current compliance with its obligations under: (a) this Agreement, and (b) all Developer continuing disclosure agreements (if PID Bonds are issued and remain outstanding), and (3) has received no notice of any material default under the Development Agreement that remains uncured; then, following the inspection and approval of any portion of Authorized Improvements for which Developer seeks reimbursement of Authorized Improvement Costs by submission of a Certificate for Payment or Closing Disbursement Request, the obligations of City under this Agreement to (i) pay disbursements (whether to Developer or to any person designated by Developer) identified in any Certificate for Payment or Closing Disbursement Request and (ii) pay debt service on PID Bonds, are unconditional and not subject to any defenses or rights of offset except as may be provided in any Indenture.

Section 2.08 Certificate for Payment. Pursuant to Section 6.6(a) of the Development Agreement, the Certificate for Payment form for Authorized Improvements shall be a set forth in Exhibit B.

Section 2.09 Assignment of Reimbursement Agreement Balance.

(a) Notwithstanding any other provisions of this Agreement, Developer does hereby assign unto PMB, its successors and assigns, all of the Reimbursement Agreement Balance.

(b) Hereafter PMB shall, subject to the terms of this Agreement, be entitled to receive, collect and demand payment directly from the City of all sums and amounts payable on or with respect to the Reimbursement Agreement Balance, and the receipt of sums and amounts by PMB for payments received by it shall be a full and complete discharge of the City, the same as though said amounts and sums were and had been paid directly to Developer.

(c) PMB shall be entitled to exercise and enforce all of the other rights, powers and remedies of the owner of the Reimbursement Agreement Balance, including (but not by way of limitation) the rights of the Developer under Section 5.02 of this Agreement in the event of any default of the City under this Agreement.

(d) If PMB seeks payment of any of the Reimbursement Agreement Balance as permitted hereunder, the City is specifically authorized, requested and directed to pay directly to PMB, at the address shown for PMB (or such other address as PMB may hereafter designate by written notice to the City), with a notice thereof delivered to Developer simultaneously therewith, all of the Reimbursement Agreement Balance requested by or due to PMB under the terms of this Agreement, without being under any duty or obligation to inquire into the right of PMB to receive the same.

(e) Developer does hereby irrevocably authorize and empower PMB, to, subject to the terms of this Agreement, (i) demand receipt for and receive all sums of money to which this Agreement relates; (ii) commence, maintain or discontinue any action, suit or other proceeding which it deems advisable with respect to this Agreement, using the commercially reasonable judgment, subject to the terms and provisions of this Agreement; (iii) collect or enforce the payment of the sums, moneys, benefits, revenues, proceeds and payment assigned hereby; (iv) enforce performance by the City of its covenants, duties and obligations in connection with the Reimbursement Agreement Balance; (v) compromise, compound and settle the same; and (vi) endorse in the name of Developer any checks, drafts or other instruments payable to Developer or to its order, as may be issued in whole or in partial payment in connection with the Reimbursement Agreement Balance.

(g) Any failure of PMB to collect or receive any sums of money which it might be entitled to hereunder, or any failure by PMB to take any action to collect any sums which it may be entitled to hereunder shall not in any way prejudice, release or relinquish any of the rights of PMB hereunder. PMB shall not be under any duty or obligation to take any action, bring any suit or act in any regard in order to enforce the collection of any or all of the moneys assigned hereunder; and, although it has the right to do so, the failure on the part of PMB to do so shall not relieve, diminish or affect the rights hereunder given or the Reimbursement Agreement Balance hereby assigned.

(h) Developer (or Manager, if so directed by Developer pursuant to the Lot Development Agreement) agrees to prepare, execute and forward all such documents and other instruments as may be required in order to have the Reimbursement Agreement Balance paid directly to PMB in accordance herewith and will execute and deliver all such other assignments and instruments as might be required or necessary to vest title to the Reimbursement Agreement Balance in PMB in accordance herewith, and so that the same will be paid directly to PMB.

ARTICLE III. Acquisition of Authorized Improvements

Section 3.01 Ownership and Transfer of Authorized Improvements. Developer shall furnish to City a preliminary title report for land related to the Authorized Improvements to be acquired and accepted by City from Developer and not previously dedicated or otherwise conveyed to City. The report shall be made available for City review and approval not less than fifteen (15) business days prior to the scheduled transfer of title. City shall approve the preliminary title report unless it reveals a matter that, in the reasonable judgment of City, could materially affect City's clean title or use and enjoyment of any part of the property or easement covered by the preliminary title report. If City objects to any preliminary title report, City shall not be obligated to accept title to the applicable Authorized Improvement until Developer has cured the objections to the reasonable satisfaction of City. When the completed Authorized Improvements have been inspected by the City and determined to be constructed in compliance with Section 1.01 herein, the City shall certify such compliance in writing, including the Authorized Improvement Costs of the completed Authorized Improvements, and the Developer shall convey (and the City shall accept) such Authorized Improvements, lien free, in accordance with standard City policies applicable to such improvements, including maintenance bonds and assignments of warranties, if any

Section 3.02 Authorized Improvements Constructed on City Land or Developer Land.

(a) If any Authorized Improvements are to be constructed on land owned by City, City hereby grants to Developer and Manager and their contractors, agents and representatives, where applicable, a non-exclusive easement to enter upon such land for purposes related to construction (and maintenance pending acquisition and acceptance) of the Authorized Improvement. The provisions for inspection and acceptance of such Authorized Improvements otherwise provided herein shall apply.

(b) If the Authorized Improvements are on land owned by Developer, Developer hereby grants to City a non-exclusive easement to enter upon such land for purposes related to inspection and maintenance (pending acquisition and acceptance) of the Authorized Improvements. City shall not damage such land or any improvements thereon (and City shall promptly repair any such damage) as a result of City's use of such easement.

(c) The provisions for design, construction, inspection and acceptance of such Authorized Improvements otherwise provided herein and in the Development Agreement shall apply, including, but not limited to, the provisions of Article IV of the Development Agreement.

Section 3.03 Correction of Defects. Conveyance of the Authorized Improvements to City shall not relieve Developer of liability for the correction of any existing engineering or construction defects then existing in the Authorized Improvements or for satisfaction of any unpaid claim for materials or labor that are Developer's responsibility to pay. City shall be under no obligation to contest or challenge any claim for labor or materials; provided, however, that in the event Developer fails to promptly correct any such defect or satisfy any such claim, City may elect to do so and, in such event, shall have full rights of subrogation. Subject to any applicable statutes of limitation, Developer shall pay City for City's actual, out-of-pocket costs in correcting any defect or satisfying any claim for defects including, but not limited to, construction costs, engineering fees, reasonable attorneys' fees, building or construction permits, filing fees or court costs. Developer shall not be liable for maintenance, repair and/or replacement of the Authorized Improvements after conveyance of the Authorized Improvements to the City except for the application of any maintenance bond.

Section 3.04 Survival or Representations. All representations, warranties and agreements of the Parties hereunder shall survive the conveyance of the Authorized Improvements to City.

ARTICLE IV. Representations

Section 4.01 Representations by Developer. Developer hereby represents to City that:

- (a) the execution and delivery of this Agreement and the transactions contemplated hereby have been duly authorized by Developer;
- (b) this Agreement, the representations and covenants contained herein, and the consummation of the transactions contemplated hereby shall not violate or constitute a breach of any contract or other agreement to which Developer is a party; and
- (c) Developer has the financial resources, or the ability to obtain sufficient financial resources, to satisfy and comply with Developer's obligations under this Agreement.

Section 4.02 Representations by City. City hereby represents and covenants to Developer that it shall use good faith efforts to:

- (a) levy and collect the PID Assessments for payment of Authorized Improvement Costs or for reimbursement to Developer for Authorized Improvement Costs;
- (b) issue PID Bonds, subject to general market acceptance of the PID Bonds, pursuant to the PID Act, this Agreement, the Development Agreement, and other applicable law;
- (c) obtain the Attorney General's approval of the Bonds; and
- (d) obtain registration of the PID Bonds by the Comptroller of Public Accounts of the State of Texas.

ARTICLE V. Remedies

Section 5.01 Default by Developer.

(a) In the event of default by Developer hereunder, City shall deliver to Developer written notice of such default and Developer shall have thirty (30) days to cure the default following receipt of the notice, unless such default cannot be cured or remedied within thirty (30) days, in which case the cure period shall be extended for a reasonable time not to exceed an additional thirty (30) days (or such longer period of time as otherwise agreed in writing by City), so long as Developer has commenced action to cure within the initial thirty (30) days following receipt of such notice default. In the event Developer fails to cure the default in accordance with such default notice, City shall have the right to:

- (1) terminate this Agreement without thereby incurring any liability to Developer, except that City must reimburse Developer for the Authorized Improvements previously constructed or under construction by or on behalf of Developer and acquired or to be acquired by City, provided that for Authorized Improvements under construction the Developer shall be reimbursed for only the Authorized Improvement Costs incurred by Developer prior to and on the date of termination; or

- (2) pursue all other legal or equitable remedies, including specific performance; provided, however, the City shall not (and hereby waives the right to) pursue any punitive, consequential, speculative or exemplary damages from or against Developer; and
- (3) recover from Developer all actual, out-of-pocket expenses incurred in pursuing its legal rights hereunder, including reasonable attorneys' fees.

(b) An event of default by Developer does not release City from the obligation to reimburse Developer for Authorized Improvement Costs advanced or incurred by Developer on behalf of City prior to the date of default by Developer.

Section 5.02 Default by City. In the event of default by City hereunder, Developer shall be entitled to seek a writ of mandamus from a court of competent jurisdiction compelling and requiring City and its officers to observe and perform the covenants, obligations and conditions hereof to the extent allowed by law.

Section 5.03 Future Performance. The failure of either Party to insist, in any one or more instances, upon performance of any of the terms, covenants, and conditions of this Agreement, shall not be construed as a waiver or relinquishment of the future performance of any such term, covenant, or condition by the other Party, but the obligation of such other Party with respect to such future performance shall continue in full force and effect.

ARTICLE VI. Miscellaneous

Section 6.01 Recitals. The recitals contained in this Agreement: (a) contain legislative findings by the City Council; (b) are true and correct as of the Effective Date; (c) contribute to the basis upon which the Parties negotiated and entered into this Agreement; and (d) reflect the final intent of the Parties as stated therein. In the event it becomes necessary to interpret any provision of this Agreement, the intent of the Parties, as evidenced by the recitals, shall be taken into consideration and, to the maximum extent possible, given full effect. The Parties have relied upon the recitals as part of the consideration for entering into this Agreement and, but for the intent of the Parties reflected by the recitals, would not have entered into this Agreement.

Section 6.02 Notice. All notices required or contemplated by this Agreement (or otherwise given in connection with this Agreement) (a "Notice") shall be in writing, shall be signed by or on behalf of the Party giving the Notice, and shall be effective as follows: (a) on or after the 5th business day after being deposited with the United States mail service, Certified Mail, Return Receipt Requested, with a confirming copy sent by e-mail; (b) on the day delivered by a private delivery or private messenger service (such as FedEx or UPS) as evidenced by a receipt signed by any person at the delivery address (whether or not such person is the person to whom the Notice is addressed); or (c) otherwise on the day actually received by the person to whom the Notice is addressed by delivery in person or by regular mail. Notices given pursuant to this section shall be addressed as follows:

To the City: City of Crandall, Texas
 Attention: Jana Shelton, City Manager
 P.O. Box 277
 Crandall, Texas 75112
 E-mail: jshelton@crandalltexas.com

With a copy to: Messer, Fort & McDonald PLLC

Attn: Timothy Dunn
6371 Preston Road, #200
Frisco, Texas 75034
E-mail: Timothy@txmunicipallaw.com

And: Kelly Hart & Hallman LLP
Attn: Jonathan Cranz
201 Main Street, Suite 2500
Fort Worth, Texas 76102
E-mail: jonathan.cranz@kellyhart.com

If to Developer: Taylor Morrison of Texas, Inc.
Attn: Phillip Thompson
6735 Salt Cedar Way, Building 1, Suite 200
Frisco, Texas 75254
E-mail: pthompson@taylormorrison.com

With a copy to: Taylor Morrison of Texas, Inc.
Attn: Dustin Burke
6735 Salt Cedar Way, Building 1, Suite 200
Frisco, Texas 75254
E-mail: duburke@taylormorrison.com

And: Koons Real Estate Law
Attn: David C. Chang
1410 Robinson Road, Unit 100
Corinth, Texas 76210
E-mail: dchang@koonsrealestatelaw.com

To ~~the~~ PMB: PMBS River Ridge LP
Attn: Matthew Mildren
4001 Maple Avenue, Suite 600
Dallas, Texas 75219
E-mail: matt@pmbinv.com

With a copy to: Coats Rose, P.C.
Attn: Timothy Green
9 Greenway Plaza, Suite 1000
Houston, Texas 77046
E-mail: TGreen@coatsrose.com

Section 6.03 Assignability. Except as otherwise provided herein, this Agreement may be assigned by Developer only upon written consent of City, which shall not be unreasonably withheld. Notwithstanding the foregoing, and upon written notice to City, Developer may (a) assign this Agreement in whole or in part to any related entity or affiliate of Developer, or (b) grant security interests pursuant to a collateral assignment to any bank or lending institution in Developer's rights hereunder and to all sums to be paid to Developer by City pursuant to this Agreement; provided that, the right of any assignee or grantee to receive payments or any other funds described in this Agreement (i) shall be subordinate to deposits required to provide for the security for and payment of PID Bonds and any administrative costs of funds created under

an Indenture related to PID Bonds, (ii) shall not include revenues from the portion of PID Assessments levied to pay Administrative Expenses and Additional Interest, and (iii) shall be subject to the flow of funds provisions of the applicable Indenture. No assignment, whether with or without City's prior consent, shall increase the liability of, or impose additional liabilities upon, City beyond what is specifically provided for herein or increase the duties or expenses of, or impose additional duties or expenses upon, City beyond what is specifically provided for herein.

Section 6.04 Captions. The captions used in connection with the paragraphs of this Agreement are for convenience only and shall not be deemed to construe or limit the meaning of the language contained in this Agreement or used as interpreting the meanings and provisions hereof.

Section 6.05 Applicable Law; Venue. This Agreement is entered into under and pursuant to, and shall be construed and enforceable in accordance with, the laws of the State of Texas, and all obligations of the Parties are performable in Kaufman County, Texas. Venue and exclusive jurisdiction for any action to enforce or construe this Agreement shall be a state court of competent jurisdiction in Kaufman County, Texas.

Section 6.06 Parties at Interest. This Agreement shall be for the sole and exclusive benefit of the Parties and shall never be construed to confer any benefit on any third party. This Agreement shall be binding upon each party, its successors and assigns.

Section 6.07 Term. Except as otherwise provided herein, this Agreement shall be in force and effect from the Effective Date and shall continue until the earlier to occur of the Maturity Date or the date on which the Reimbursement Agreement Balance is paid in full.

Section 6.08 Force Majeure. Each Party shall use good faith, due diligence and reasonable care in the performance of its respective obligations under this Agreement, and time shall be of the essence in such performance; however, in the event a Party is unable, due to force majeure, to perform its obligations under this Agreement, then the obligations affected by the force majeure shall be temporarily suspended. Within three (3) business days after the occurrence of a force majeure, the Party claiming the right to temporarily suspend its performance shall give notice to the other Party, including a detailed explanation of the force majeure and a description of the action that will be taken to remedy the force majeure and resume full performance at the earliest possible time. Any suspension of obligation(s) because of any force majeure shall terminate automatically sixty (60) days following the provision of the notice described by this section, unless otherwise separately agreed by the Parties or unless the Party whose obligation was suspended by the force majeure is prohibited by law to perform such obligation, in which case said Party shall perform such obligation(s) as soon as reasonably practical after the legal impediment to such performance has ended. The term "force majeure", as used herein, shall include, without limitation, acts of God; strikes, lockouts, or other industrial disturbances; acts of public enemy; order of any kind of the Government of the United States or the State of Texas or any civil or military authority; insurrections; riots; epidemics and pandemics causing a disaster declaration by the State of Texas, or material escalation of an epidemic and pandemic causing such a disaster declaration; landslides; lightning; earthquakes; fires; hurricanes; storms; floods; washouts; droughts; restraint of government and people; civil disturbances; explosions; breakage or accidents to machinery, pipelines or canals; partial or total failure of water supply and inability to provide water necessary for operation of the sewer system, or to receive waste; and any other incapacities of the Party, whether similar to those enumerated or otherwise, which are not within the control of the Party, which the Party could not have avoided by the exercise of due diligence and care. It is understood and agreed that the settlement of strikes and lockouts shall be entirely within the discretion of such Party, and that the above requirement that any force majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes and lockouts by acceding to the demand of the opposing Party when such settlement is unfavorable to it in the judgment of such Party.

Section 6.09 Conflict. In the event of a conflict between a provision of this Agreement and a provision of the Development Agreement, the conflicting provisions shall be construed to the extent possible to give both effect. Except where otherwise expressly stated in this Agreement, in the event such conflicting provisions cannot be reconciled to give all such provision effect, the terms of this Agreement shall control. In the event of a conflict between the provisions of this Indenture and this Agreement, the Development Agreement, or any other agreement between the parties hereto with respect to the subject matter hereof, the Indenture shall control.

Section 6.10 Authority and Enforceability. City represents and warrants that this Agreement has been approved by the City Council in accordance with all applicable public notice requirements (including, but not limited to, notices required by the Texas Open Meetings Act) and that the individual executing this Agreement on behalf of City has been duly authorized to do so. Developer represents and warrants that this Agreement has been approved by appropriate action of Developer, and that the individual(s) executing this Agreement on behalf of Developer have been duly authorized to do so. Each Party acknowledges and agrees that this Agreement is binding upon such Party and enforceable against such Party in accordance with its terms and conditions.

Section 6.11 Entire Agreement; Amendment; Severability. This Agreement constitutes the entire agreement between the Parties and, with the exception of the Development Agreement, supersedes all prior agreements, whether oral or written, covering the subject matter of this Agreement. This Agreement shall not be modified or amended except in writing signed by City, Developer, and the owner of the portion of the Property affected by the amendment, if different from the Developer. If any provision of this Agreement is determined by a court of competent jurisdiction to be unenforceable for any reason, then: (a) such unenforceable provision shall be deleted from this Agreement; (b) the unenforceable provision shall, to the extent possible, be rewritten to be enforceable and to give effect to the intent of the Parties; and (c) the remainder of this Agreement shall remain in full force and effect and shall be interpreted to give effect to the intent of the Parties.

Section 6.12 No Waiver. Any failure by a Party to insist upon strict performance by another Party of any material provision of this Agreement shall not be deemed a waiver thereof, and the Party shall have the right at any time thereafter to insist upon strict performance of any and all provisions of this Agreement. No provision of this Agreement may be waived except by writing signed by the Party waiving such provision. Any waiver shall be limited to the specific purposes for which it is given. No waiver by any Party of any term or condition of this Agreement shall be deemed or construed to be a waiver of any other term or condition or subsequent waiver of the same term or condition. Furthermore, notwithstanding anything to the contrary in this Agreement, nothing in this Agreement shall be deemed to negate or waive Developer's rights and remedies available to it (i) under the Lot Development Agreement in the event of a Manager default thereunder or (ii) under the PMB/TMT Partial Assignment in the event of a PMB default thereunder.

Section 6.13 Audit. For a period of two (2) years after completion of the Authorized Improvements or after the expenditure of all PID Bond proceeds, whichever is later, (i) Developer shall maintain proper books of record and account for the construction of the Authorized Improvements and all costs related thereto, and (ii) City shall have the right, during normal business hours and upon ten (10) business days' prior written notice to Developer, to review all books and records of Developer relating to costs and expenses incurred by Developer with respect to any of the Authorized Improvements. Such accounting books shall be maintained in accordance with customary real estate accounting principles. Developer shall have the right, during normal business hours, to review all records and accounts relating to the PID Assessments upon written request to City. City shall provide Developer an opportunity to inspect such books and records relating to the PID Assessments during City's regular business hours and on a mutually agreeable date no later than ten (10) business days after City receives such written request. City shall keep and maintain, or shall cause to be kept and maintained, a proper and complete system of records and

accounts pertaining to the PID Assessments for so long as PID Bonds remain outstanding or any portion of the Reimbursement Agreement Balance remains unpaid.

Section 6.14 No Waiver of Powers or Immunity. City does not waive or surrender any of its governmental powers, immunities or rights except as necessary to allow Developer to enforce its remedies under this Agreement.

Section 6.15 Effective Date. This Agreement will become effective on the date set forth in the preamble hereto.

Section 6.16 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and constitute one and the same instrument.

Section 6.17 Further Documents. Each Party shall, upon request of the other Party, execute and deliver such further documents and perform such further acts as may reasonably be requested to effectuate the terms of this Agreement and achieve the intent of the Parties.

Section 6.18 Employment of Undocumented Workers. During the term of this Agreement, Developer agrees not to knowingly employ any undocumented workers and if convicted of a violation under 8 U.S.C. Section 1324a (f), Developer shall repay the amount of any Reimbursement Payment or other funds received by Developer from City from the date of this Agreement to the date of such violation within 120 days after the date Developer is notified by City of such violation, plus interest at the rate of 4% compounded annually from the date of violation until paid. Developer is not liable for a violation of this section by a subsidiary, affiliate, or franchisee of Developer or by a person with whom Developer contracts.

Section 6.19 Boycott Israel. The Developer hereby verifies that the Developer and its parent companies, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and, to the extent this Agreement is a contract for goods or services, will not boycott Israel during the term of this Agreement. The foregoing verification is made solely to comply with Section 2271.002, Texas Government Code, and to the extent such Section does not contravene applicable State or Federal law. As used in the foregoing verification, 'boycott Israel' means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The Developer understands "affiliate" to mean an entity that controls, is controlled by, or is under common control with the Developer and exists to make a profit.

Section 6.20 Verification Pursuant to Chapters 2252 and 2270 of the Texas Government Code. The Developer hereby represents that neither the Developer nor any of its parent companies, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer's internet website:

<https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>,
<https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or
<https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>.

The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable State or Federal law and excludes the Developer and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions

regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. The Developer understands “affiliate” to mean any entity that controls, is controlled by, or is under common control with the Developer and exists to make a profit.

Section 6.21 Form 1295 Certificate of Interested Parties. Prior to its execution of this Agreement, Developer agrees to file with City pursuant to Texas Government Code 2252.908 a signed and completed Texas Ethics Commission (“TEC”) Form 1295 and a certification of filing with TEC.

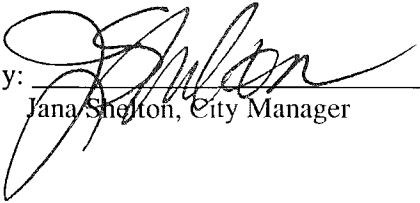
Section 6.22. Verification Regarding Discrimination Against Firearm Entity or Trade Association. To the extent this Agreement constitutes a contract for the purchase of goods or services for which a written verification is required under Section 2274.002, Texas Government Code, as amended (“Section 2274.002”), as added by Senate Bill 19, 87th Texas Legislature, Regular Session (“SB 19”), the Developer and PMB each hereby verify, as to itself, that each of the Developer and PMB and any wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate of the Developer and PMB, if any, (1) do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association; and (2) will not discriminate during the term of this Agreement against a firearm entity or firearm trade association. As used herein, the terms “discriminate against a firearm entity or firearm trade association,” “firearm entity,” and “firearm trade association” shall have the meanings set forth in Sections 2274.001(3), 2274.001(6), and 2274.001(7), respectively, of the Texas Government Code, as amended, as added by SB 19. The term “affiliate” means an entity that controls, is controlled by, or is under common control with the Developer and PMB and exists to make a profit. The foregoing verification is made solely to comply with Section 2274.002, as added by SB 19, to the extent that Section 2274.002 does not contravene applicable Texas or Federal law.

Section 6.23. Verification Regarding Energy Company Boycotts. To the extent this Agreement constitutes a contract for goods or services for which a written verification is required under Section 2274.002, Texas Government Code, as amended (“Section 2274.002”), as added by Senate Bill 13, 87th Texas Legislature, Regular Session (“SB 13”), the Developer and PMB each hereby verify, as to itself, that each of the Developer and PMB and any wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate of the Developer and PMB, if any, (1) do not boycott energy companies, and (2) will not boycott energy companies during the term of this Agreement. As used herein, the term “boycott energy company” shall have the meaning assigned to such term in Section 809.001(1) of the Texas Government Code, as amended, as added by SB 13. The term “affiliate” means an entity that controls, is controlled by, or is under common control with the Developer and PMB and exists to make a profit. The foregoing verification is made solely to comply with Section 2274.002, as added by SB 13, to the extent that Section 2274.002 does not contravene applicable Texas or Federal law.

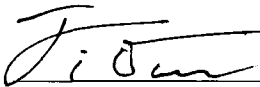
[Signatures on Following Pages]

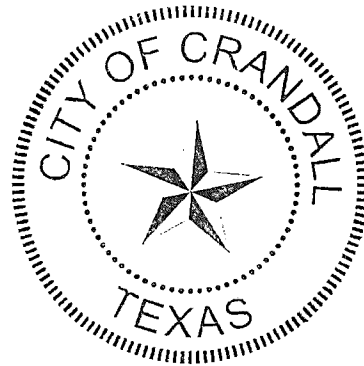
IN WITNESS WHEREOF, the parties hereto have executed this Agreement in multiple counterparts, each of equal dignity, on this 1st day of November, 2021.

CITY OF CRANDALL

By: 
Jana Shelton, City Manager

APPROVED AS TO FORM:

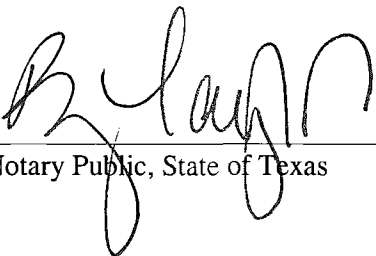

City Attorney



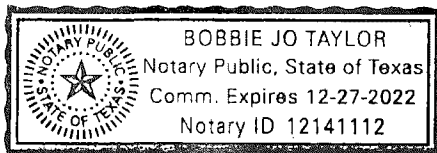
STATE OF TEXAS §

COUNTY OF KAUFMAN §

This instrument was acknowledged before me on the 1st day of November, 2021, by Jana Shelton, City Manager of the City of Crandall, a Type A general law municipality, for and on behalf of said municipality.


Notary Public, State of Texas

[SEAL]



IN WITNESS WHEREOF, the parties hereto have executed this Agreement in multiple counterparts, each of equal dignity, on this 3rd day of NOVEMBER, 2021.

PMB:

PMBS RIVER RIDGE LP,
a Texas limited partnership

By: PMBS RIVER RIDGE GP, LLC,
A Texas limited liability company,
General Partner

By: [Signature]
MATT MILDREN, Manager

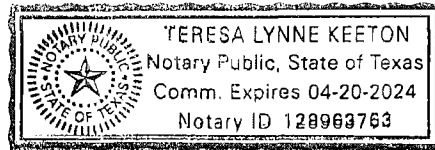
STATE OF TEXAS §

COUNTY OF KAUFMAN §

This instrument was acknowledged before me on the 3rd day of November, 2021, by Matt Mildren mgr of PMBS River Ridge GP, a Texas limited liability company, as General Partner of PMBS River Ridge, LP, on behalf on behalf of said limited partnership.

[Signature]
Notary Public, State of Texas

[SEAL]



IN WITNESS WHEREOF, the parties hereto have executed this Agreement in multiple counterparts, each of equal dignity, on this 17 day of February, 2021.

DEVELOPER:

TAYLOR MORRISON OF TEXAS, INC.,
A Texas corporation

By: [Signature]
Name: Jordyn Jones
Its: VP - Finance

By: [Signature]
Name: Phillip Thompson
Its: VP Land

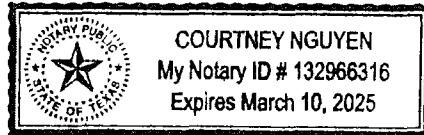
STATE OF TEXAS §

COUNTY OF COLLIN §

This instrument was acknowledged before me on the 17 day of February, 2021, by Jordyn Jones, VP Finance of Taylor Morrison of Texas, Inc., a Texas corporation, on behalf on behalf of said corporation.

[Signature]
Notary Public, State of Texas

[SEAL]



STATE OF TEXAS §

COUNTY OF COLLIN §

This instrument was acknowledged before me on the 17 day of February, 2021, by Phillip Thompson, VP Land of Taylor Morrison of Texas, Inc., a Texas corporation, on behalf on behalf of said corporation.

[Signature]
Notary Public, State of Texas

[SEAL]

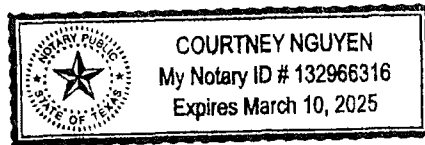


Exhibit A

Description of the Property

[To be provided]

EXHIBIT A

BEING a tract of land situated in the D. WILKERSON SURVEY, ABSTRACT NO. 566, Kaufmann County, Texas and being all of those tracts of land conveyed in deeds to Texas Opportunities, L.P. according to the documents of record filed in Volume 1984, Page 308, Volume 1734, Page 109, and all of those tracts conveyed in deeds to JWS Land, Ltd. according to the documents filed in Volume 2846, Page 379, Volume 2846, Page 374 and part of that tract conveyed in deed to Texas Opportunities, L.P. according to the document of record filed in Volume 1805, Page 195 Deed Records, Kaufman County, Texas, and being more particularly described as follows:

BEGINNING at the most northern corner of the 106.789 acre tract of land as recorded in Volume 1805, Page 195;

THENCE S 44° 33' 19" E with the northeastern line of said 106.789 acre tract, a distance of 316.70 feet to the most westerly corner of the 80.78 acre tract of land conveyed by Deed in Volume 1734 Page 109;

THENCE N 45° 40' 40" E with the northwesterly line of said 80.78 acre tract a distance of 1380.39 feet to the most northerly corner of said 80.78 tract;

THENCE S 44° 39' 59" E with the northeasterly line of said 80.78 tract a distance of 2110.06 feet;

THENCE S 44° 51' 32" E with the northeasterly line of said 80.78 tract a distance of 427.94 feet to the most easterly corner of said 80.78 tract and the most northern corner of the 47.479 acre tract conveyed to JWS Land, L:td. in Volume 2846 Page 379;

THENCE S 44° 35' 09" E with the northeastern line of said 47.479 acre tract a distance of 1506.50 feet to the most easterly corner of said 47.494 acre tract;

THENCE S 45° 20' 21" W with the southeastern line of said 47.479 acre tract a distance of 581.45 feet;

THENCE N 44° 35' 09" W with the southeastern line of said 47.479 acre tract a distance of 78.00 feet;

THENCE S 45° 20' 21" W with the southeastern line of said 47.479 acre tract a distance of 915.35 feet to the most southern corner of said 47.479 acre tract;

THENCE N 44° 22' 50" W with the southwestern line of said 47.479 acre tract a distance of 745.12 feet;

THENCE S 45° 43' 51" W with the southwestern line of said 47.479 acre tract a distance of 21.30 feet;

THENCE N 42° 32' 39" W with the southwestern line of said 47.479 acre tract a distance of 485.00 feet;

THENCE N 42° 51' 24" W with the southwestern line of said 47.479 acre tract a distance of 92.98 feet to the most eastern corner of the 50.029 acre tract conveyed in Volume 2846, Page 374;

THENCE S 45° 38' 39" W with the southeastern lie of said 50.029 acre tract a distance of 150.08 feet to the most northern corner of Tract 2, a 2.245 acre tract conveyed to Texas Opportunities, L.P. in Volume 1984, Page 308;

THENCE S 42° 38' 28" E with the northeast line of said 2.245 acre tract a distance of 409.93 feet to the most eastern corner of said 2.245 acre tract;

THENCE S 45° 38' 36" W with the southeastern line of said 2.245 acre tract a distance of 239.94 feet to a point in the northeast line of said 50.029 acre tract;

THENCE S 42° 38' 46" E with the southeastern line of said 50.029 acre tract a distance of 120.05 feet;

THENCE S 45° 38' 25" W with the southeastern line of said 50.029 acre tract a distance of 897.64 feet to the most southern corner of said 50.029 acre tract;

THENCE N 43° 46' 25" W with the southwestern line of said 50.029 acre tract a distance of 883.45 feet to the most easterly southern corner of Tract 1, a 17.704 acre tract conveyed to Texas Opportunities, L.P. in Volume 1984, Page 308 ;

THENCE S 46° 13' 35" W with the southeastern line of said 17.704 acre tract a distance of 165.14 feet;

THENCE S 43° 46' 25" E with the southeastern line of said 17.704 acre tract a distance of 35.00 feet;

THENCE S 46° 13' 35" W with the southeastern line of said 17.704 acre tract a distance of 121.83 feet;

THENCE N 44° 20' 01" W with the southwestern line of said 17.704 acre tract a distance of 1203.55 feet to point in the southeast line of said 106.789 acre tract;

THENCE N 44° 18' 41" W a distance of 1426.89 feet to a point in the northwest line of said 106.789 acre tract;

THENCE N 45° 03' 37" E with the northwest line of said 106.789 acre tract a distance of 1678.58 feet to the **POINT OF BEGINNING**, and containing 256.159 acres of land;

SAVE AND EXCEPT that 2.379acre tract conveyed to Texas Power & Light Company in Deed recorded in Volume 875, Page 795, leaving a net of 253.78 acres of land, more or less.

Exhibit B

Form of Certificate for Payment

The undersigned is an agent for _____ ("*Developer*") and requests payment from [the applicable account of the [PID Project Fund]/[the PID Reimbursement Fund] from [the City of Crandall, Texas ("*City*")]/[_____ (the "*Trustee*")]] related to [SPECIFY ASSESSMENT AREA] in the amount of _____ (\$_____) for labor, materials, fees and/or other general costs related to the creation, acquisition or construction of certain Authorized Improvements described below providing a special benefit to property within the [SPECIFY ASSESSMENT AREA] of the River Ridge Public Improvement District (the "*District*"). Unless otherwise defined, any capitalized terms used herein shall have the meanings ascribed to them in the [Reimbursement Agreement between Developer and City (the "*Reimbursement Agreement*")]/[_____ (the "*Indenture*")]]. The term "*Authorized Improvements*", as used herein, refers to the Authorized Improvements in [SPECIFY IMPROVEMENT AREA].

In connection to the above-referenced payment, Developer represents and warrants to City as follows:

1. The undersigned is a duly authorized officer of Developer, is qualified to execute this Certificate for Payment on behalf of Developer and is knowledgeable as to the matters set forth herein.

2. The payment requested for the below referenced Authorized Improvements has not been the subject of any prior payment request submitted for the same work to City or, if previously requested, no disbursement was made with respect thereto.

3. The amount listed for the Authorized Improvements below is a true and accurate representation of the Costs associated with the acquisition, installation or construction of said Authorized Improvements, and such costs are (i) in compliance with the Reimbursement Agreement, [and] (ii) [in compliance with the Indenture, and (iii)] consistent with the SAP.

4. Developer is in compliance with the terms and provisions of the Reimbursement Agreement[, the Indenture], Developer Continuing Disclosure Agreement, Development Agreement (as defined in the Reimbursement Agreement) and the SAP.

5. Developer is current on all ad valorem property taxes and PID assessments on property owned by Developer within the PID.

6. All conditions set forth in the [Indenture and] the Reimbursement Agreement for the payment hereby requested have been satisfied.

7. The work with respect to the Authorized Improvements referenced below (or its completed segment) has been completed, and City has inspected such Authorized Improvements (or its completed segment).

8. Developer agrees to cooperate with City in conducting its review of the requested payment, and agrees to provide additional information and documentation as is reasonably necessary for City to complete said review.

Developer confirms that payment of the amounts requested in this Certificate for Payment, taking into account all prior payments for the Authorized Improvements, if any, and the amount of work related to the Authorized Improvements remaining to be completed as of the date of this Certificate for Payment

will not cause the amounts on deposit in the [PID Project Fund]/[PID Reimbursement Fund] to fall below the amount necessary to complete the remaining Authorized Improvements.

Payments requested hereunder shall be made as directed below:

Description of Improvement:	Account from which Authorized Improvement Costs to be paid:	Total Costs of Improvement:

Attached hereto are receipts, purchase orders, change orders, and similar instruments that support and validate the above requested payments. Also attached hereto are "bills paid" affidavits and supporting documentation in the standard form for City construction projects.

Pursuant to the River Ridge Development Agreement, after receiving this payment request, the City is authorized to inspect the Authorized Improvements (or completed, section, or portion thereof segment) and confirm that said work has been completed in accordance with all applicable laws, rules and regulations.

[Information regarding Payee, amount and deposit instructions attached]

I hereby declare that the above representations and warranties are true and correct.

By: _____
Name: _____
Title: _____

APPROVAL OF REQUEST BY CITY

City is in receipt of and acknowledges the attached Certificate for Payment, acknowledges that the Authorized Improvements (or its completed segment) covered by said certificate have been inspected by City and otherwise finds the Certificate for Payment to be in order. After reviewing the Certificate for Payment, City approves the Certificate for Payment and shall include said payments in the City Certificate submitted to the trustee directing payments to be made from the [PID Project Fund]/[PID Reimbursement Fund] to Developer or to any person designated by Developer. The City's approval of the Certification for payment shall not have the effect of estopping or preventing the City from asserting claims under the Indenture, the Service and Assessment Plan, or any other agreement between the parties, or from asserting that there is a defect in the Authorized Improvements.

CITY OF CRANDALL, TEXAS

By: _____
Name: _____
Title: _____
Date: _____, 202__

Exhibit C

Form of Closing Disbursement Request

The undersigned is an agent for _____ ("*Developer*") and requests payment to Developer (or to the person designated by Developer) from the applicable account of the PID Project Fund from _____ (the "*Trustee*") in the amount of _____ \$ _____) to be transferred from the applicable account of the Project Fund upon the delivery of the PID Bonds for costs incurred in the issuance of bonds, establishment, administration, and operation of the River Ridge Public Improvement District (the "*District*") or payment of any costs attributable to the PID by Developer, as follows. Unless otherwise defined, any capitalized terms used herein shall have the meanings ascribed to them in the Indenture of Trust by and between City and the Trustee dated as of _____, 202____ (the "*Indenture*") relating to the "[INSERT NAME OF BONDS]" (the "*PID Bonds*"). The term "*Authorized Improvements*", as used herein, refers to the Authorized Improvements in [SPECIFY IMPROVEMENT AREA].

In connection with the above referenced payment, Developer represents and warrants to City as follows:

1. The undersigned is a duly authorized officer of Developer, is qualified to execute this Closing Disbursement Request on behalf of Developer and is knowledgeable as to the matters set forth herein.
2. The payment requested for the below referenced costs of issuance, establishment, administration, and operation of the District or payment of any costs attributable to the PID by Developer at the time of the delivery of the PID Bonds have not been the subject of any prior payment request submitted to City.
3. The amount listed for the Authorized Improvements below is a true and accurate representation of the Costs associated with the acquisition, installation or construction of said Authorized Improvements, and such costs are (i) in compliance with the Reimbursement Agreement, (ii) in compliance with the Indenture, and (iii) consistent with the SAP.
4. Developer is in compliance with the terms and provisions of the Reimbursement Agreement, the Indenture, Developer Continuing Disclosure Agreement, the SAP, and the Development Agreement (as defined in the Reimbursement Agreement).
5. Developer is current on all ad valorem property taxes and PID assessments on property owned by Developer within the PID.
6. All conditions set forth in the Indenture and the Reimbursement Agreement for the payment hereby requested have been satisfied.
7. Developer agrees to cooperate with City in conducting its review of the requested payment and agrees to provide additional information and documentation as is reasonably necessary for City to complete said review.

Payments requested hereunder shall be made as directed below:

[Information regarding Payee, amount, and deposit instructions attached]

Attached hereto are receipts, purchase orders, change orders, and similar instruments that support and validate the above requested payments. Also attached hereto are "bills paid" affidavits and supporting documentation in the standard form for City construction projects.

Pursuant to the River Ridge Development Agreement, after receiving this payment request, the City is authorized to inspect the Authorized Improvements (or completed, section, or portion thereof segment) and confirm that said work has been completed in accordance with all applicable laws, rules and regulations.

I hereby declare that the above representations and warranties are true and correct.

By: _____
Name: _____
Title: _____

APPROVAL OF REQUEST BY CITY

City is in receipt of the attached Closing Disbursement Request, acknowledges the Closing Disbursement Request, and finds the Closing Disbursement Request to be in order. After reviewing the Closing Disbursement Request, City approves the Closing Disbursement Request and shall include said payments in City Certificate submitted to the Trustee directing payments to be made from the applicable account under the Indenture upon delivery of the PID Bonds. The City's approval of the Closing Disbursement Request for payment shall not have the effect of estopping or preventing the City from asserting claims under the Indenture, the Service and Assessment Plan, or any other agreement between the parties, or from asserting that there is a defect in the Authorized Improvements.

CITY OF CRANDALL, TEXAS

By: _____
Name: _____
Title: _____
Date: _____, 202__

APPENDIX G

**PHOTOGRAPHS OF DEVELOPMENT WITHIN THE DISTRICT (SINGLE-FAMILY RESIDENTIAL
PROPERTY - IMPROVEMENT AREA #1 AND IMPROVEMENT AREA #2)**

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