

LIMITED OFFERING MEMORANDUM DATED OCTOBER 30, 2024

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. See "TAX MATTERS – Tax Exemption" herein for a discussion of Bond Counsel's opinion.

The Bonds are NOT designated as "qualified tax-exempt obligations" for financial institutions.



\$6,953,000

CITY OF UMLAND, TEXAS,

(a municipal corporation of the State of Texas located in Hays and Caldwell Counties)

SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024

(ANDERSON PARK PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1 PROJECT)

Dated Date: November 1, 2024

Due: September 1, as shown on the inside cover

Interest to Accrue from Date of Delivery

The City of Umland, Texas, Special Assessment Revenue Bonds, Series 2024 (Anderson Park Public Improvement District Improvement Area #1 Project) (the "Bonds"), are being issued by the City of Umland, Texas (the "City"). The Bonds will be issued in fully registered form, without coupons, in authorized denominations of \$100,000 of principal amount and any integral multiple of \$1,000 in excess thereof. The Bonds will bear interest at the rates set forth on the inside cover page hereof, and such interest will be calculated on the basis of a 360-day year of twelve 30-day months, and will be payable on each March 1 and September 1, commencing March 1, 2025, until maturity or earlier redemption. The Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. No physical delivery of the Bonds will be made to the beneficial owners thereof. For so long as the book-entry only system is maintained, the principal of and interest on the Bonds will be paid from the sources described herein by BOKF, NA, Houston, Texas, as trustee (the "Trustee"), to DTC as the registered owner thereof. See "BOOK-ENTRY ONLY SYSTEM."

The Bonds are being issued by the City pursuant to the Public Improvement District Assessment Act, Subchapter A of Chapter 372, Texas Local Government Code, as amended (the "PID Act"), an ordinance adopted by the City Council of the City (the "City Council") on October 30, 2024, and an Indenture of Trust, dated as of November 1, 2024 (the "Indenture"), entered into by and between the City and the Trustee. Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Indenture.

Proceeds of the Bonds will be used to provide funds for (i) paying a portion of the Actual Costs of the Improvement Area #1 Projects (as defined herein), (ii) paying a portion of the interest on the Bonds during and after the period of acquisition and construction of the Improvement Area #1 Projects, (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 #1 PROJECTS" 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 Trust Estate, consisting primarily of the Pledged Revenues, which consist primarily of Assessments levied against assessable properties in Improvement Area #1 of the Anderson Park Public Improvement District (the "District") in accordance with a Service and Assessment Plan (as defined herein), 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 Underwriter is limiting this offering to Qualified Institutional Buyers and Accredited Investors. The limitation of the initial offering to Qualified Institutional Buyers and Accredited Investors does not denote restrictions on transfers in any secondary market for the Bonds. The Bonds involve a significant degree of risk, are speculative in nature and are not suitable for all investors. See "LIMITATIONS APPLICABLE TO INITIAL PURCHASERS," "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, FMSbonds, Inc., subject to, among other things, the approval of the Bonds by the Attorney General of Texas and the receipt of the opinion of Norton Rose Fulbright US LLP, Bond Counsel, as to the validity of the Bonds and the excludability of interest thereon from gross income for federal income tax purposes. See "APPENDIX C — Form of Opinion of Bond Counsel." Certain legal matters will be passed upon for the City by its City Attorney, Denton Navarro Rodriguez Bernal Santee & Zech, P.C., the Underwriter by its counsel, Locke Lord LLP, and for the Developer by its counsel Metcalfe Wolff Stuart & Williams. It is expected that the Bonds will be delivered in book-entry form through the facilities of DTC on or about November 19, 2024 (the "Date of Delivery").

FMSbonds, Inc.

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

CUSIP Prefix: 90352S ^(a)

\$6,953,000

CITY OF UHLAND, TEXAS,

(a municipal corporation of the State of Texas located in Hays and Caldwell Counties)

SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024

(ANDERSON PARK PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1 PROJECT)

\$713,000 4.375% Term Bonds, Due September 1, 2031, Priced to Yield 4.400%; CUSIP Suffix: AD5 ^{(a) (c)}

\$2,430,000 5.125% Term Bonds, Due September 1, 2044, Priced to Yield 5.200%; CUSIP Suffix: AE3 ^{(a) (b) (c)}

\$3,810,000 5.500% Term Bonds, Due September 1, 2055, Priced to Yield 5.500%; CUSIP Suffix: AF0 ^{(a) (b) (c)}

-
- ^(a) CUSIP numbers are included solely for the convenience of owners of the Bonds. CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. CUSIP numbers are provided for convenience of reference only. None of the City, the City's Financial Advisor or the Underwriter takes any responsibility for the accuracy of such numbers.
- ^(b) The Bonds maturing on or after September 1, 2044 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 1, 2032, at the redemption price of par plus accrued and unpaid 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 UHLAND, TEXAS
CITY COUNCIL**

<u>Name</u>	<u>Term Expires (May)</u>
Lacee Duke, Mayor	2025
Chris Warndahl, Mayor Pro Tem	2025
Guadalupe Ramirez	2026
Keshia Rollins-Contreras	2026
Ron Merrill	2026
Mark Garonzik	2025

CITY ADMINISTRATOR
Karen Gallaher

CITY SECRETARY
Kimberly Weatherford

ADMINISTRATOR
P3Works, LLC

FINANCIAL ADVISOR TO THE CITY
SAMCO Capital Markets, Inc.

BOND COUNSEL
Norton Rose Fulbright US LLP

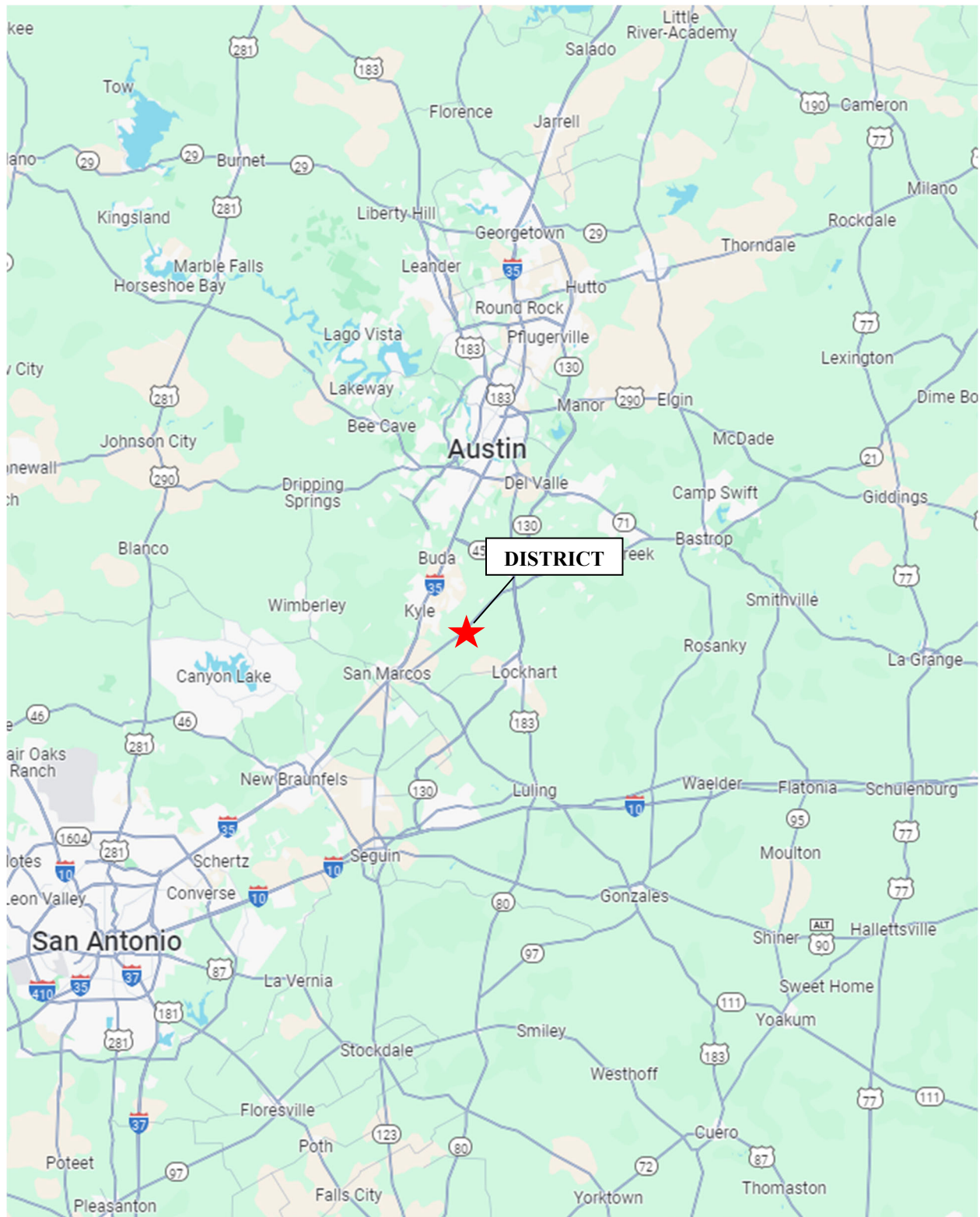
UNDERWRITER'S COUNSEL
Locke Lord LLP

For additional information regarding the City, please contact:

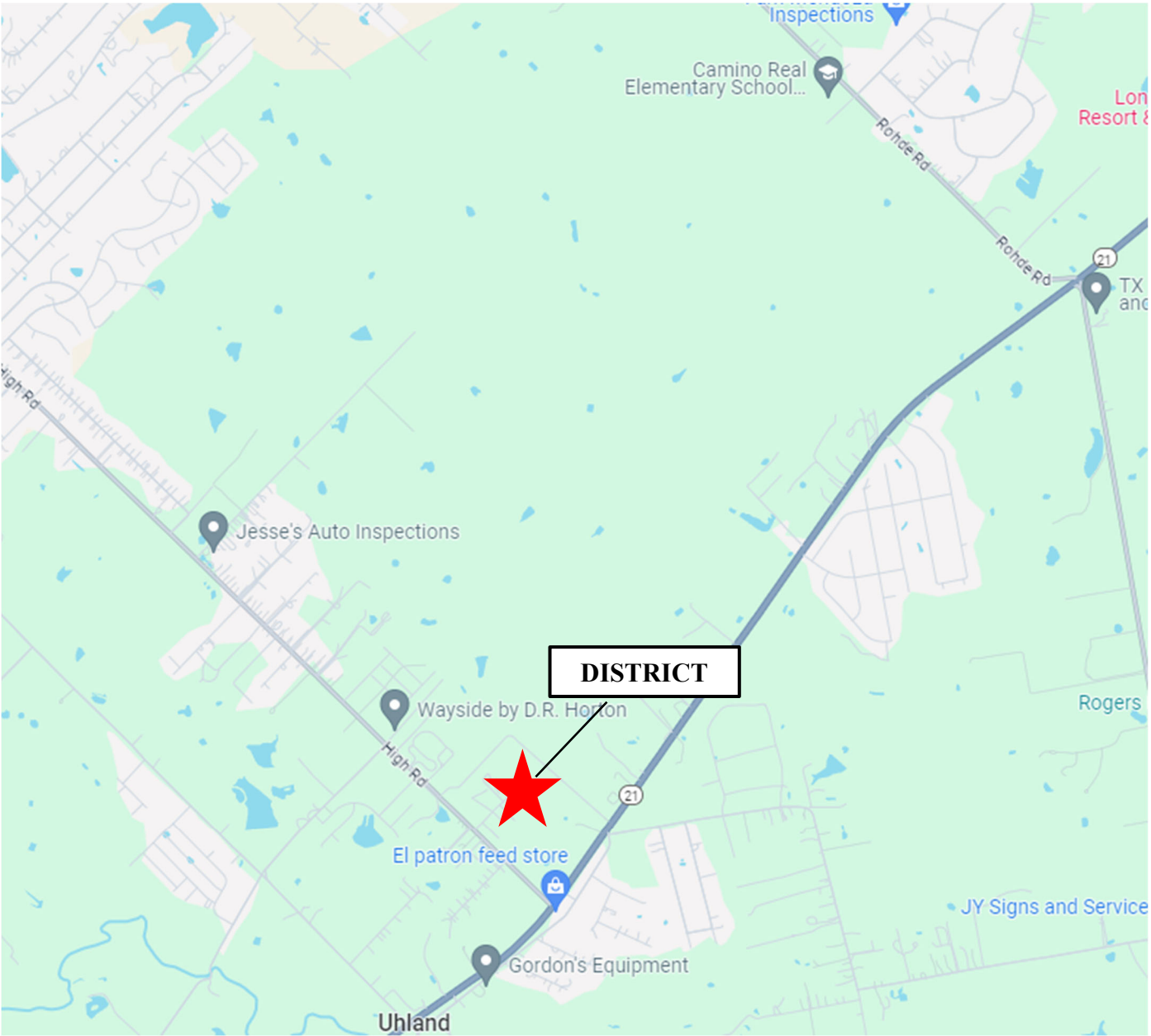
Karen Gallaher
City Administrator
City of Uhlend, Texas
15 N. Old Spanish Trail
Uhlend, Texas 78640
(512) 398-7399

Mark McLiney
SAMCO Capital Markets, Inc.
1020 NE Loop 410
Suite 640
San Antonio, Texas 78209
(210) 832-9760

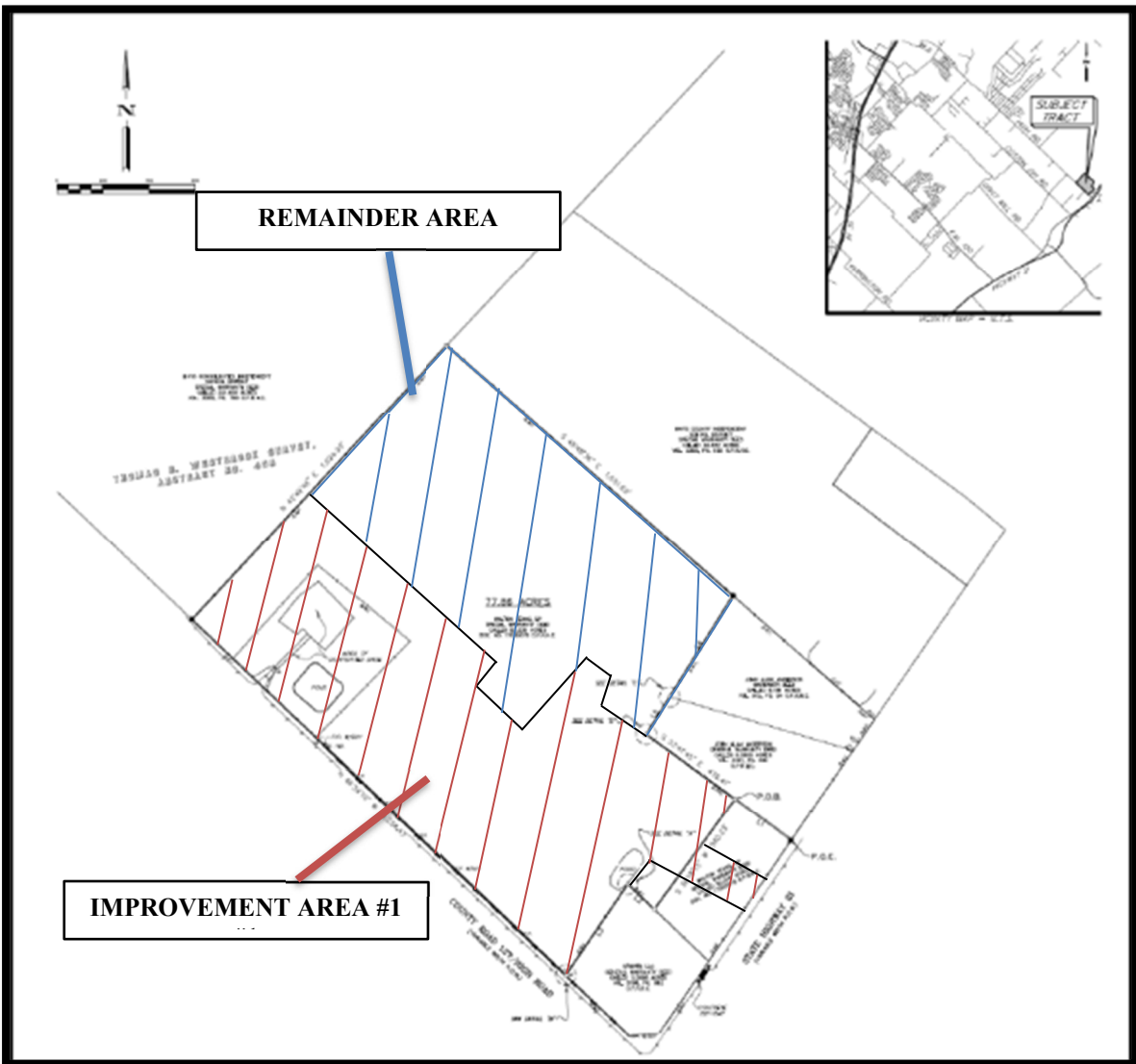
REGIONAL LOCATION MAP OF THE DISTRICT



AREA LOCATION MAP OF THE DISTRICT



MAP SHOWING BOUNDARIES OF THE DISTRICT, IMPROVEMENT AREA #1 AND REMAINDER AREA



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

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

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

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

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

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

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

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

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

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LIMITED OFFERING MEMORANDUM

\$6,953,000

CITY OF UHLAND, TEXAS,

(a municipal corporation of the State of Texas located in Hays and Caldwell Counties)

SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024

(ANDERSON PARK PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1 PROJECT)

INTRODUCTION

The purpose of this Limited Offering Memorandum, including the cover page, inside cover and appendices hereto, is to provide certain information in connection with the issuance and sale by the City of Uhlend, Texas (the “City”), of its \$6,953,000 aggregate principal amount of Special Assessment Revenue Bonds, Series 2024 (Anderson Park Public Improvement District Improvement Area #1 Project) (the “Bonds”).

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

The Bonds are being issued by the City pursuant to the Public Improvement District Assessment Act, Subchapter A of Chapter 372, Texas Local Government Code, as amended (the “PID Act”), the ordinance authorizing the issuance of the Bonds enacted by the City Council of the City (the “City Council”) on October 30, 2024 (the “Bond Ordinance”), and an Indenture of Trust, dated as of November 1, 2024 (the “Indenture”), entered into by and between the City and BOKF, NA, as Trustee (the “Trustee”). The Bonds will be secured by a pledge of and lien upon the Trust Estate consisting primarily of revenue from special assessments (“Assessments”) levied against assessable property (the “Assessed Property”) located within Improvement Area #1 (as defined below) of the Anderson Park Public Improvement District (the “District”) pursuant to an ordinance enacted by the City Council on October 30, 2024 (the “Assessment Ordinance”). The City created the District pursuant to a resolution adopted by the City Council on October 13, 2021 (the “Creation Resolution”).

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

Set forth herein are brief descriptions of the City, the District, the Assessment Ordinance, the Bond Ordinance, the Service and Assessment Plan (as defined herein), the Financing Agreement (as defined herein), the Development Agreement (as defined herein), Continental Homes of Texas, L.P., a Texas limited partnership (the “Developer”), and P3Works, LLC (the “Administrator”), together with summaries of terms of the Bonds and the Indenture and certain provisions of the PID Act. All references herein to such documents and the PID Act are qualified in their entirety by reference to such documents or such PID Act and all references to the Bonds are qualified by reference to the definitive forms thereof and the information with respect thereto contained in the Indenture. Copies of these documents may be obtained during the period of the offering of the Bonds from the Underwriter, FMSBonds, Inc., 5 Cowboys Way, Suite 300-25, Frisco, Texas, 75034, Phone: (214) 302-2246. The Form of Indenture appears in APPENDIX A and the Form of Service and Assessment Plan appears in APPENDIX B. The information provided under this caption “INTRODUCTION” is intended to provide a brief overview of the information provided in the

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

PLAN OF FINANCE

The District

The PID Act authorizes municipalities, such as the City, to create public improvement districts within their boundaries or extraterritorial jurisdiction, and to impose assessments within the public improvement district to pay for certain improvements. The District was created for the purpose of undertaking and financing the cost of certain public improvements within the District, including the Improvement Area #1 Projects (as defined herein), authorized by the PID Act and approved by the City Council that confer a special benefit on the District.

Development Plan, Status of Development, and Plan of Finance

The District is composed of approximately 77.86 acres which are expected to be developed as a master-planned residential development. The District is expected to be developed in phases, beginning with the development of approximately 47.87 acres of the District, herein referred to as “Improvement Area #1,” and as shown on the “MAP SHOWING BOUNDARIES OF THE DISTRICT, IMPROVEMENT AREA #1 AND REMAINDER AREA” on page v hereof. The term “Remainder Area” is used herein to describe the land within the District, save and except Improvement Area #1. The boundaries of the District are shown in the “MAP SHOWING BOUNDARIES OF THE DISTRICT, IMPROVEMENT AREA #1 AND REMAINDER AREA” on page v.

Development of the District is expected to include approximately 430 single family 40’ lots. Development in the District began with Improvement Area #1, which was developed in two phases consisting of a total of 220 40’ lots, with 156 40’ lots in phase 1 of Improvement Area #1 (“Phase 1”), and 64 40’ lots in phase 2 of Improvement Area #1 (“Phase 2”). see “THE DEVELOPMENT — Development Plan and Status of Development in Improvement Area #1.”

The Developer purchased approximately 47 acres of land within Improvement Area #1 of the District, from Walton Texas, LP, acting in its own capacity and as for and on behalf of various other individual owners of undivided interests in the land comprising the District (the “Seller”) in April 2022 for a purchase price of \$405,240, provided that the Developer shall make an additional payment of the Deferred Consideration (as defined herein) at the closing of a home on each lot located on the Property. See “THE DEVELOPER – History and Financing of the District.” The purchase of the land comprising Improvement Area #1 was financed with cash available to the Developer. The Developer is the owner of all land in Improvement Area #1 except for an HOA lot owned by the Seller, which does not constitute Assessed Property.

The Developer has constructed improvements consisting of certain road, water, sanitary sewer improvements, and storm drainage improvements that will benefit only Improvement Area #1 of the District (the “Improvement Area #1 Improvements”), and improvements consisting of certain road, water, and storm drainage improvements that will benefit the entire District (the “Major Improvements”). The Improvement Area #1 Improvements and the portion of the Major Improvements benefitting Improvement Area #1 are collectively referred to herein as the “Improvement Area #1 Projects.” Construction of the portion of the Improvement Area #1 Projects benefitting Phase 1 began in May 2023 and was completed in May 2024. Construction of the portion of the Improvement Area #1 Projects benefitting Phase 2 began in October 2023 and was completed in June 2024. A final plat has been recorded for Phase 1. The Developer expects to file a plat for Phase 2 upon City acceptance of the completed improvements, which is pending. As of August 15, 2024, the Developer has expended approximately \$11,123,034.45 to complete the Improvement Area #1 Improvements and the Major Improvements, which was financed with cash available to the Developer. See “THE DEVELOPER – History and Financing of the District.”

The Developer will construct the anticipated 220 single family homes in Improvement Area #1 of the District and will not enter into any purchase contracts with any other homebuilders within the District. Home construction in Improvement Area #1 began in Q3 2024. As of September 15, 2024, 10 homes are under construction. The Developer currently expects to enter into contracts for the sale of homes in Improvement Area #1 immediately after the City’s passage of the Assessment Ordinance and begin closings on homes in Improvement Area #1 within a month thereafter.

The City will pay a portion of the project costs for the Improvement Area #1 Projects from proceeds of the Bonds. The Developer will submit payment requests on a monthly basis for costs actually incurred in developing and constructing the Improvement Area #1 Projects and be paid in accordance with the Indenture and the Anderson Park Public Improvement District Financing and Reimbursement Agreement between the City and Walton Texas, LP, a Texas limited partnership, effective as of October 13, 2021, as partially assigned to the Developer on April 28, 2022 (the "Financing Agreement"). See "THE IMPROVEMENT AREA #1 PROJECTS – General," "THE DEVELOPMENT – Development Plan and Status of Development in Improvement Area #1" and "APPENDIX E – Financing Agreement." The remaining costs of the Improvement Area #1 Projects have been paid by the Developer and such costs will not be reimbursed by the City.

The City expects to issue one or more series of bonds (collectively, the "Future Improvement Area Bonds") to finance the costs of local improvements and the portion of the Major Improvements benefitting the distinct portions of the District within the Remainder Area developed as individual improvement areas after Improvement Area #1 (each a "Future Improvement Area" and collectively, the "Future Improvement Areas"). The estimated costs of the local improvements benefitting each Future Improvement Area of the District, as well as such Future Improvement Area's allocable share of the Major 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 such 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. See "THE DEVELOPMENT – Future Improvement Area Bonds."

The Bonds

Proceeds of the Bonds will be used primarily to provide funds for (i) paying a portion of the Actual Costs of the Improvement Area #1 Projects, (ii) paying a portion of the interest on the Bonds during and after the period of acquisition and construction of the Improvement Area #1 Projects, (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. To the extent that a portion of the proceeds of the Bonds is allocated for the payment of the costs of issuance of the Bonds and less than all of such amount is used to pay such costs, the excess amount may, at the option of the City, be transferred to the Improvement Area #1 Improvements Account or the Improvement Area #1 Major Improvements Account of the Project Fund or, as applicable, if both of the Improvement Area #1 Improvements Account and the Improvement Area #1 Major Improvements Account have been closed, then to the Principal and Interest Account of the Bond Fund to pay interest on the Bonds. See "THE IMPROVEMENT AREA #1 PROJECTS," "APPENDIX A – Form of Indenture" and "SOURCES AND USES OF FUNDS."

Payment of the Bonds is secured by a pledge of and a lien upon the Trust Estate, consisting primarily of Assessments levied against the assessable parcels or lots within Improvement Area #1 of the District, 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 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 full 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. Any Future Improvement Area Bonds to be issued by the City are not offered pursuant to this Limited Offering Memorandum.

The Bonds and any Future Improvement Area Bonds issued by the City are separate and distinct issues of securities secured by separate assessments. Neither any Refunding Bonds nor any Future Improvement Area Bonds to be issued by the City are offered pursuant to this Limited Offering Memorandum. Investors interested in purchasing any of these other City obligations should refer to the offering documents related thereto, when and if available.

DESCRIPTION OF THE BONDS

General Description

The Bonds will mature on the dates and in the amounts set forth in the inside cover page of this Limited Offering Memorandum. Interest on the Bonds will accrue from their date of delivery to the Underwriter and will be computed on the basis of a 360-day year of twelve 30-day months. Interest on the Bonds will be payable on each March 1 and September 1, commencing March 1, 2025 (each an “Interest Payment Date”), until maturity or prior redemption. BOKF, NA, Houston, Texas, 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 \$100,000 of principal amount 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 the Bonds maturing after September 1, 2033, before their respective scheduled maturity dates, in whole or in part, on any date on or after September 1, 2032, such redemption date or dates to be fixed by the City, at the redemption price of par plus accrued and unpaid interest to the date of redemption (the “Redemption Price”).

Extraordinary Optional Redemption. The City reserves the right and option to redeem Bonds Similarly Secured before their respective scheduled maturity dates, in whole or in part, and in an amount specified in a City Certificate, on any date, at the Redemption Price of such Bonds Similarly Secured, or portions thereof, to be redeemed from amounts on deposit in the Redemption Fund as a result of Prepayments (including transfers to the Redemption Fund made pursuant to various provisions of the Indenture), any other transfers to the Redemption Fund under the terms of the Indenture, or as a result of unexpended amounts transferred from the Project Fund, as provided in the Indenture. 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 in part at the Redemption Price from moneys available for such purpose in the Principal and Interest Account of the Bond Fund pursuant to the Indenture, on the dates and in the respective Sinking Fund Installments as set forth in the following schedules:

\$713,000 Term Bonds Maturing September 1, 2031

<u>Redemption Date</u>	<u>Sinking Fund Installment</u>
September 1, 2026	\$107,000
September 1, 2027	112,000
September 1, 2028	116,000
September 1, 2029	121,000
September 1, 2030	126,000
September 1, 2031†	131,000

† Stated maturity.

\$2,430,000 Term Bonds Maturing September 1, 2044

<u>Redemption Date</u>	<u>Sinking Fund Installment</u>
September 1, 2032	\$137,000
September 1, 2033	144,000
September 1, 2034	151,000
September 1, 2035	158,000
September 1, 2036	166,000
September 1, 2037	175,000
September 1, 2038	184,000
September 1, 2039	193,000
September 1, 2040	203,000
September 1, 2041	213,000
September 1, 2042	224,000
September 1, 2043	235,000
September 1, 2044†	247,000

\$3,810,000 Term Bonds Maturing September 1, 2055

<u>Redemption Date</u>	<u>Sinking Fund Installment</u>
September 1, 2045	\$260,000
September 1, 2046	274,000
September 1, 2047	290,000
September 1, 2048	306,000
September 1, 2049	323,000
September 1, 2050	341,000
September 1, 2051	360,000
September 1, 2052	380,000
September 1, 2053	402,000
September 1, 2054	425,000
September 1, 2055†	449,000

† Stated maturity.

At least forty-five (45) days prior to each mandatory sinking fund redemption date, and subject to any prior reduction authorized the next two succeeding paragraphs, the Trustee shall select a principal amount of Bonds (in accordance with Section 4.5) of such maturity equal to the Sinking Fund Installment amount of such Bonds to be redeemed, shall call such Bonds for redemption on such scheduled mandatory sinking fund redemption date, and shall give notice of such redemption, as provided in 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 forty-five (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 hereof and not previously credited to a mandatory sinking fund redemption.

Partial Redemption. If less than all of the Bonds Similarly Secured are to be redeemed pursuant to a mandatory sinking fund redemption, optional redemption or extraordinary optional redemption, as applicable, Bonds

Similarly Secured shall be redeemed in minimum principal amounts of \$1,000 or any integral multiple thereof. Each Bond shall be treated as representing the number of Bonds Similarly Secured that is obtained by dividing the principal amount of such Bond Similarly Secured by \$1,000. No redemption shall result in a Bond Similarly Secured in a denomination of less than the Authorized Denomination in effect at that time; provided, however, if the amount of the Outstanding Bond Similarly Secured is less than an Authorized Denomination after giving effect to such partial redemption, a Bond Similarly Secured 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 the Bonds to be redeemed pursuant to an optional redemption, the Trustee may conclusively rely on the directions provided in a City Certificate.

Notwithstanding the above provisions relating to the Bonds Similarly Secured, if less than all of a Series of the Bonds Similarly Secured are called for extraordinary optional redemption pursuant to the Indenture, the Bonds Similarly Secured or portion of a Bond Similarly Secured, as applicable, to be redeemed shall be allocated on a pro rata basis (as nearly as practicable) among all Outstanding Bonds Similarly Secured of such Series.

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

Notice of Redemption. The Trustee shall give notice of any redemption of Bonds Similarly Secured by sending notice by United States mail, first-class, postage prepaid, not less than thirty (30) days before the date fixed for redemption, to the Owner of each Bond Similarly Secured or portion thereof to be redeemed, at the address shown in the Register. So long as the Bonds Similarly Secured 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.

The notice shall state the redemption date, the Redemption Price, the place at which the Bonds Similarly Secured are to be surrendered for payment, and, if less than all the Bonds Similarly Secured Outstanding are to be redeemed, and subject to the provisions of the Indenture with respect to partial redemption above, an identification of the Bonds Similarly Secured or portions thereof to be redeemed, any conditions to such redemption and that on the redemption date, if all conditions, if any, to such redemption have been satisfied, such Bond Similarly Secured shall become due and payable.

Any notice given as provided in the Indenture shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice.

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 Similarly Secured then called for redemption, and such cancellation shall not constitute an Event of Default under the Indenture. The Trustee shall mail notice of rescission of redemption in the same manner notice of redemption was originally provided.

With respect to any optional redemption of the Bonds Similarly Secured, unless the Trustee has received funds sufficient to pay the Redemption Price of the Bonds Similarly Secured 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 Similarly Secured and the Trustee shall give notice, in the manner in which the notice of redemption was given, that the Bonds Similarly Secured have not been redeemed.

BOOK-ENTRY ONLY SYSTEM

This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by DTC while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Limited Offering Memorandum. The City and the Underwriter believe the source of such information to be reliable, but neither the City nor the Underwriter takes responsibility for the accuracy or completeness thereof.

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

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its registered subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a 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/REGISTRAR, THE CITY'S FINANCIAL ADVISOR OR THE UNDERWRITER WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO THE DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEE WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR THE DTC PARTICIPANTS, THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS OF THE BONDS. THE CITY CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, THE DTC PARTICIPANTS OR OTHERS WILL DISTRIBUTE PAYMENTS OF PRINCIPAL OF OR INTEREST ON THE BONDS PAID TO DTC OR ITS NOMINEE, AS THE REGISTERED OWNER, OR PROVIDE ANY NOTICES TO THE BENEFICIAL OWNERS OR THAT THEY

WILL DO SO ON A TIMELY BASIS, OR THAT DTC WILL ACT IN THE MANNER DESCRIBED IN THIS LIMITED OFFERING MEMORANDUM. THE CURRENT RULES APPLICABLE TO DTC ARE ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION, AND THE CURRENT PROCEDURES OF DTC TO BE FOLLOWED IN DEALING WITH DTC PARTICIPANTS ARE ON FILE WITH DTC.

LIMITATIONS APPLICABLE TO INITIAL PURCHASERS

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

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

- the payment of principal and interest on the Bonds; and that the liability of the City and the State with respect to the Bonds is subject to further limitations as set forth in the Bonds and the Indenture.
- 7) The Investor has made its own inquiry and analysis with respect to the Bonds and the security therefor. The Investor is aware that the development of the District involves certain economic and regulatory variables and risks that could adversely affect the security for the Bonds.
 - 8) The Investor acknowledges that the sale of the Bonds to the Investor is made in reliance upon the certifications, representations and warranties described in items 1-7 above.

SECURITY FOR THE BONDS

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 B — 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. SEE “APPENDIX A — FORM OF INDENTURE.”

The principal of, premium, if any, and interest on the Bonds are secured by a pledge of and a lien upon the Trust Estate, including pledged revenues (the “Pledged Revenues”), consisting primarily of Assessments levied against the Assessed Property and other funds comprising the Trust Estate, all to the extent and upon the conditions described herein and in the Indenture. In accordance with the PID Act, the City has caused the preparation of a Service and Assessment Plan (as may be amended and supplemented, the “Service and Assessment Plan”), which describes the special benefit received by the property within Improvement Area #1 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 Improvement Area #1 of the District. See “APPENDIX B — Form of Service and Assessment Plan.”

Pledged Revenues

The Indenture refers to the Assessments as the “Improvement Area #1 Assessments,” the Assessed Property as the “Improvement Area #1 Assessed Property” and the Assessment Revenues as “Improvement Area #1 Assessment Revenues.” Pursuant to the Indenture, Pledged Revenues are the sum of means the sum of (i) Improvement Area #1 Assessment Revenue less the Annual Collection Costs and Delinquent Collection Costs, (ii) the moneys held in any of the Pledged Funds, and (iii) any additional revenues that the City may pledge to the payment of Bonds Similarly

Secured. "Improvement Area #1 Assessment Revenue" means monies collected by or on behalf of the City from any one or more of the following: (i) an Improvement Area #1 Assessment levied against an Improvement Area #1 Assessed Property, or Annual Installment payment thereof, including any interest on such Improvement Area #1 Assessment or Annual Installment thereof during any period of delinquency, (ii) a Prepayment, and (iii) Foreclosure Proceeds. "Annual Installment" means, with respect to the Improvement Area #1 Assessed Properties, the annual installment payment of an Improvement Area #1 Assessment as calculated by the Administrator and approved by the City Council, that includes: (1) principal of the Improvement Area #1 Assessment; (2) interest on the Improvement Area #1 Assessment; (3) Annual Collection Costs; and (4) Additional Interest, if applicable, collected on each annual payment of the Improvement Area #1 Assessments as described in the Indenture and as defined and calculated in the Service and Assessment Plan or in any Annual Service Plan Update.

Assessments Payable in Annual Installments

The Improvement Area #1 Assessments on each parcel, tract or lot which are to be collected in each year during the term of the Bonds are shown on the Assessment Roll. The Improvement Area #1 Assessments, together with the interest thereon, will be deposited in the Pledged Revenue Fund for 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. See "SECURITY FOR THE BONDS — Pledged Revenue Fund."

The Improvement Area #1 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 Improvement Area #1 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 the Bonds in the Service and Assessment Plan. Each Annual Installment is payable as provided in the Service and Assessment Plan and the Assessment Ordinance.

The portions of the Annual Installments of Improvement Area #1 Assessments collected to pay Annual Collection Costs and Delinquent Collection Costs shall be deposited in the Administrative Fund and shall not constitute Pledged Revenues.

Unconditional Levy of Assessments

The City has imposed the Improvement Area #1 Assessments on the Improvement Area #1 Assessed Property 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 Improvement Area #1 Assessments shall be effective on the date of, and strictly in accordance with the terms of, the Assessment Ordinance. Each Improvement Area #1 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 Improvement Area #1 Assessments. Pursuant to the Assessment Ordinance, interest on the portion of the Improvement Area #1 Assessments assessed to pay debt service on the Bonds will be calculated at the rate of interest on the Bonds plus 0.50%, calculated on the basis of a 360-day year of twelve 30-day months. After issuance of the Bonds, Additional Interest on the Improvement Area #1 Assessments for each lot within Improvement Area #1 of the District will accrue at the rate of 0.50% as specified in the Assessment Ordinance. The rate of Additional Interest may not exceed a rate that is 0.50% higher than the actual interest rate of the Bonds, pursuant to Section 372.018 of the PID Act. Each Annual Installment, including the interest on the unpaid amount of an Improvement Area #1 Assessment, shall be calculated annually and shall be due on or about November 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.

As authorized by Section 372.018(b) of the PID Act, the City will levy, assess and collect, each year while the Bonds are Outstanding and unpaid, as part of the Annual Installment, an amount to pay the annual costs incurred by the City in the administration and operation of Improvement Area #1 of the District (the "Annual Collection Costs"). The portion of each Annual Installment of an Improvement Area #1 Assessment used to pay Annual Collection Costs shall remain in effect each 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 amount collected to pay Annual Collection Costs shall be due in the manner set forth in the Assessment Ordinance on or about November

1 of each year and shall be delinquent if not paid by February 1 of the following year. **Amounts collected for Annual Collection Costs do not secure repayment of the Bonds.**

There is no discount for the early payment of Improvement Area #1 Assessments.

The PID Act provides that the Improvement Area #1 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 Improvement Area #1 Assessed Property, superior to all other liens and claims, except liens and claims for the State, county, school district, or municipality for ad valorem taxes and are a personal liability of and charge against the owners of property, regardless of whether the owners are named. Pursuant to the PID Act, the Assessment Lien is effective from the date of the Assessment Ordinance until the Improvement Area #1 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 are 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."

Failure to pay an Annual Installment when due will not accelerate the payment of the remaining Annual Installments of the Improvement Area #1 Assessments and such remaining Annual Installments (including interest) will continue to be due and payable at the same time and in the same amount and manner as if such default had not occurred.

Collection of Assessments and Enforcement of Lien

For so long as any Bonds Similarly Secured are Outstanding, the City covenants, agrees and warrants that it will take and pursue all actions permissible under Applicable Laws to cause the Improvement Area #1 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 Improvement Area #1 Assessments.

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 Improvement Area #1 Assessment or the corresponding Improvement Area #1 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.

Perfected Security Interest

Chapter 1208, Texas Government Code, applies to the issuance of the Bonds Similarly Secured and the pledge of the Trust Estate provided for herein, and such pledge is, under current law, valid, effective and perfected. The City shall cause to be filed all appropriate initial financing statements, if any, to ensure that the Trustee (for the benefit of the Owners of the Bonds Similarly Secured) is granted a valid and perfected first priority lien on the entire Trust Estate. Nothing herein shall obligate the Trustee to file any initial financing statements. Upon the City's timely delivery of a copy of such filed initial financing statement, if any, to the Trustee, the Trustee shall file continuation statements of such initial financing statement(s) in the same jurisdictions as the initial financing statement(s) previously provided to the Trustee. Unless the Trustee is otherwise notified in writing by the City, the Trustee may rely upon the initial financing statements in filing any continuation statements under the Indenture.

Pledged Revenue Fund

On or before February 20, 2025, and on or before each February 20 and August 20 of each year thereafter while the Bonds Similarly Secured are Outstanding, the City shall deposit or cause to be deposited all Pledged Revenues, other than the Pledged Revenues on deposit in the Project Collection Fund, which revenues shall be transferred in accordance with the provisions set forth under “— Project Collection Fund” herein, into the Pledged Revenue Fund. As soon as practicable following deposit into the Pledged Revenue Fund pursuant to the preceding sentence or the provisions set forth under “— Project Collection Fund” herein, the Trustee shall apply the Pledged Revenues in the following order of priority: (i) *first*, retain in the Pledged Revenue Fund an amount sufficient to pay debt service on the Bonds Similarly Secured next coming due in such calendar year; (ii) *second*, deposit to the Reserve Account of the Reserve Fund an amount to cause the amount in the Reserve Account to equal the Reserve Account Requirement; (iii) *third*, deposit to the Additional Interest Reserve Account of the Reserve Fund in an amount equal to the Additional Interest collected in accordance with the Indenture; (iv) *fourth*, to pay other Actual Costs of the Improvement Area #1 Projects; and (v) *fifth*, to pay other costs permitted by the PID Act.

Along with each deposit of Pledged Revenues from the Project Collection Fund to the Pledged Revenue Fund, the City shall provide a City Certificate to the Trustee as to (i) the Funds and Accounts into which the amounts are to be deposited or retained, as applicable, and (ii) the amounts of any payments to be made from such Funds and Accounts.

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

If, after the foregoing transfers and any transfer from the Reserve Fund (as described under the subcaptions “Reserve Account of the Reserve Fund” and “Additional Interest 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 Similarly Secured.

Notwithstanding the above, 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.

Notwithstanding the 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 Account to restore any transfers from the Reserve Account made with respect to the Improvement Area #1 Assessed Property(s) to which the Foreclosure Proceeds relate, *second*, to the Additional Interest Reserve Account to restore any transfers from the Additional Interest Reserve Account made with respect to the Improvement Area #1 Assessed Property(s) to which the Foreclosure Proceeds relate, and *third* to the Redemption Fund.

After satisfaction of the requirement to provide for the payment of the principal and interest on the Bonds Similarly Secured 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 Improvement Area #1 Assessments for any lawful purposes permitted by the PID Act for which Improvement Area #1 Assessments may be paid.

Project Collection Fund

While any Bonds Similarly Secured are Outstanding, another taxing unit or an appraisal district, by agreement with the City, may collect Improvement Area #1 Assessment Revenue on the City’s behalf. If such taxing unit or appraisal district presents or otherwise tenders to the Trustee such collected Improvement Area #1 Assessment Revenue for deposit on the City’s behalf, the Trustee shall accept such Improvement Area #1 Assessment Revenue and deposit the same into the Project Collection Fund. The Trustee shall, as directed by the City pursuant to a City

Certificate, deposit or cause to be deposited (i) all of that portion of the Improvement Area #1 Assessment Revenue deposited into the Project Collection Fund that consists of the Annual Collection Costs and Delinquent Collection Costs to the Administrative Fund and (ii) all of that portion of the Improvement Area #1 Assessment Revenue deposited into the Project Collection Fund that consists of Pledged Revenue into the Pledged Revenue Fund for future allocations as set forth in the Indenture. The City shall provide such City Certificate on or before February 20, 2025, and every August 20 and February 20 thereafter while the Bonds Similarly Secured are outstanding.

THE PROJECT COLLECTION FUND IS NOT A PLEDGED FUND AND SHALL NOT BE SECURITY FOR THE BONDS.

Bond Fund

On each Interest Payment Date, the Trustee shall withdraw from the Principal and Interest Account of the Bond Fund and transfer to the Paying Agent/Registrar the principal (including any Sinking Fund Installments) and interest then due and payable on the Bonds Similarly Secured, less any amount to be used to pay interest on the Bonds Similarly Secured on such Interest Payment Date from the Capitalized Interest Account as provided below. If amounts in the Principal and Interest Account are insufficient to pay the amounts due on the Bonds Similarly Secured on an Interest Payment Date, the Trustee shall withdraw from the Reserve Fund amounts to cover the amount of such insufficiency pursuant to the Indenture. Amounts so withdrawn from the Reserve Fund shall be deposited in the Principal and Interest Account of the Bond Fund and transferred to the Paying Agent/Registrar.

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

Date	<u>Amount</u>
March 1, 2025	\$103,496.35
September 1, 2025	\$182,640.63

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 #1 Improvements Account or the Improvement Area #1 Major Improvements Account of the Project Fund, as directed by a City Certificate, or if the Improvement Area #1 Improvements Account and the Improvement Area #1 Major Improvements Account of the Project Fund have been closed, such amounts shall be transferred to the Redemption Fund to be used to redeem Bonds Similarly Secured and the Capitalized Interest Account shall be closed.

Project Fund

Money on deposit in the Project Fund shall be used for the purposes of paying the costs of the Improvement Area #1 Projects. Money on deposit in the Improvement Area #1 Improvements Account of the Project Fund shall only be used to pay Actual Costs of Improvement Area #1 Improvements and money on deposit in the Improvement Area #1 Major Improvements Account of the Project Fund shall only be used to pay Actual Costs of Improvement Area #1's allocable share of the Major Improvements.

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

Disbursements from either the Improvement Area #1 Improvements Account or the Improvement Area #1 Major Improvements Account of the Project Fund to pay Actual Costs of the respective Improvement Area #1 Projects shall be made by the Trustee upon receipt by the Trustee of one or more City Certificates, in the form attached to the Indenture, containing a properly executed and completed Certification for Payment. The disbursement of funds from the applicable Account of the Project Fund pursuant to a City Certificate shall be pursuant to and in accordance with the disbursement procedures described in the Financing Agreement or as provided in such written direction; provided, however, that all disbursement of funds for the Actual Costs of Improvement Area #1 Improvements made pursuant to a City Certificate shall be made from the Improvement Area #1 Improvements Account, and all disbursement of

funds for the Actual Costs of Improvement Area #1's allocable share of the Major Improvements shall be made from the Improvement Area #1 Major Improvements Account. Such provisions and procedures related to such disbursement contained in the Financing Agreement and no other provisions of the Financing Agreement, are incorporated in the Indenture by reference and deemed set forth in the Indenture in full.

If the City Representative determines in his or her sole discretion that amounts then on deposit in the Improvement Area #1 Improvements Account or the Improvement Area #1 Major Improvements Account of the Project Fund are not expected to be expended for purposes of the Improvement Area #1 Improvements Account or the Improvement Area #1 Major Improvements Account of the Project Fund due to the abandonment, or constructive abandonment of the Improvement Area #1 Projects, as the case may be, such that, in the opinion of the City Representative, it is unlikely that the amounts in the Improvement Area #1 Improvements Account or the Improvement Area #1 Major Improvements Account of the Project Fund will ever be expended for the purposes of the Improvement Area #1 Improvements Account or the Improvement Area #1 Major Improvements Account of the Project Fund, respectively, the City Representative shall, after providing the Developer with thirty (30) days written notice of such determination, file a City Certificate with the Trustee which identifies the amounts then on deposit in the Improvement Area #1 Improvements Account or the Improvement Area #1 Major Improvements Account of the Project Fund that are not expected to be used for purposes of the Improvement Area #1 Improvements Account or the Improvement Area #1 Major Improvements Account of the Project Fund, respectively. If such City Certificate is so filed, the amounts on deposit in the Improvement Area #1 Improvements Account or the Improvement Area #1 Major Improvements Account of the Project Fund shall be transferred to the Redemption Fund to redeem Bonds Similarly Secured on the earliest practicable date after notice of redemption has been provided in accordance with the Indenture and the Improvement Area #1 Improvements Account or the Improvement Area #1 Major Improvements Account of the Project Fund, as the case may be, shall be closed.

In making any determination pursuant to the Indenture with respect to the provisions relating to the Project Fund, the City Representative may conclusively rely upon a certificate of an Independent Financial Consultant.

Upon the filing of a City Certificate stating that all Improvement Area #1 Improvements and all of Improvement Area #1's allocable share of the Major Improvements have been completed and that all Actual Costs of the Improvement Area #1 Improvements and Improvement Area #1's allocable share of the Major Improvements have been paid, or that any such Actual Costs are not required to be paid from the Improvement Area #1 Improvements Account or the Improvement Area #1 Major Improvements Account of the Project Fund pursuant to either a Certification for Payment or written direction from the City or its designee, as the case may be, the Trustee shall transfer the amount, if any, remaining within the Improvement Area #1 Improvements Account or the Improvement Area #1 Major Improvements Account of the Project Fund to the Bond Fund and the Improvement Area #1 Improvements Account or the Improvement Area #1 Major Improvements Account of the Project Fund, as applicable, shall be closed. If the Improvement Area #1 Improvements Account and the Improvement Area #1 Major Improvements Account of the Project Fund have been closed and the Costs of Issuance Account of the Project Fund has been closed, 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 applicable Series of Bonds Similarly Secured have been paid, any amounts remaining in the Costs of Issuance Account shall be transferred, first, to the Improvement Area #1 Improvements Account or the Improvement Area #1 Major Improvements Account of the Project Fund and used to pay Actual Costs of the Improvement Area #1 Projects, as applicable, and, second, if both of the Improvement Area #1 Improvements Account and the Improvement Area #1 Major Improvements Account of the Project Fund are closed, to the Principal and Interest Account of the Bond Fund and used to pay interest on the Bonds Similarly Secured, as directed by the City in a City Certificate filed with the Trustee, and following such transfer, the Costs of Issuance Account shall be closed.

Reserve Account of the Reserve Fund

Pursuant to the Indenture, a Reserve Account has been created within the Reserve Fund for the benefit of the Bonds Similarly Secured and held by the Trustee. The Reserve Account of the Reserve Fund will be initially funded with a deposit from the proceeds of the Bonds in the amount of the Reserve Account Requirement. The City agrees with the Owners of the Bonds Similarly Secured to accumulate from the deposits described under "— Pledged Revenue Fund", 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 the immediately succeeding paragraph. 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 the Indenture. Pursuant to the Indenture, the "Reserve Account Requirement" for the Bonds is the least of: (i) Maximum Annual Debt Service on the Bonds as of the Closing Date, (ii) 125% of average Annual Debt Service on the Bonds as of the Closing Date, or (iii) 10% of the lesser of the principal amount of the Outstanding Bonds or the original issue price of the Bonds. As of the Closing Date, the Reserve Account Requirement is \$473,695, which is an amount equal to the Maximum Annual Debt Service on the Bonds. The Reserve Account Requirement shall be adjusted upon the issuance of a subsequent Series of Bonds Similarly Secured.

Whenever Bonds Similarly Secured are to be redeemed with the proceeds of Prepayments, 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 Similarly Secured. The amount so transferred from the Reserve Account of the Reserve Fund shall be equal to the principal amount of Bonds Similarly Secured 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 Similarly Secured prior to the redemption, and (ii) the amount actually in the Reserve Account of the Reserve Fund divided by the principal amount of Outstanding Bonds Similarly Secured prior to the redemption. If after such transfer, and after applying investment earnings on the 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 Similarly Secured to be redeemed, as identified in a City Certificate as a result of such Prepayments and as a result of the transfer from the Reserve Account under the provision in this paragraph, the Trustee shall transfer an amount equal to the shortfall, and/or any additional amounts necessary to permit the Bonds Similarly Secured to be redeemed in minimum principal amounts of \$1,000, from the Additional Interest Reserve Account to the Redemption Fund to be applied to the redemption of the Bonds Similarly Secured.

Whenever, on any Interest Payment Date, or on any other date at the 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 Similarly Secured on the next Interest Payment Date in accordance with the Indenture, unless within 30 days of such notice to the City Representative, the Trustee receives a City Certificate instructing the Trustee to apply such excess: (i) to pay amounts due to the Rebate Fund pursuant to 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 of the Indenture, 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 Similarly Secured.

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

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

If, after a Reserve Account withdrawal, the amount on deposit in the Reserve Account 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 Similarly Secured on the next Interest Payment Date, together with the unpaid interest accrued on such Outstanding Bonds Similarly Secured as of such Interest

Payment Date, the moneys shall be transferred to the Redemption Fund and thereafter used to redeem all Outstanding Bonds Similarly Secured as of such Interest Payment Date.

Additional Interest Reserve Account of the Reserve Fund

Pursuant to the Indenture, an Additional Interest Reserve Account has been created within the Reserve Fund, held by the Trustee for the benefit of the Bonds Similarly Secured. The Trustee, if needed, will transfer from the Pledged Revenue Fund to the Additional Interest Reserve Account on March 1 and September 1 of each year, commencing March 1, 2025, an amount equal to the Additional Interest until the Additional Interest Reserve Requirement has been accumulated in the Additional Interest Reserve Account. If the amount on deposit in the Additional Interest Reserve Account shall at any time be less than the Additional Interest Reserve Requirement, the Trustee shall notify the City, in writing, of the amount of such shortfall, and the City shall resume collecting the Additional Interest and shall file a City Certificate with the Trustee instructing the Trustee to resume depositing the Additional Interest from the 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 Similarly Secured from the proceeds of a Prepayment. The Additional Interest Reserve Requirement is 5.5% of the principal amount of the Outstanding Bonds Similarly Secured. If, after such deposits, there is surplus Additional Interest remaining, the Trustee shall transfer such surplus Additional Interest to the Redemption Fund and shall notify the City of such transfer in writing. In transferring the amounts pursuant to the Indenture, the Trustee may conclusively rely on the Annual Installments as shown on the Improvement Area #1 Assessment Roll in the Service and Assessment Plan or an Annual Service Plan Update, unless and until it receives a City Certificate directing that a different amount be used.

Whenever a transfer is made from an account of the Additional Interest Reserve Account 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.

At the final maturity of the Bonds Similarly Secured, the amount on deposit in 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 Similarly Secured.

Administrative Fund

The City has created under the Indenture an Administrative Fund held by the Trustee. On or before February 20, 2025, and on or before each February 20 and August 20 of each year thereafter while the Bonds Similarly Secured are Outstanding, the City shall deposit or cause to be deposited to the Administrative Fund the amounts collected each year to pay Annual Collection Costs and Delinquent Collection Costs, other than the Annual Collection Costs and Delinquent Collection Costs on deposit in the Project Collection Fund, which amounts shall be transferred in accordance with the provisions set forth under “— Project Collection Fund” herein. Moneys in 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 A PLEDGED FUND AND SHALL NOT BE SECURITY FOR THE BONDS.

Defeasance

All Outstanding Bonds Similarly Secured 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 Similarly Secured 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 Similarly Secured to become due on such Bonds Similarly Secured on and prior to the redemption date or maturity date thereof, as the case may be, (iii) the Trustee shall have received a report by an independent certified public accountant or other authorized third-party selected by the City verifying the sufficiency of the moneys and/or Defeasance Securities deposited with the Trustee to pay when due the principal of and interest on of the Bonds Similarly Secured to become due on such Bonds Similarly Secured on and prior to the redemption date or maturity date thereof, as the case may be, and (iv) if any Bonds Similarly Secured are then rated, the Trustee shall have received written confirmation from each rating agency then publishing a rating on such Bonds Similarly Secured that such deposit will not result in the reduction or withdrawal of the rating on such Bonds Similarly Secured. Neither Defeasance Securities nor moneys deposited with the Trustee pursuant to the Indenture nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on the Bonds Similarly Secured. Any cash received from such principal of and interest on such Defeasance Securities deposited with the Trustee, if not then needed for such purpose, shall, be reinvested in Defeasance Securities as directed in writing by the City maturing at times and in amounts sufficient to pay when due the principal of and interest on the Bonds Similarly Secured on and prior to such redemption date or maturity date thereof, as the case may be. Any payment for Defeasance Securities purchased for the purpose of reinvesting cash as aforesaid shall be made only against delivery of such Defeasance Securities.

“Defeasance Securities” means Investment Securities then authorized by applicable law for the investment of funds to defease public securities. “Investment Securities” means those authorized investments described in the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended (the “PFIA”); and that at the time made are 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 of America, 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 will 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:

- (i) The failure of the City to deposit the Pledged Revenues to the Pledged Revenue Fund;
- (ii) The failure of the City to enforce the collection of the Improvement Area #1 Assessments, including the prosecution of foreclosure proceedings;
- (iii) The failure to make payment of the principal of or interest on any of the Bonds Similarly Secured when the same becomes due and payable and such failure is not remedied within thirty (30) days; provided, however, that the payments are to be made only from Pledged Revenues or other funds currently available in the Pledged Funds and available to the City to make any such payments; and
- (iv) 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 a Quarter in Interest of the Bonds Similarly Secured so affected by such Event of Default with a copy to the Trustee, specifying such default and requesting that the failure be remedied.

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 a Quarter in Interest of the Series of Bonds Similarly Secured so affected by such Event of Default and its receipt of indemnity satisfactory, 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 herein, or injunction; provided, however, that no action for money damages against the City may be sought or shall be permitted. The Trustee retains the right to obtain the advice of counsel in its exercise of remedies of default.

THE PRINCIPAL OF THE BONDS SIMILARLY SECURED 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 Similarly Secured, in the selection of Trust Estate assets to be used in the payment of Bonds Similarly Secured 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.

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

Restriction on Owner's Actions

No Owner shall have any right to institute any action, suit or proceeding at law or in equity for the enforcement of the Indenture or for the execution of any trust thereof or any other remedy under the Indenture, 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 a Quarter in Interest of the Series of Bonds Similarly Secured then Outstanding and so affected by such Event of Default have made written request to the Trustee and offered it reasonable opportunity either to proceed to exercise the powers granted under 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 under 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 at least 51% of the aggregate principal amount of the Series of Bonds Similarly Secured then Outstanding and so affected by such Event of Default, and (vi) notice of such action, suit or proceeding is given to the Trustee; however, no one or more Owners of the Bonds Similarly Secured shall have any right in any manner whatsoever to affect, disturb, or prejudice the Indenture by its, his, or their action or to enforce any right under the Indenture except in the manner provided in the

Indenture, and that all proceedings at law or in equity shall be instituted and maintained in the manner provided in the Indenture and for the equal benefit of the Owners of all Bonds Similarly Secured then Outstanding. The notification, request and furnishing of indemnity set forth above shall, at the option of the Trustee, be conditions precedent to the execution of the powers and trusts of the Indenture and to any action or cause of action for the enforcement of the Indenture or for any other remedy thereunder.

Subject to provisions of the Indenture with respect to certain liabilities of the City, nothing in the Indenture shall affect or impair the right of any Owner to enforce, by action at law, payment of any Bond Similarly Secured at and after the maturity thereof, or on the date fixed for redemption or the obligation of the City to pay each Bond Similarly Secured issued under the Indenture 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 Similarly Secured.

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

Application of Revenues and Other Moneys After Event of Default

All moneys, securities, funds and Pledged Revenues and other assets of the Trust Estate and the income therefrom received by the Trustee pursuant to any right given or action taken under the provisions of 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 the Indenture, during the continuance of an Event of Default, notwithstanding the provisions described in “— Remedies in Event of Default” above, 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 Similarly Secured, 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 Similarly Secured, or Redemption Price of any Bonds Similarly Secured which shall have become due, whether at maturity or by call for redemption, in the direct order of their due dates and, if the amounts available shall not be sufficient to pay in full all the Bonds Similarly Secured due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due and to the 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 above, the available funds shall be allocated to the Bonds Similarly Secured that are Outstanding in proportion to the quantity of Bonds Similarly Secured that are currently due and in default under the terms of the Indenture.

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

Investment or 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. The money in any Fund or Account shall be invested in time deposits or certificates of deposit secured in the manner required by law for public funds, or be invested in direct obligations of, including obligations

the principal and interest on which are unconditionally guaranteed by, the United States of America, in obligations of any agencies or instrumentalities thereof, or in such other investments as are permitted under the PFIA or any successor law, as in effect from time to time; provided that all such deposits and investments shall be made in such manner (which may include repurchase agreements for such investment with any primary dealer of such agreements) so that the money required to be expended from any Fund will be available at the proper time or times. Such investments shall be valued each year in terms of current market value as of September 30. Amounts in the Additional Interest Reserve Account may not be invested above the Yield (as defined in the Indenture) on the Bonds Similarly Secured, 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 yield restriction will not adversely affect the exemption from federal income tax of the interest on any Bond Similarly Secured. For purposes of maximizing investment returns, to the extent permitted by law, money in such Funds 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 are held by or on behalf of each such Fund. If necessary, such investments shall be promptly sold to prevent any default. To ensure that cash on hand is invested, in the absence of direction pursuant to a City Certificate, money in any Fund or Account established pursuant to the Indenture shall be invested in the Invesco Short-Term Investments Trust Treasury, CUSIP No. 82025786 until directed otherwise by the City Certificate.

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.

Additional Obligations or Other Liens; Refunding Bonds

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

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

Other than Refunding Bonds issued to refund all or a portion of the Bonds Similarly Secured issued in accordance with the Indenture, the City will not create or voluntarily permit to be created any debt, lien or charge on the Trust Estate, and will not do or omit to do or suffer to be or 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 anything to the contrary in the Indenture, no Refunding Bonds, Additional Obligations or subordinate obligations described above may be issued by the City unless: (1) the principal (including any principal amounts to be redeemed pursuant to mandatory sinking fund installments) of such Refunding Bonds, Additional Obligations or subordinate obligations are scheduled to mature on September 1 of the years in which principal is scheduled to mature, and (2) the interest on such Refunding Bonds, Additional Obligations or subordinate obligations must be scheduled to be paid on March 1 and/or September 1 of the years in which interest is scheduled to be paid.

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DEBT SERVICE REQUIREMENTS

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

<u>Year Ending (September 1)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	-	\$286,136.98	\$286,136.98
2026	\$107,000.00	365,281.26	472,281.26
2027	112,000.00	360,600.00	472,600.00
2028	116,000.00	355,700.00	471,700.00
2029	121,000.00	350,625.00	471,625.00
2030	126,000.00	345,331.26	471,331.26
2031	131,000.00	339,818.76	470,818.76
2032	137,000.00	334,087.50	471,087.50
2033	144,000.00	327,066.26	471,066.26
2034	151,000.00	319,686.26	470,686.26
2035	158,000.00	311,947.50	469,947.50
2036	166,000.00	303,850.00	469,850.00
2037	175,000.00	295,342.50	470,342.50
2038	184,000.00	286,373.76	470,373.76
2039	193,000.00	276,943.76	469,943.76
2040	203,000.00	267,052.50	470,052.50
2041	213,000.00	256,648.76	469,648.76
2042	224,000.00	245,732.50	469,732.50
2043	235,000.00	234,252.50	469,252.50
2044	247,000.00	222,208.76	469,208.76
2045	260,000.00	209,550.00	469,550.00
2046	274,000.00	195,250.00	469,250.00
2047	290,000.00	180,180.00	470,180.00
2048	306,000.00	164,230.00	470,230.00
2049	323,000.00	147,400.00	470,400.00
2050	341,000.00	129,635.00	470,635.00
2051	360,000.00	110,880.00	470,880.00
2052	380,000.00	91,080.00	471,080.00
2053	402,000.00	70,180.00	472,180.00
2054	425,000.00	48,070.00	473,070.00
2055	<u>449,000.00</u>	<u>24,695.00</u>	<u>473,695.00</u>
Total	<u>\$6,953,000.00</u>	<u>\$7,455,835.82</u>	<u>\$14,408,835.82</u>

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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	\$6,953,000.00
Original Issue Discount	<u>(23,634.16)</u>
Total Sources	<u>\$6,929,365.84</u>
Uses of Funds:	
Deposit to Improvement Area #1 Improvements Account of the Project Fund	\$4,180,813.15
Deposit to Improvement Area #1 Major Improvements Account of the Project Fund	1,393,604.38
Deposit to Reserve Account of the Reserve Fund	473,695.00
Deposit to the Administrative Fund	40,000.00
Deposit to Capitalized Interest Account of the Bond Fund	286,136.98
Deposit to Costs of Issuance Account of the Project Fund	346,526.33
Underwriter's Discount ⁽¹⁾	<u>208,590.00</u>
Total Uses	<u>\$6,929,365.84</u>

⁽¹⁾ Includes Underwriter's Counsel's fee of \$69,530.

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OVERLAPPING TAXES AND DEBT

Overlapping Taxes and Debt

The land within Improvement Area #1 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.

The District is located within the corporate limits of the City and Hays County, Texas. In addition to the City, Hays County, Texas, Hays Consolidated Independent School District (“Hays CISD”), Austin Community College District (“Austin CCD”), Caldwell/Hays County Fire ESD #1, Hays County ESD #9, Plum Creek Water Conservation District, and Plum Creek Underground Water Conservation District, may each levy ad valorem taxes upon land in Improvement Area #1 of the District for payment of debt incurred by such governmental entities and/or for payment of maintenance and operations expenses. The City has no control over the level of ad valorem taxes or special assessments levied by such other taxing authorities.

The following table reflects the estimated overlapping ad valorem tax rates currently levied on property within Improvement Area #1 of the District.

OVERLAPPING TAX RATES

<u>Taxing Entity</u>	<u>Tax Year 2024 Ad Valorem Tax Rate⁽¹⁾</u>
The City	\$0.0931
Hays County, Texas	0.3500
Austin CCD	0.1013
Hays CISD	1.1546
Caldwell Hays Co. Fire ESD #1	0.1000
Hays Co. ESD #9	0.0504
Plum Creek Water Conservation District	0.0140
Plum Creek Underground Water Conservation District	<u>0.0158</u>
Total Existing Tax Rate	<u>\$1.8792</u>
Estimated Average Annual Installment in Improvement Area #1 of the District as a tax rate equivalent per Parcel⁽²⁾	<u>\$0.8742</u>
Estimated Total Tax Rate and Average Annual Installment in Improvement Area #1 of the District as a tax rate equivalent per Parcel⁽²⁾	<u>\$2.7534</u>

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

⁽²⁾ Source: P3Works, LLC. Derived from information presented in the Service and Assessment Plan. See “APPENDIX B – Form of Service and Assessment Plan.” Includes Assessments initially levied for payment of the Bonds.

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As noted above, Improvement Area #1 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 #1 of the District and City debt secured by the Assessments:

OVERLAPPING DEBT

<u>Taxing or Assessing Entity</u> ⁽²⁾	Gross Outstanding Debt as of 10/1/2024	Estimated Percentage Applicable ⁽¹⁾	Direct and Estimated Overlapping Debt ^{(1),(2)}
The City (Assessments – The Bonds)	\$ 6,953,000	100.000%	\$6,953,000
Hays County, Texas	475,481,919	0.038%	179,339
Austin CCD	540,180,000	0.004%	20,892
Hays CISD	<u>872,065,000</u>	0.080%	<u>695,236</u>
TOTAL	<u>\$1,894,679,919</u>		<u>\$7,848,467</u>

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

⁽²⁾ The City, Caldwell/Hays County Fire ESD #1, Hays County ESD #9, Plum Creek Water Conservation District and the Plum Creek Underground Water Conservation District do not have debt secured by ad valorem taxes as of October 1, 2024.

Source: Municipal Advisory Council of Texas

Homeowners' Association

In addition to the Assessments described above, all lot owners in Improvement Area #1 of the District will pay a monthly maintenance and operation fee of \$50/month to the homeowners' association (the "HOA"), which has been formed by the Developer.

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 #1 Projects through Assessments, it adopted a resolution generally describing the Improvement Area #1 Projects and the land within Improvement Area #1 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 #1 of the District 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 has been 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 was conducted to hear testimony from affected property owners as to the propriety and advisability of undertaking the Improvement Area #1 Projects and funding a portion of the same with Assessments. The City levied the Assessments and adopted the Assessment Ordinance immediately prior to adopting the Bond Ordinance, and, after the adoption, the Assessments became legal, valid and binding liens upon the property against which the Assessments are made.

Under the PID Act, the Actual Costs of the Improvement Area #1 Projects may be assessed by the City against the assessable property in Improvement Area #1 of the District so long as the special benefit conferred upon the Assessed Property by the Improvement Area #1 Projects equals or exceeds the Assessments. The costs of the Improvement Area #1 Projects may be assessed using any methodology that results in the imposition of equal shares of cost on Assessed Property similarly benefited. The allocation of benefits and assessments to the benefitted land within Improvement Area #1 of the District is set forth in the Service and Assessment Plan, which should be read in its entirety. See "APPENDIX B — Form of Service and Assessment Plan."

Assessment Methodology

The Service and Assessment Plan describes the special benefit to be received by each parcel of assessable property as a result of the Improvement Area #1 Projects, provides the basis and justification for the determination that such special benefit exceeds the Assessments levied, and establishes the methodology by which the City allocates the special benefit of the Improvement Area #1 Projects to parcels in a manner that results in equal shares of costs being apportioned to parcels similarly benefited. As described in the Service and Assessment Plan, a portion of the costs of the Improvement Area #1 Projects are being funded with proceeds of the Bonds, which are payable from and secured by Pledged Revenues, including the Assessment Revenues. As set forth in the Service and Assessment Plan, the City Council has determined that the Actual Costs (as defined in the Service and Assessment Plan) associated with the Improvement Area #1 Projects will be allocated to the Assessed Properties by spreading the entire Assessment across all Parcels and Lots within Improvement Area #1 of the District on the ratio of estimated build-out value of each Parcel or Lot to the estimated buildout value for all Parcels or Lots within Improvement Area #1 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. The information in the tables was obtained from and calculated using information provided in the Service and Assessment Plan. See “APPENDIX B — Service and Assessment Plan.”

LIEN TO VALUE ANALYSIS, ASSESSMENT ALLOCATION, EQUIVALENT TAX RATE AND LEVERAGE PER UNIT IN IMPROVEMENT AREA #1 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 Assessment per unit	Tax Rate Equivalent of Average Annual Installment of Assessment (per \$100 lot Value)	Tax Rate Equivalent of Average Annual Installment of Assessment (per \$100 Home Value)	Estimated Ratio of Estimated Lot Value to Assessment	Ratio of Projected Average Home Value to Assessment
40'	220	\$70,550	\$285,000	\$31,604.55	\$2,491.46	\$3.5315	\$0.8742	2.23	9.02

Source: P3Works, LLC and information presented in the Service and Assessment Plan

⁽¹⁾ Estimated value based on Appraisal (As Is Bulk Market Value set forth in Appraisal/number of lots). See “APPRAISAL” and APPENDIX F.

⁽²⁾ Developer estimate.

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 #1 of the District. The Assessments and interest thereon are expected to be paid in Annual Installments as described above. The determination by the City of the assessment methodology set forth in the Service and Assessment Plan is the result of the discretionary exercise by the City Council of its legislative authority and governmental powers and is conclusive and binding on the Developer and all future owners and developers within Improvement Area #1 of 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 covenants 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 Property. Assessments for Annual Collection Costs shall be allocated among all Assessed Properties in proportion to the amount of the Annual Installments for the Assessed Properties.

In the Indenture, the City covenants, agrees and warrants that, for so long as any Bonds are Outstanding, and amounts are due the Developer to pay it for its funds it has contributed to pay costs of the Improvement Area #1 Projects, 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.

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

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

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

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

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

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

After July, the penalty remains at 12%, and interest accrues at the rate of 1% each month. In addition, if an account is delinquent in July, a 20% attorney’s collection fee may be added to the total penalty and interest charge. In general, property subject to lien may be sold, in whole or in parcels, pursuant to court order to collect the amounts due. An automatic stay by creditors or other entities, including governmental units, could prevent governmental units

from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In most cases, post-petition 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 have been 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 Property consisting of the annual payment allocable to the Bonds and the Improvement Area #1 Projects for each Assessed Property, which amount includes: (1) principal; (2) interest; (3) Annual Collection Costs; and (4) Additional Interest, if applicable. The Annual Installments for the Assessments may not exceed the amounts shown on the Assessment Roll. The Assessments have been levied against the parcels comprising the Assessed Property as indicated on the Assessment Roll. See “APPENDIX B — Form of Service and Assessment Plan. 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 Annual Collection Costs (as provided for in the definition of such term), taking into consideration any other available funds for these costs, such as interest income on account balances.

Method of Apportionment of Assessments. For purposes of the Service and Assessment Plan, the City Council has determined that the Assessments shall be initially allocated to the Parcels consisting of the Assessed Property based on the ratio of estimated build-out value of each Parcel in Improvement Area #1 of the District to estimated build-out value of all Parcels in Improvement Area #1 of the District.

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

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

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

Where the terms have the following meanings:

A = the Assessment for the newly divided Assessed Property

B = the Assessment for the Assessed Property prior to division

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

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

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

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

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

Where the terms have the following meanings:

A = the Assessment for the newly subdivided Lot

B = the Assessment for the Parcel prior to subdivision

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

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

E = the number of Lots with same Lot Type

Prior to the recording of a subdivision plat, the Developer shall provide the City with an Estimated Buildout Value as of the date of the recorded subdivision plat for each Lot created by the recorded subdivision plat.

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

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

Maximum Assessment. Notwithstanding the foregoing, the Service and Assessment Plan establishes a “Maximum Assessment” for each lot type in Improvement Area #1 of the District, which Maximum Assessment is currently calculated at \$31,604.55 for 40’ lots in Improvement Area #1 of the District. See “APPENDIX B — Form of Service and Assessment Plan.”

Reduction of Assessments. If as a result of cost savings or the failure to construct all or a portion of an Authorized Improvement, the Actual Costs of completed Improvement Area #1 Projects are less than the Assessments, (i) in the event PID Bonds (as defined in the Service and Assessment Plan) are not issued, the City Council shall reduce each Assessment on a pro rata basis such that the sum of the resulting reduced Assessments for all Assessed Property equals the reduced Actual Costs, or (ii) in the event that PID Bonds are issued, the Trustee shall apply amounts on deposit in the applicable account of the Project Fund, relating to the PID Bonds, that are not expected to be used for purposes of the Project Fund to redeem outstanding PID Bonds, unless otherwise directed by the applicable Indenture. The Assessments shall not, however, be reduced to an amount less than the outstanding PID Bonds.

The Administrator shall update (and submit to the City Council for review and approval as part of the next Annual Service Plan Update) the Assessment Roll and corresponding Annual Installments to reflect the reduced Assessments.

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 City to proceed with foreclosure procedures for the purpose of protecting and enforcing the rights of the bond owners with respect to such property shall terminate.

Voluntary Prepayments. 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—Transfer to Exempt Entity. If Assessed Property is transferred to a person or entity that is exempt from payment of the Assessments, the owner transferring the Assessed Property shall pay to the City or the Administrator on behalf of the City the full amount of the outstanding Assessment, plus Prepayment Costs and Delinquent Collection Costs, if any, for such Assessed Property, prior to the transfer. If the owner of the Assessed Property causes the Assessed Property to become Non-Benefitted Property, the owner causing the change in status shall pay the full amount of the outstanding Assessment, plus Prepayment Costs and Delinquent Collection Costs, if any, prior to the change in status.

True-Up of Assessments if Maximum Assessment Exceeded. 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 to exceed the Maximum Assessment. If the Administrator determines that the resulting Assessment per Lot for any Lot Type will exceed the Maximum Assessment for that Lot Type, then (i) the Assessment applicable to each Lot Type exceeding the Maximum Assessment shall be reduced to the Maximum Assessment, and (ii) the person or entity filing the plat shall pay to the City the amount the Assessment was reduced, plus Prepayment Costs and Delinquent Collection Costs, if any, prior to the City approving the final plat. The City's approval of a final subdivision plat without payment of such amounts does not eliminate the obligation of the person or entity filing the plat to pay the amounts as provided for in the Service and Assessment Plan.

Prepayment as a Result of an Eminent Domain Proceeding or Taking. Subject to applicable law, if any portion of any Parcel of Assessed Property is taken from an owner as a result of eminent domain proceedings or if a transfer of any portion of any Parcel of Assessed Property is made to an entity with the authority to condemn all or a portion of the Assessed Property in lieu of or as a part of an eminent domain proceeding (a "Taking"), the portion of the Assessed Property that was taken or transferred (the "Taken Property") shall be reclassified as Non-Benefitted Property (as defined in the Service and Assessment Plan).

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

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

By way of illustration, if an owner owns 100 acres of Assessed Property subject to a \$100 Assessment and 10 acres is taken through a Taking, the 10 acres of Taken Property shall be reclassified as Non-Benefitted Property

and the remaining 90 acres of Remaining Property shall be subject to the \$100 Assessment (provided that this \$100 Assessment does not exceed the Maximum Assessment on the Remaining Property). If the Administrator determines that the \$100 Assessment reallocated to the Remaining Property would exceed the Maximum Assessment, as applicable, on the Remaining Property by \$10, then the owner shall be required to pay \$10 as a Prepayment of the Assessment against the Remaining Property and the Assessment on the Remaining Property shall be adjusted to be \$90.

Notwithstanding the previous paragraphs in this subsection, if the owner of the Taken Property notifies the City and the Administrator that the Taking prevents the Remaining Property from being developed for any use which could support the Estimated Buildout Value requirement, the owner shall, upon receipt of the compensation for the Taken Property, be required to prepay the amount of the Assessment required to buy down the outstanding Assessment to the applicable Maximum Assessment on the Remaining Property to support the Estimated Buildout Value requirement. Said owner will remain liable to pay the Annual Installments on both the Taken Property and the Remaining Property until such time that such Assessment has been prepaid in full.

Notwithstanding the previous paragraphs in this subsection, the Assessments shall never be reduced to an amount less than the amount required to pay all outstanding debt service requirements on all outstanding PID Bonds.

Prepayments made pursuant to the preceding four subsections are referred to herein as “Prepayments.”

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 Property.

In the Indenture, the City covenants 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 Account of the Reserve Fund,” “APPENDIX A – Form of Indenture” and “APPENDIX B – Form of Service and Assessment Plan.”

THE CITY

Background

The City is a political subdivision and Type A General Law municipal corporation of the State, duly organized and existing under the laws of the State. The City was incorporated in 1985. Some of the services that the City provides are: engineering, solid waste collection, recreation, public improvements, planning and zoning, and general administrative services. The City covers approximately 2.5 square miles and is located in Hays and Caldwell Counties. The City’s 2020 census population was 1,588. The City’s current estimated population is 4,000. The City is located in the Austin-San Marcos MSA, approximately 35 miles south of the City of Austin and 12 miles northeast of the City of San Marcos. Primary north-south access in the area is provided by IH-35 and U.S. Highway 183. The nearest commercial airport access is through Austin-Bergstrom International Airport, which is approximately 24 miles from the City.

City Government

The City has a City Council comprised of the Mayor and five Councilmembers. The term of office is two years with the terms of the Mayor and two of the Councilmembers’ terms expiring in odd numbered years and the other terms of the three Councilmembers expiring in even numbered years. The City Administrator is the chief administrative officer for the City.

Major Employers

The major employers in Hays County are set forth in the table below.

<u>Employer</u>	<u>Product or Service</u>
Texas State University	Education
Hays Consolidated Independent School District	Education
Amazon Fulfillment Center	Retail
Premium Outlets	Retail
Tanger Factory Outlet Center	Retail
San Marcos CISD	Education
Hays County	Government
Dripping Springs Independent School District	Education
Christus Santa Rosa Hospital	Health Care

Source: Hays County public documents

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Historical Employment in Hays County

	Average Annual				
	2024 ⁽¹⁾	2023	2022	2021	2020
Civilian Labor Force	147,672	144,229	138,727	130,746	123,296
Total Employed	142,258	139,520	134,484	125,340	115,559
Total Unemployed	5,414	4,709	4,243	5,406	7,737
Unemployment Rate	3.7%	3.3%	3.1%	4.1%	6.3%

Source: Texas Workforce Commission.

⁽¹⁾ Data through August 2024.

Surrounding Economic Activity

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

City of Austin Approximately 26 miles from the City		City of Kyle Approximately 8 miles from the City		City of Seguin Approximately 34 miles from the City	
Employer	Employees	Employer	Employees	Employer	Employees
State Government	38,681	Hays CISD	3,258	Texas Power Systems/CAT	1,511
University of Texas - Austin	31,106	Seton Medical Center Hays	750	Vitesco (Continental AG)	1,504
HEB	22,955	Amazon	700	Seguin ISD	1,192
City of Austin	16,029	HEB Plus	208	CMC Steel	908
Ascension Seton	14,842	City of Kyle	349	Guadalupe Regional Medical Center	765
Federal Government	14,600	Lowes	100	Guadalupe County	653
Dell Computer Corporation	13,000	Home Depot	100	Tyson Foods	554
Tesla, Inc.	12,277	Austin Community College Hays	80	City of Seguin	448
St. David's Healthcare Partnership	11,484	Plastikon	65	Texas Lutheran University	441
Amazon.com LLC	11,000	SIMWON	38	HEB Distribution Center	413
				City of New Braunfels Approximately 30 miles from the City	
				Employer	Employees
				Comal ISD	3,550
				Schlitterbahn Water Park	3,000
				New Braunfels ISD	1,302
				Wal-Mart Distribution Center	1,200
				Hunter Industries	873
				Comal County	805
				City of New Braunfels	800
				TaskUs	620
				Christus Santa Rosa Hospital	585
				Rush Enterprises	528
				City of San Marcos Approximately 12 miles from the City	
				Employer	Employees
				Amazon	5,000
				Texas State University	3,730
				Hays CISD	3,430
				Premium Outlets San Marcos	1,600
				Tanger Factory Outlets	1,540
				San Marcos CISD	1,400
				Dripping Springs ISD	1,025
				Hays County	885
				City of San Marcos	758
				HEB Distribution Center	750

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 #1 Projects, authorized by the PID Act and approved by the City Council that confer a special benefit on the District property being developed. The District is not a separate political subdivision of the State and is governed by the City Council. A map of the property within the District is included on page v hereof.

Powers and Authority

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

Pursuant to the PID Act and the Creation Resolution, the City has the power to undertake, or pay a developer for the costs of, the financing, acquisition, construction or improvement of the Improvement Area #1 Projects. See "THE IMPROVEMENT AREA #1 PROJECTS." Pursuant to the authority granted by the PID Act and the Creation Resolution, the City has determined to undertake the construction, acquisition or purchase of certain road, water, sanitary sewer improvements, and storm drainage improvements within the District and outside of the District comprising the Improvement Area #1 Projects and to finance a portion of the costs thereof through the issuance of the Bonds. The City has further determined to provide for the payment of debt service on the Bonds through Pledged Revenues. See "ASSESSMENT PROCEDURES" herein and "APPENDIX B — Form of Service and Assessment Plan."

THE IMPROVEMENT AREA #1 PROJECTS

General

The Improvement Area #1 Projects consist of (a) Improvement Area #1's proportionate share of the costs of the Major Improvements and (b) the costs of the Improvement Area #1 Improvements. The Developer is responsible for the completion of the construction, acquisition and purchase of the Improvement Area #1 Projects.

The City will pay a portion of the project costs for the Improvement Area #1 Projects from proceeds of the Bonds. The Developer will submit payment requests for costs actually incurred in developing and constructing the Improvement Area #1 Projects and be paid in accordance with the Indenture and the Financing Agreement. See "THE DEVELOPMENT – Development Plan and Status of Development in Improvement Area #1."

Improvement Area #1 Improvements: The Improvement Area #1 Projects, a portion of which are being financed with proceeds of the Bonds, include road, sanitary sewer, storm drainage, water, and soft costs benefitting only Improvement Area #1 of the District.

Roadway: Roadway improvements include subgrade stabilization, asphalt and base for roadways, testing and handicap ramps. All related earthwork, excavation, erosion control measures, retaining walls, intersections, signage and re-vegetation of all disturbed areas within the right-of-way are included to provide roads to each Lot within Improvement Area #1.

Drainage: Drainage improvements include trench excavation and embedment, necessary erosion control measures reinforced concrete pipe, manholes, storm sewer outfalls and headwalls, storm drain inlets, testing, related earthwork, excavation and all other necessary appurtenances required to ensure proper drainage

within Improvement Area #1. A detention pond serving the entire District will also be constructed as part of the drainage improvements.

Water: Water improvements include trench excavation and embedment, PVC piping, manholes, service connections, testing, related earthwork, excavation, and all other necessary appurtenances required to provide water service to each Lot within Improvement Area #1.

Wastewater: Wastewater improvements include trench excavation and embedment, necessary erosion control measures, PVC piping, manholes, service connections, testing, related earthwork, excavation, and all other necessary appurtenances required to provide wastewater service to each Lot within Improvement Area #1.

Soft Costs: Includes costs related to designing, constructing, installing, and financing the Improvement Area #1 Improvements, including land planning and design, City fees and performance bonds, engineering, soil testing, survey, construction management, legal fees, consultant fees, contingency, inspection fees, and other PID costs incurred and paid by the Developer.

Major Improvements. The Improvement Area #1 Projects will also include Improvement Area #1's allocable share of certain Major Improvements, as described below:

Roadway: Roadway improvements include subgrade stabilization, asphalt and base for roadways, testing and handicap ramps. All related earthwork, excavation, erosion control measures, retaining walls, intersections, signage and re-vegetation of all disturbed areas within the right-of-way are included to provide roads to each Lot.

Water: Water improvements include trench excavation and embedment, PVC piping, manholes, service connections, testing, related earthwork, excavation, and all other necessary appurtenances required to provide water service to each Lot.

Drainage: Drainage improvements include trench excavation and embedment, necessary erosion control measures reinforced concrete pipe, manholes, storm sewer outfalls and headwalls, storm drain inlets, testing, related earthwork, excavation and all other necessary appurtenances required to ensure proper drainage.

Soft Costs: Includes costs related to designing, constructing, installing, and financing the Major Improvements, including land planning and design, City fees and performance bonds, engineering, soil testing, survey, construction management, legal fees, consultant fees, contingency, inspection fees, and other PID costs incurred and paid by the Developer.

The following table reflects the total expected costs of the Improvement Area #1 Projects.

<u>Type of Improvement</u>	<u>Costs</u>
Roadway	\$2,857,435
Drainage	1,634,323
Wastewater	766,783
Water	692,941
Soft Costs	892,722
Subtotal Improvement Area #1 Improvements	<u>\$6,844,204</u>
Major Improvements allocated to Improvement Area #1	<u>\$2,332,716</u>
Costs of Issuance & Other Costs ⁽¹⁾	<u>\$1,354,948</u>
Total Cost of Improvement Area #1 Projects	<u>\$10,531,868</u>

⁽¹⁾ Other Costs include a deposit to the Administrative Fund equal to the first year's Annual Collection Costs.

The costs of the Improvement Area #1 Projects, including costs of issuance relating to the Bonds, is approximately \$10,531,868. A portion of such costs in the amount of \$6,953,000 is expected to be paid with proceeds of the Bonds. See “SOURCES AND USES OF FUNDS.” The Developer will pay or has paid the balance of the Improvement Area #1 Projects.

Ownership and Maintenance of the Improvement Area #1 Projects

The streets and drainage portion of the Improvement Area #1 Projects (the “City Improvements”) will be dedicated to the City and will constitute a portion of the City’s infrastructure improvements. The City will provide for the ongoing maintenance and repair of the City Improvements. The water and wastewater portion of the Improvement Area #1 Projects (the “SUD Improvements”) will be dedicated to County Line Special Utility District (“County Line SUD”). County Line SUD will provide for the ongoing operation, maintenance, and repair of the SUD Improvements for the benefit of the owners of the land within the District pursuant to an interlocal cooperative agreement (the “Interlocal Agreement”), expected to be entered into by and between County Line SUD and the City pursuant to Chapter 791 of the Texas Government Code. Pursuant to the Interlocal Agreement, the obligations of County Line SUD shall be limited to the provision of water, reclaimed water, and wastewater services to the residents of the District through the ownership, operation repair and maintenance of the SUD Improvements, subject to and in accordance with any applicable regulatory rules and regulations, including County Line SUD’s rules and regulations. The HOA will maintain any detention ponds installed as part of the Improvement Area #1 Projects.

THE DEVELOPMENT

The following information has been provided by the 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, in phases, as a development to be known as “Marigold” (the “Development”). The Development is an approximately 77.86-acre master planned project located within the corporate limits of the City, near the intersection of Hill Road and Camino Real. The Development is approximately 26 miles south of the City of Austin, Texas, approximately 8 miles east of the City of Kyle, Texas, and approximately 12 miles northeast the City of San Marcos, Texas. The Development is approximately 24 miles southwest of Austin-Bergstrom International Airport and approximately 19 miles southwest of Circuit of the Americas.

Development Plan and Status of Development in Improvement Area #1

Development of the District is expected to include approximately 430 40’ lots. Development in the District began with Improvement Area #1, which was developed in two phases, consisting of a total of 220 40’ lots, with 156 40’ lots in Phase 1 and 64 40’ lots in Phase 2. Proceeds of the Bonds will pay for a portion of the costs of the Improvement Area #1 Projects. See “SOURCES AND USES OF FUNDS.”

Construction of the portion of the Improvement Area #1 Projects benefitting Phase 1 began in May 2023 and was completed in May 2024. Construction of the portion of the Improvement Area #1 Projects benefitting Phase 2 began in October 2023 and was completed in June 2024. A final plat has been recorded for Phase 1. The Developer expects to file a plat for Phase 2 upon City acceptance of the completed improvements, which is pending. As of August 15, 2024, the Developer has expended approximately \$11,123,034.45 to complete the Improvement Area #1 Improvements and the Major Improvements, which was financed with cash available to the Developer. See “THE DEVELOPER – History and Financing of the District.”

Home construction in Improvement Area #1 began in Q3 2024. As of September 15, 2024, 10 homes are under construction. The Developer currently expects to enter into contracts for the sale of homes in Improvement Area #1 immediately after the City’s passage of the Assessment Ordinance and begin closings on homes in Improvement Area #1 within a month thereafter.

Photographs of Development in Improvement Area #1 of the District

Photographs of development within Improvement Area #1 of the District are included herein in APPENDIX G.

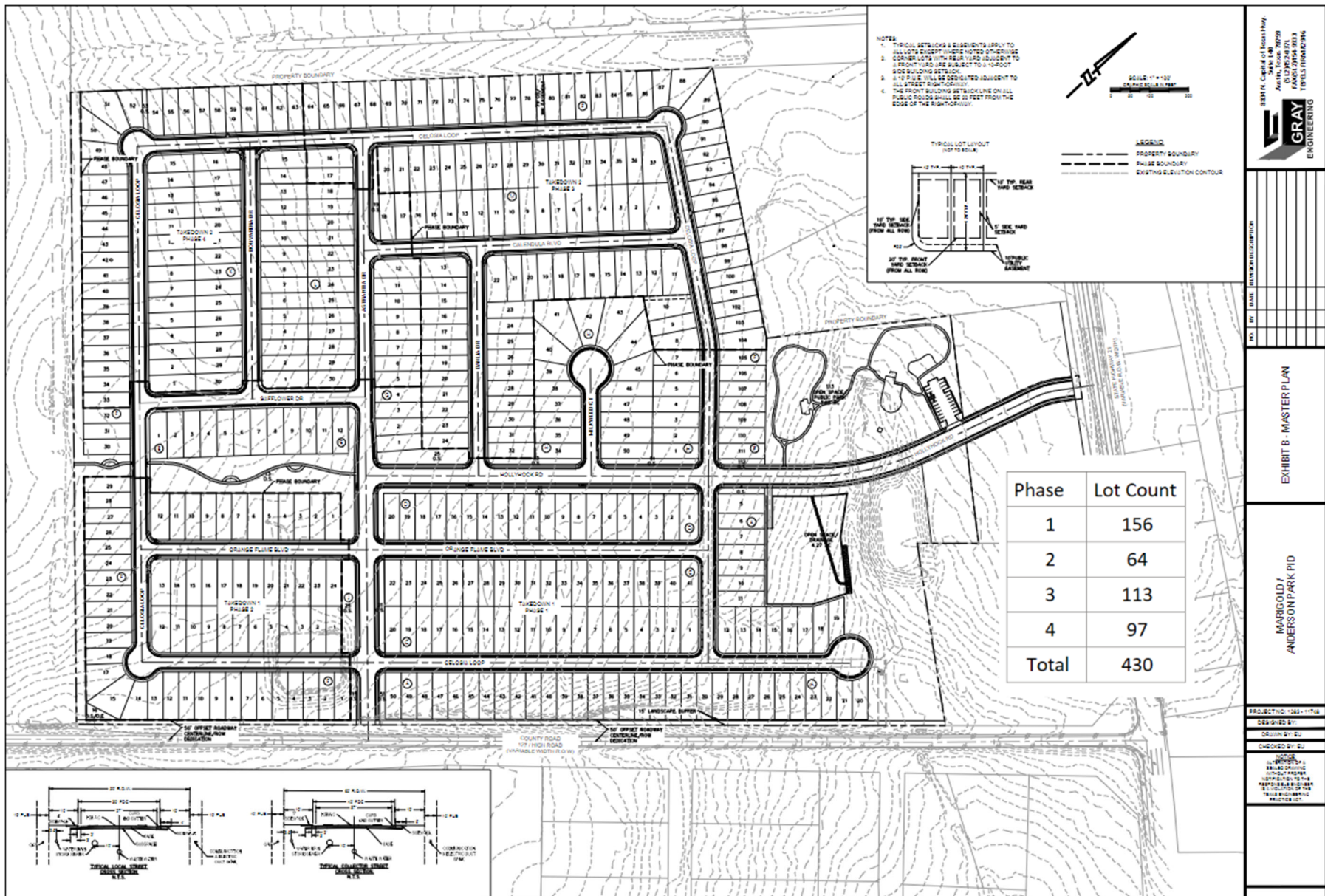
Home Development within Improvement Area #1 of the District

The Developer will construct the anticipated 220 single family homes in Improvement Area #1 of the District and will not enter into any purchase contracts with any other homebuilders within the District.

Concept Plan

Below is the current concept plan of Improvement Area #1 of the District 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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Expected Build-Out and Home Prices in the Development

The Developer's current expectations regarding estimated home prices in Improvement Area #1 of the District is as follows:

ESTIMATED HOME PRICES

<u>Lot Size</u> (Width in Ft.)	<u>Quantity</u>	<u>Average Base Home</u> <u>Price*</u>
40'	220	\$285,000

* Developer estimates.

The following tables provide the build-out schedule of the District and absorption schedule of lots in Improvement Area #1 of the District.

EXPECTED BUILD-OUT OF THE DISTRICT

<u>Improvement Area</u>	<u>Phase</u>	<u>Single-Family Lots</u>	<u>Actual/Expected Start of Infrastructure</u>	<u>Infrastructure Completion Date</u>	<u>Expected Final Home Sale Date</u>
1	1	156	Q2 2023	Q2 2024	Q3 2026
	2	64	Q4 2023	Q2 2024	Q3 2026
2	3	113	Q1 2025	Q3 2026	Q1 2027
	4	97	Q3 2025	Q1 2027	Q2 2027

EXPECTED ABSORPTION OF HOMES IN IMPROVEMENT AREA #1 OF THE DISTRICT

<u>Expected Final Sale Date</u>	<u>Total Homes</u>
Q4 2024	30
Q1 2025	30
Q2 2025	30
Q3 2025	30
Q4 2025	30
Q1 2026	26
Q2 2026	30
Q3 2026	14

Development Agreement

The City and Walton Texas, LP entered into the "Development Agreement Between the City of Umland, Texas and Walton Texas, LP (Anderson Park PID)" effective as of October 13, 2021 (the "Development Agreement"), which Development Agreement was partially assigned to and assumed by the Developer in connection with its purchase of property in Improvement Area #1.

Under the Development Agreement, the City agreed to create the District and issue bonds in an amount up to \$15,000,000 to reimburse the "Developer" (as defined therein) for the cost of public improvements in the District, and the Developer agreed to develop the property in accordance with the Master Plan, dedicate certain park and open space in accordance with the PDD Ordinance (as defined herein), and construct certain pedestrian circulation improvements. The Development Agreement also establishes a "Maximum Equivalent Tax Rate" of \$3.00 (based on the estimated build out value), and requires a mandatory prepayment of assessments if such Maximum Equivalent Tax Rate is exceeded. Under the Development Agreement, the Developer also agreed to pay a roadway impact fee of \$1,228 for each lot in the District at the time of final platting of such lot. The PDD Ordinance provides that that such roadway impact fee will be credited against any offsite roadway improvements.

Future Improvement Area Bonds

Future Improvement Area Bonds to finance the cost of local improvements benefitting each of the Future Improvement Areas and the portion of the Major Improvements allocable to each such Future Improvement Area are anticipated to be issued in the future. The estimated costs of the local improvements benefitting the Future Improvement Areas of the District will be determined at the time each Future Improvement Area is developed, and the Service and Assessment Plan will be updated to identify the improvements to be constructed within the Future Improvement Areas of the District and financed by each new series of Future Improvement Area Bonds, including the portion of the Major Improvements allocable to such Future Improvement Area. Such Future Improvement Area Bonds will be secured by separate assessments levied pursuant to the PID Act on assessable property within the applicable Future Improvement Area of the District. It is anticipated that Future Improvement Area Bonds will be issued beginning in 2025.

The 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.

Zoning

Development in Improvement Area #1 of the District is zoned as a planned development district pursuant to the Anderson Park Planned Development District Ordinance approved by the City Council on October 13, 2021, as amended on July 18, 2024 (the “PDD Ordinance”). The PDD Ordinance allows for certain land uses, established single family architectural design standards, and sets forth other requirements with respect to development including requirements for an enhanced boundary wall. The PDD Ordinance requires the Community Park (as defined herein) to be dedicated at recordation for the final plat or construction acceptance for Improvement Area #1 in lieu of a parkland fee and to construct certain park improvements therein. In addition, the PDD Ordinance requires the Developer to construct certain improvements to a 4.27 acre detention pond and drainage lot at recordation of the final plat or construction acceptance for Improvement Area #1.

Because the Development lies within the city limits of the City, the City’s zoning and subdivision regulations control to the extent they do not conflict with the PDD Ordinance.

Amenities

Amenities in the District will consist of trails throughout the District, an approximately 1.3 acre linear park (the “Linear Park”), approximately 3.68 acre community park (which is expected to include certain pond improvements) (the “Community Park”), an amenity center with a splash pad, a pavilion, and a dog park (collectively, the “Amenities”). The trail system is expected to be constructed to provide access to the adjacent elementary school. The HOA is expected to maintain all of the Amenities.

The Developer began constructing the Amenities in Q1 2024 and expects to complete the Amenities in December 2024. The expected cost to complete the Amenities is \$2,791,822, which are expected to be financed with cash available to the Developer. As of September 30, 2024, the Developer has spent approximately \$1,093,390.40 on the Amenities.

Education

Hays CISD serves the District. Hays CISD operates 14 elementary schools, six middle schools and three high schools. Students in the District desiring to attend public school will attend Uhland Elementary (adjacent to the District), D J Red Simon Middle School (approximately 4 miles from the District) and Lehman High School (approximately 5 miles from the District). According to the Texas Education Agency (“TEA”), for the 2021-2022 school year (the latest year for which ratings are available), Hays CISD and Uhland Elementary received a “District Accountability Rating” of “B” from the TEA and Lehman High School received a “District Accountability Rating” of “C” from the TEA. D J Red Simon Middle School was not rated by the TEA. The categories for public school districts and public schools for the 2021-2022 school year are A, B, C, D or Not rated. Greatschools.org rated Uhland Elementary School a 5/10, Lehman High School a 4/10 and D J Red Simon Middle School a 3/10.

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 Developer is not aware of any ongoing mineral rights development or exploration on or adjacent to the property within the District. The Developer 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 Developer 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 Developer makes no guarantee as to such expectation. See “BONDHOLDERS’ RISKS — Exercise of Third Party Property Rights.”

Environmental

The Developer obtained a Phase One Environmental Site Assessment of the land in the District from Tetra Tech, Inc. in April 2020. The Developer provided an executive summary of such Phase One Environmental Site Assessment (the “Executive Summary”) to the Underwriter for review. According to the Executive Summary there was no evidence of recognized environmental conditions involving the site.

Endangered Species. According to the website for the United States Fish and Wildlife Service, the following endangered species are known or believed to occur in Hays County: Peck’s cave amphipod, San Marcos gambusia, Comal Springs dryopid beetle, Texas blind salamander, Barton Springs salamander, fountain darter, Comal Springs riffle beetle, whooping crane and golden-cheeked warbler. The Developer is not aware of any endangered or threatened species located on District property.

Geotechnical Exploration

MLA Geotechnical completed a geotechnical exploration of the property in Phase 1 of the District in March 2024 and the property in Phase 2 of the District in May 2024. The reports of such exploration (the “Geotechnical Reports”) indicated that the soils had very high potential for potential vertical movement, and provided certain earthwork and foundation recommendations for homes to be constructed in the District. The Developer indicates that it complied with all recommendations set forth in the Geotechnical Reports.

Flood Designation

According to the Federal Emergency Management Agency (“FEMA”) Flood Insurance Rate Map (“FIRM”) No. 48209C0410F, dated September 2, 2005, no portion of the property in the District lies within a special flood hazard area.

Utilities

Water and Wastewater. The District is located within the water and wastewater service area of County Line SUD, who holds the certificates of convenience and necessity issued by the Texas Public Utility Commission to provide water and wastewater to the District. Pursuant to the Interlocal Agreement, County Line SUD will accept, operate and maintain water and wastewater improvements for the use and benefit of the landowners within the District.

County Line SUD's primary source of water supply comes from Canyon Regional Water Authority ("CRWA") pursuant to a Water Supply and Treatment Contract (the "Contract"). CRWA has a contract with Guadalupe Blanco River Authority (the "GBRA") to purchase water for use to County Line SUD, Maxwell Special Utility District, and Martindale Water Supply Corporation (the "Participants"). During the fiscal year 2023, GBRA received its fifth tranche of funding through the sale of bonds with the Texas Water Development Board to plan, design, and construct a 26.8-million-gallons per day groundwater project in Caldwell and Gonzales counties in collaboration with Alliance Regional Water Authority ("Alliance"). This project, called the Carrizo Groundwater Supply Project, was completed in spring 2024. County Line SUD is among the initial customers for the project. Alliance is currently constructing a new water treatment plant and related transmission lines and elevated storage tanks. A booster pump station, on elevated storage tank and certain pipeline supply segments have been completed. In addition, the water treatment plant has been completed and final testing is underway. Final pipeline segments are expected to be completed in 2025. County Line SUD obtains wastewater treatment services from Plum Creek Utility, LLC ("Plum Creek").

Pursuant to a Non-Standard Service Agreement for Water (the "Water NSSA") and Non-Standard Service Agreement for Wastewater (the "Wastewater NSSA" and together with the Water NSSA, the "NSSAs") between the Developer and County Line SUD, County Line SUD has agreed to provide both water and wastewater service to Improvement Area #1 of the District and will reserve capacity for such services on a phased basis in accordance with the terms of the NSSAs described below. At the time of execution of the Water NSSA, County Line SUD indicated that it did not have sufficient water supply to serve Phase 1, Phase 2 or any phase of development in the District. The Developer indicates that County Line SUD has since secured sufficient water supply to serve Phase 1 and Phase 2 in Improvement Area #1 through interim service from the City of San Marcos. See "BONDHOLDERS' RISKS — Availability of Utilities."

The Developer requested that County Line SUD provide up to 450 living unit equivalents ("LUEs") of water service ("Water Requested Capacity") for the District (which LUEs include the LUEs for the commercial property), including 156 LUEs for Phase 1 of Improvement Area #1 and 67 LUEs for Phase 2 of Improvement Area #1. Pursuant to the Water NSSA, County Line SUD has agreed to reserve capacity in its water system on a phase by phase basis. In accordance with the Water NSSA, the Developer paid 50% of the required water impact fees for the 156 lots in Phase 1 prior to plat approval (the "Initial Water Phase-Payment 1"). Upon receipt of the Initial Water Phase-Payment 1 and the Developer's payment of the water reservation fee set forth in the NSSA, County Line SUD reserved water capacity for Phase 1. The obligation of Developer to pay the water reservation fees to County Line SUD each month for each reserved LUE of water service shall continue until the Developer provides payment of the Initial Water Phase-Payment 2 (as defined below) in full to County Line SUD. So long as the water reservation fees are paid in full in a timely manner, County Line SUD will reserve the water capacity necessary to serve the applicable LUEs in Phase 1 until the Developer provides payment of the Initial Water Phase-Payment 2 in full to County Line SUD; provided, however, if Developer has not provided payment of the Initial Water Phase-Payment 2 in full within four years after the date of Initial Water Phase-Payment 1, the reservation of capacity shall terminate. This four-year period may be extended upon request of the Developer if capacity is available in the Water System at the time of request. The Developer shall pay the remaining 50% of the Water Impact Fees for Phase 1 of the Water Requested Capacity ("Initial Water Phase-Payment 2") on the date that the Developer requests that the meters be installed and put into operation so that retail water service can be established and provided by County Line SUD to those LUEs. The amount of the Initial Water Phase-Payment 2 shall be the remaining 50% of the required water impact fees. Such process and requirements for obtaining water service shall be referred to as the "Water Service Requirements." The Developer has paid Initial Water Phase-Payment 1 for Phase 1. Initial Water Phase-Payment 2 shall be due for each residential lot in Phase 1 at the time of application for water service on each residential lot in Phase 1. In addition, failure to pay water reservation fees is an event of default under the Water NSSAs.

To secure water service for Phase 2 of Improvement Area #1, the Developer made prepayments of County Line SUD's water impact fees, a water acquisition fee and County Line SUD's inspection fees in the total amount of \$826,730 (the "Fee Prepayment") in accordance with an addendum to the Water NSSA effective October 11, 2023. In addition, the Developer must pay a monthly water reservation fee to County Line SUD for each LUE until such LUE becomes an active water service connection and a water connection fee at the time of connection of each LUE. Such addendum also requires the Developer to construct and install additional water infrastructure to serve Phase 2. If the Developer has not provided payment of the water connection fee for each LUE reserved in Phase 2 within 4 years of the date of the Fee Prepayment, the reservation of capacity will terminate; provided that the Developer may

request an extension if capacity is available. The Developer indicates it is current on all water capacity reservation fees. County Line SUD will furnish retail water service to Phase 2 no sooner than the date the transmission main necessary to receive water from the City of San Marcos has been constructed and County Line SUD is receiving water from the City of San Marcos, and the Developer has constructed the Phase 2 water facilities. The transmission line to the City of San Marcos has been completed, and County Line SUD is receiving water from the City of San Marcos.

The Developer and County Line SUD have additionally executed an addendum to the Water NSSAs for water in Phase 3 and Phase 4 of the District which, collectively with the Water NSSAs provide for water service to all 450 requested residential LUEs in the District. The Developer was required to pay an initial payment inclusive of all water impact fees, water acquisition fees and administrative fees under each addendum (\$1,394,420 for Phase 3 and \$1,209,320 for Phase 4). The Developer has made the required initial payment for Phase 3 and expects to make the initial payment required for Phase 4 on the timelines required under the Phase 4 agreement. Both of such agreements require the Developer to pay a monthly water reservation fee to maintain the reservation of water capacity for Phase 3 and Phase 4 until such time as each connection becomes an active connection and a connection fee is paid, and provides that the water reservation terminates for any LUE if the connection fee is not paid within 4 years of the date of the respective non-standard service agreement (which date may be extended at the request of the Developer if water capacity is available). Failure to pay water reservation fees is an event of default under the Phase 3 and Phase 4 non-standard service agreements. County Line SUD has no obligation to reserve water capacity in its water system for any portion of the Water Requested Capacity until the Developer paid County Line SUD the required water fees in full for such quantity of water LUEs.

The Developer has also requested that County Line SUD provide up to 450 LUEs of wastewater service (which LUEs include the LUEs for the commercial property) (“Wastewater Requested Capacity”). County Line SUD has no obligation to reserve wastewater capacity in its wastewater system for any portion of the Wastewater Requested Capacity until the Developer paid County Line SUD the required wastewater fees in full for such quantity of wastewater LUEs. Under the Wastewater NSSA, the Developer was required to prepay County Line SUD’s wastewater impact fees and a pass through fee to Plum Creek. The Developer paid in full the required wastewater fees for Phase 1.

To secure wastewater service for Phase 2, the Developer made prepayments of County Line SUD’s wastewater impact fees, a pass through fee to Plum Creek and County Line SUD’s inspection fees in accordance with an addendum to the Wastewater NSSA effective February 8, 2024. Such addendum requires the Developer to construct and install additional wastewater infrastructure to serve Phase 2. County Line SUD must furnish retail wastewater service to Phase 2 no later than 545 days after the Addendum Effective Date, after the wastewater facilities for Phase 2 are completed and dedicated to County Line SUD, after County Line SUD secures certain off-site easements for a wastewater extension, and after County Line SUD begins furnishing Phase 2 with retail water service.

The Developer and County Line SUD have additionally executed non-standard service agreements for wastewater in Phase 3 and Phase 4 of the District which, collectively with the Wastewater NSSAs provide for wastewater service to all 450 requested residential LUEs in the District. The Developer was required to pay the wastewater fees in full for the requested quantity of wastewater LUEs under the Phase 3 and Phase 4 non-standard service agreements for wastewater. The Developer has made the required payment under such agreements to secure wastewater service in Phase 3 in an amount of \$855,975, and expects to make the required \$742,350 payment for Phase 4 on the timeline required under the Phase 4 agreement.

Pursuant to the Water NSSA, in order to provide sufficient water and wastewater capacity to Improvement Area #1, the Developer has constructed and dedicated to County Line SUD certain water infrastructure improvements including, but not limited to (i) new water distribution systems, including a reuse water system, (ii) a new water extension from the District to the County Line SUD’s system. Pursuant to the Wastewater NSSA the Developer has constructed and dedicated to County Line SUD new wastewater collection systems. See “THE IMPROVEMENT AREA #1 PROJECTS.”

Other Utilities. Additional utilities in the District are expected to be provided by: (1) Gas – Centric, (2) Cable/Data – Centric, (3) Telephone – Centric/AT&T, and (4) Electric – Bluebonnet Electric Cooperative.

THE DEVELOPER

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

Description of Developer

The Developer is a wholly-owned subsidiary of D.R. Horton. D.R. Horton is a public company (NYSE: DHI) subject to the information requirements of the Securities and Exchange Act of 1934, as amended, and in accordance therewith files reports and other information with the Securities Exchange Commission ("SEC"). Reports, proxy statements and other information filed by D.R. Horton can be inspected at the office of the SEC at Judiciary Plaza, Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549, and at the Regional Office of the SEC located at Citicorp Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661-2511. Copies of such material can be obtained from the Public Reference Section of the SEC at 450 Fifth Street, N.W. Washington, D.C. 20549, at prescribed rates. Copies of the above reports, proxy statements and other information may also be inspected at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005. The SEC maintains a website at <http://www.sec.gov> that contains reports, proxy information statements and other information regarding registrants that file electronically with the SEC.

In addition, D.R. Horton makes available on its web site www.drhorton.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 D.R. Horton's website, available by hyperlink from D.R. Horton's website or on the SEC's website, is not incorporated into this Limited Offering Memorandum.

THE BONDS AND THE ASSESSMENTS DO NOT CONSTITUTE INDEBTEDNESS OF, AND ARE NOT GUARANTEED BY, THE DEVELOPER OR D.R. HORTON.

Selected Executive Biographies

Scott Wilburn, Division President (Austin): Scott Wilburn started with D.R. Horton in the Dallas/Fort Worth area in 2009. He served as the Division President for the Dallas Division before moving to Austin. In 2020 he joined the Austin team to become the Division President in 2021. His leadership capabilities and knowledge of the industry have contributed to the Division's growth and success over the past 5 years.

Joel Wixson, Region Land Acquisition Manager: Joel Wixson joined D.R. Horton as Region Land Acquisition Manager in 2021. His engineering background, entitlement knowledge and acquisition experience have played a major role in providing D.R. Horton lots across Arizona, New Mexico, and Texas. In September 2024, he took over as Land Manager for the Austin Division.

History and Financing of the District

The Developer purchased approximately 47 acres of land within Improvement Area #1 of the District, from the Seller in April 2022 for a purchase price of \$405,240, which purchase was made with cash available to the Developer. In addition to the purchase price paid at closing, the Developer shall make an additional payment to the Seller at the earlier of the time a home is sold on each lot to a residential purchaser or such lot is deemed to be sold pursuant to the provisions of the Option Agreement, or three years after the purchase is consummated (the “Deferred Consideration”). The Developer is the owner of all land in Improvement Area #1 except for an HOA lot owned by the Seller, which does not constitute Assessed Property.

The Developer holds an option to purchase the remaining land in the District pursuant to an option agreement, as amended and restated (the “Option Agreement”) with the Seller. Pursuant to the Option Agreement, the Seller has covenanted not to market, solicit, or entertain unsolicited offers on the remaining property in the District and to enter into a purchase agreement for the remaining property in the District. Developer may purchase the remaining property in the District at a price of \$386,820 plus Deferred Consideration as described above. The term of the Option Agreement ends on February 3, 2025. The Developer currently expects to exercise the option to purchase the remaining property in the District by such date.

The Seller and the Developer have also entered into a Joint Development and Cost Sharing Agreement, effective April 28, 2022 (the “Cost Sharing Agreement”). Under the Cost Sharing Agreement, the Seller and Developer have made agreements relating to the allocation of the cost to construct certain improvements (including the Improvement Area #1 Improvements and the Major Improvements) which benefit the entire District as well as the adjacent commercial and retail parcels, and the responsibilities for the construction of such improvements. The Cost Sharing Agreement provides the Developer will construct the improvements subject to reimbursement from the Seller to the extent the Developer has not purchased the applicable property benefitted by such improvements. In addition, the Seller has agreed to reimburse the Developer in full for any costs related to constructing certain improvements, including road improvements, utility improvements, and oversizing attributable to providing infrastructure to certain retail and commercial parcels outside the District.

APPRAISAL

The Appraisal

General. Barletta & Associates, Inc. (the “Appraiser”) prepared an appraisal report effective as of August 3, 2024 (the “Appraisal”). The Appraisal was prepared at the request of the Underwriter.

The description herein of the Appraisal is intended to be a brief summary only of the Appraisal as it relates to Improvement Area #1 of the District. The Appraisal is attached hereto as APPENDIX F 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 F — Appraisal.” It is noted that the hypothetical conditions in the Appraisal include the provisions that the 5-10 lots that have commenced vertical construction and range from pre-slab (wood forms) to poured foundations in Phase 1 are considered hypothetically vacant for the purposes of the Appraisal’s valuation.

Value Estimates. The Appraiser estimated the aggregate “As Is Bulk Market Value” (as defined in the Appraisal) of the fee simple interest in various tracts of land in Improvement Area #1 of the District. The Appraisal provides the fee simple estate value for Improvement Area #1 of the District. See “APPENDIX F — Appraisal.”

The value estimate for the assessable property within Improvement Area #1 of the District using the methodologies described in the Appraisal and subject to the limitations, hypothetical conditions and extraordinary assumptions set forth in the Appraisal, as of August 3, 2024, is \$15,521,000. For further information about the value of the land within Improvement Area #1 and the lien relating to the Assessments, see “ASSESSMENT PROCEDURES – Assessment Methodology.”

None of the City, the Developer nor the Underwriter makes any representation as to the accuracy, completeness, assumptions or information contained in the Appraisal. The assumptions or qualifications with respect

to the Appraisal are contained therein. There can be no assurance that any such assumptions will be realized, and the City, the Developer and the Underwriter make no representation as to the reasonableness of such assumptions. Prospective investors should read the complete Appraisal in order to make an informed decision regarding any contemplated purchase of the Bonds. The complete Appraisal is attached hereto as APPENDIX F.

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 Administrator has reviewed this Limited Offering Memorandum and warrant and represent that the information herein under the caption "THE ADMINISTRATOR" 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 are made, not misleading.

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

The Administrator's duties will include:

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

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

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 AND OTHER FUNDS COMPRISING THE TRUST ESTATE, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. NO OWNER OF THE BONDS SHALL HAVE THE RIGHT TO DEMAND ANY EXERCISE OF THE CITY'S TAXING POWER TO PAY THE PRINCIPAL OF THE BONDS OR THE INTEREST OR REDEMPTION PREMIUM, IF ANY, THEREON. THE CITY SHALL HAVE NO LEGAL OR MORAL OBLIGATION TO PAY THE BONDS OUT OF ANY 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 #1 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 #1 of the District, (c) general and local economic conditions which may impact real property values, the ability to liquidate real property holdings and the overall value of real property development projects, and (d) general economic conditions which may impact the general ability to market and sell the lots within Improvement Area #1 of the District, it being understood that poor economic conditions within the City, State and region may slow the assumed pace of sales of such lots.

The rate of development of the property in Improvement Area #1 of the District is directly related to the vitality of the residential housing industry. In the event that the sale of homes within Improvement Area #1 of the District should proceed more slowly than expected and the Developer 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 expeditious 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 expeditious liquidation of real property through foreclosure or similar means is generally considered to yield sales proceeds in a lesser sum than might otherwise be received through the orderly marketing of such real property.

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

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

Deemed Representations and Acknowledgment by Investors

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

Assessment Limitations

Annual Installments of Assessments are billed to property owners in Improvement Area #1 of the District. Annual Installments are due and payable, and bear the same penalties and interest for non-payment, as for ad valorem taxes as described under "ASSESSMENT PROCEDURES" herein. Additionally, Annual Installments established by the Service and Assessment Plan correspond in number and proportionate amount to the number of installments and principal amounts of Bonds maturing in each year, interest and the Annual Collection Costs for such year. See "ASSESSMENT PROCEDURES" herein. The unwillingness or inability of a property owner to pay regular property

tax bills as evidenced by property tax delinquencies may also indicate an unwillingness or inability to make regular property tax payments and Annual Installments of 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 #1 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 #1 of the District, any lien securing an Assessment that is delinquent will be foreclosed upon in the same manner as the ad valorem tax lien (assuming all necessary conditions and procedures for foreclosure are duly satisfied). To the extent that a foreclosure sale results in insufficient funds to pay in full both the delinquent ad valorem taxes and the delinquent 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 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. It is unclear under State 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 State 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 had been claimed. Furthermore, neither the Developer nor its affiliates is eligible to claim homestead rights and the Developer has represented that it owned all property within Improvement Area #1 of the District as of the date of the Assessment Ordinance. Consequently, there are and can be no homestead rights on the Assessed Property superior to the Assessment Lien and, therefore, the Assessment Lien may be foreclosed upon by the City.

Failure by owners of the parcels to pay Annual Installments when due, depletion of the Reserve Fund, delay in foreclosure proceedings, or inability of the City to sell parcels which have been subject to foreclosure proceedings for amounts sufficient to cover the delinquent installments of 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 PERSONAL OBLIGATIONS OF AND CHARGES AGAINST THE OWNERS OF PROPERTY LOCATED WITHIN IMPROVEMENT AREA #1 OF THE DISTRICT.

Competition

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

<u>Project Name</u>	<u># of Units</u>	<u>Proximity to District (Miles)</u>	<u>Developer/Builders</u>	<u>Expected Home Sale Prices</u>	<u>Estimated # of Units Remaining</u>
Wayside	842	0.78	Ranch Road / D.R. Horton	\$277,000	649
Watermill	327	2.29	Ranch Road / D.R. Horton	\$327,000	137
Pradera	576	1	JS Development / Lennar	\$280,990	408

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

The 87th Legislature passed HB 1543, which became effective September 1, 2021, and requires a person who proposes to sell or otherwise convey real property within a public improvement district to provide to the purchaser of the property, before the execution of a binding contract of purchase and sale, written notice of the obligation to pay public improvement district assessments, in accordance with Section 5.014, Texas Property Code, as amended. In the event a contract of purchase and sale is entered into without the seller providing the notice, the intended purchaser is entitled to terminate the contract or purchase and sale. If the Developer or homebuilders within Improvement Area #1 of the District do not provide the required notice and prospective purchasers of property within Improvement Area #1 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 Developer or homebuilders within Improvement Area #1 of the District do not provide the required notice and become liable for monetary damages, the anticipated buildout and absorption schedule may be affected. No assurances can be given that the projected buildout and absorption schedules presented in this Limited Offering Memorandum will be realized. The form of notice to be provided to homebuyers is attached to the Service and Assessment Plan. See "APPENDIX B – Form of Service and Assessment Plan."

Completion of Homes

The cost and time for completion of homes by the homebuilders 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 Developer.

Absorption Rate

There can be no assurance that the Developer 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 #1 of the District 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 #1 of the District are substantially higher than the estimated costs or if the homebuilders within Improvement Area #1 of the District are unable to access building materials in a timely manner, it may affect the ability of such homebuilders in Improvement Area #1 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 #1 of the District.

Loss of Tax Exemption

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

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

Bankruptcy

The payment of 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 #1 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 Improvement Area #1 of the District and will likely do so in the future. Such entities could also impose assessment liens on the property within Improvement Area #1 of the District. The imposition of additional liens, or liens for private financing, may reduce the ability or willingness of the landowners to pay the Assessments. See "OVERLAPPING TAXES AND DEBT."

Depletion of Reserve Account of the Reserve Fund

Failure of the owners of property within Improvement Area #1 of the District to pay the Assessments when due could result in the rapid, total depletion of the Reserve Account of the Reserve Fund prior to replenishment from the resale of property upon a foreclosure or otherwise or delinquency redemptions after a foreclosure sale, if any. There could be a default in payments of the principal of and interest on the Bonds if sufficient amounts are not available

in the Reserve Account of the Reserve Fund. The Indenture provides that if, after a withdrawal from the Reserve Account of the Reserve Fund, the amount in the Reserve Account of the Reserve Fund is less than the Reserve Account Requirement, the Trustee shall transfer an amount from the Pledged Revenue Fund to the Reserve Account of the Reserve Fund sufficient to cure such deficiency, as described under “SECURITY FOR THE BONDS — 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 Improvement Area #1 of the District be affected by a hazardous substance, the marketability and value of such parcels would be reduced by the costs of remedying the condition, because the purchaser, upon becoming owner, will become obligated to remedy the condition just as is the seller.

The value of the land within Improvement Area #1 of the District does not take into account the possible liability of the Developer for the remediation of a hazardous substance condition on the property in Improvement Area #1 of the District. The City has not independently verified, and is not aware, that the Developer has such a current liability with respect to its property; however, it is possible that such liabilities do currently exist and that the City is not aware of them.

Further, it is possible that liabilities may arise in the future with respect to any of the land within Improvement Area #1 of the District resulting from the existence, currently, of a substance presently classified as hazardous but which has not been released or the release of which is not presently threatened, or may arise in the future resulting from the existence, currently, on the parcel of a substance not presently classified as hazardous but which may in the future be so classified. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling it. The actual occurrence of any of these possibilities could significantly negatively affect the value of a parcel that is realizable upon a foreclosure.

See “THE DEVELOPMENT – Environmental” for a discussion of the Executive Summary of a Phase One Environmental Site Assessment provided by the Developer.

Exercise of Third Party Property Rights

As described herein under “THE DEVELOPMENT – Existing Mineral Rights, Easements and Other Third Party Property Rights,” there are certain Third Party Property Rights reservations located within Improvement Area #1 of the District and not owned by the Developer or any of its affiliates. There may also be additional mineral rights and related real property rights reflected in the chain of title for the real property within the District recorded in the real property records of Hays County.

The Developer does not expect the existence or exercise of any Third Party Property Rights, mineral rights or related real property rights in or around the District to have a material adverse effect on the Development, the property within the District, or the ability of landowners within Improvement Area #1 of the District to pay Assessments. However, none of the City, the Financial Advisor, or the Underwriter provide any assurances as to such Developer expectations.

Regulation

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

Bondholders' Remedies and Bankruptcy

In the event of default in the payment of principal of or interest on the Bonds or the occurrence of any other Event of Default under the Indenture, the Trustee may, and upon the written request of at least a Quarter in Interest 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 Improvement Area #1 of the District or sell property within Improvement Area #1 of the District in order to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the owners of the Bonds further may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the City. In this regard, should the City file a petition for protection from creditors under federal bankruptcy laws, the remedy of mandamus or the right of the City to seek judicial foreclosure of its 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 Improvement Area #1 of the District pursuant to the Federal Bankruptcy Code could, subject to its discretion, delay or limit any attempt by the City to collect delinquent Assessments, or delinquent ad valorem taxes, against such property owner.

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

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

of municipal debt). Each situation will be prospectively evaluated based on the facts and circumstances surrounding the contract in question to determine if a suit, and subsequently, a judgement, is justiciable against a municipality.

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

No Acceleration

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

Bankruptcy Limitation to Bondholders' Rights

The enforceability of the rights and remedies of the owners of the Bonds may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the City. The City is authorized under State 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 State law are obtained and (6) the plan is in the best interests of creditors and is feasible. The rights and remedies of the owners of the Bonds would be adjusted in accordance with the confirmed plan of adjustment of the City's debt. The City cannot predict a Bankruptcy Court's treatment of the Bondholders' creditor claim and whether a Bondholder would be repaid in full.

Tax-Exempt Status of the Bonds

As further described in "TAX MATTERS" below, failure of the City to comply with the requirements of the Internal Revenue Code of 1986 (the "Code") and the related legal authorities, or changes in the federal tax law or its application, could cause interest on the Bonds to be included in the gross income of owners of the Bonds for federal income tax purposes, possibly from the date of original issuance of the Bonds. Further, the opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of interest on the Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. The IRS has an ongoing program of auditing obligations that are issued and sold as bearing tax-exempt interest to determine whether, in the view of the IRS, interest on such obligations is included in the gross income of the owners thereof for federal income tax purposes. The IRS has

announced that its audit efforts will focus in part on “developer-driven bond transactions,” including certain tax increment financings and certain assessment bond transactions. In recent audits, the IRS has asserted that interest on such “developer-driven” obligations can be taxable, in certain circumstances, even when those transactions otherwise meet all applicable tax law requirements. It cannot be predicted if this IRS focus could lead to an audit of the Bonds or what the result would be of any such audit. If an audit of the Bonds is commenced, under current procedures parties other than the City would have little, if any, right to participate in the audit process. Moreover, because achieving judicial review in connection with an audit of tax-exempt obligations is difficult, obtaining an independent review of IRS positions with which the City legitimately disagrees, may not be practicable. Any action of the IRS, regardless of the outcome, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of obligations presenting similar tax issues, may affect the market price for, or the marketability of, the Bonds. Finally, if the IRS ultimately determines that the interest on the Bonds is not excluded from the gross income of Bondholders for federal income tax purposes, the City may not have the resources to settle with the IRS, the Bonds are not required to be redeemed, and the interest rate on the Bonds will not increase.

Management and Ownership

The management and ownership of the Developer and related property owners could change in the future. Purchasers of the Bonds should not rely on the management experience of such entities. There are no assurances that such entities will not sell the subject property or that officers will not resign or be replaced. In such circumstances, a new 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

The Developer has the right to modify or change its plan for development of the District, from time to time, including, without limitation, land use changes, changes in the overall land and phasing plans, and changes to the type, mix, size, and number of units to be developed. No defined “true-up” agreement has been entered into between the City and the Developer, nor is there a requirement that future developers or landowners enter into such an agreement. There can be no assurance, in the event the Developer or a subsequent developer modifies or changes its plan for development, that the necessary revisions to the Service and Assessment Plan will be made. Nor can there be an assurance that the eventual assessment burden on the property will be marketable.

The ability of the Developer to develop lots and to sell single-family residential homes within Improvement Area #1 of the District may be affected by unforeseen changes in general economic conditions, fluctuations in the real estate market, and other factors beyond the control of the owner of the single-family residential lots. In the event that a large number of single-family projects are constructed outside of Improvement Area #1 of the District, and compete with the Development, the demand for residential housing within Improvement Area #1 of the District could be reduced, thereby adversely affecting the continued development of Improvement Area #1 of the District, or its attraction to residents.

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 Developer, including those derived from the Development, are not within the control of the Developer. 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 Developer.

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

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

A slowdown of the development process and the related absorption rate with the Development because any or all of the foregoing could adversely affect land values. The timely payment of the Bonds depends on the willingness and ability of the Developer or its homebuilding affiliates and any subsequent owners to pay the Assessments when due. Any or all of the foregoing could reduce the willingness and ability of such owners to pay the Assessments and could greatly reduce the value of the property within Improvement Area #1 in the event such property has to be foreclosed. If Annual Installments of Assessments are not timely paid and there are insufficient funds in the accounts of the Reserve Fund, a nonpayment could result in a payment default under the Indenture.

Availability of Utilities

General. County Line SUD will provide both water and wastewater service to the Development. The progress of development within the District is dependent upon County Line SUD receiving an adequate supply of water and providing sufficient capacity for the collection and treatment of wastewater, in accordance with the NSSAs. If County Line SUD cannot timely or fails to supply water and wastewater services to the property in Improvement Area #1 of the District, the development of homes in Improvement Area #1 of the District could be adversely affected.

Portions of the State, including the City and its surrounding area, are experiencing significant growth, which has produced and is expected to continue to produce a growing demand for water and wastewater service. The ability of CRWA, GBRA and Alliance to provide an adequate supply of water and sufficient capacity for County Line SUD's collection and Plum Creek's treatment of wastewater, as applicable, is dependent on many factors, including, but not limited to, supply and demand of materials to complete necessary water and wastewater improvements, compliance with the Texas Commission on Environmental Quality regulations, the effects of extreme weather events on such entities' water and wastewater systems, and the construction of developments competing with the District. See "THE DEVELOPMENT — Utilities," "BONDHOLDERS' RISKS — General Risks of Real Estate Investment and Development," "— Risks Related to Current Increase in Costs of Building Materials," "— Competition," "— Regulation" and "— Risk from Weather Events."

None of the City, the Financial Advisor, the Underwriter, or the Developer can predict the impact that such growing demand may have on the City, the District, the projected buildout schedule, availability of water and wastewater service to Improvement Area #1 of the District or an investment in the Bonds.

Availability of Water. County Line SUD primary source of water supply comes from CRWA, which obtains its water from GBRA. It is also anticipated that County Line SUD may, in the future, receive water through CRWA's partnership with Alliance, upon its completion of a new water treatment plant projected for 2025.

All of Texas, including the City, is at risk for drought conditions. In accordance with the Contract between CRWA and the Participants, during drought conditions or in any other condition when water cannot be supplied to

meet the demands of all customers, the water to be distributed shall be divided amongst all customers of stored water from Canyon Reservoir (or other sources) pro rata, according to the amount each may be entitled to, subject to reasonable conservation and drought management plans and requirements based on particular purposes of use of the water, so that preference is given to no one and everyone suffers alike; provided, however, that if any contracting party is providing raw water to CRWA for treatment, such water when treated shall be allocated solely to the providing contracting party and shall not be subject to pro rata allocation. Accordingly, drought conditions may have an impact on the availability of water to service the District.

None of the City, the Financial Advisor, the Underwriter, or the Developer can predict the impact that the drought or any future similar condition may have on the City, the District, the projected buildout schedule, availability of water service to the District or an investment in the Bonds. See “THE DEVELOPMENT — Utilities.”

Dependence Upon Developer

The Developer, as the owner of the Assessed Property in Improvement Area #1 of the District, currently has the obligation for payment of the Assessments. The ability of the Developer 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 Developer to advance any funds to the City to supplement revenues from the Assessments if necessary, or as to whether the Developer will advance such funds.

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

Potential Future Changes in State Law Regarding Public Improvement Districts

During Texas legislative sessions and interim business of the Texas legislature, various proposals and reports have been presented by committees of Texas Senate and Texas House of Representative which suggest or recommend changes to the PID Act relating to oversight of bonds secured by special assessments including adopting requirements relating to levels of build out or adding State level oversight in connection with the issuance of bonds secured by special assessments under the PID Act. The 88th Legislative Session of the State (the “88th Regular Session”) concluded on May 29, 2023. When the regular Legislature is not in session, the Governor of Texas may call one or more special sessions, at the Governor’s direction, each lasting no more than 30 days, and for which the Governor sets the agenda. Upon conclusion of the 88th Regular Session, the Governor has called four special sessions all of which have ended without any legislation being passed by either chamber of the Texas legislature recommending oversight of bonds secured by assessments. It is impossible to predict what new proposals may be presented regarding the PID Act and the issuance of special assessment bonds during any upcoming legislative sessions, whether such new proposals or any previous proposals regarding the same will be adopted by the Texas Senate and House of Representatives and signed by the Governor, and, if adopted, the form thereof. It is impossible to predict with certainty the impact that any such future legislation will or may have on the security for the Bonds.

Use of Appraisal

Caution should be exercised in the evaluation and use of valuations included in the Appraisal. The Appraisal is an estimate of market value as of a specified date based upon assumptions and limiting conditions and any extraordinary assumptions specific to the relevant valuation and specified therein. The estimated market value specified in the Appraisal is not a precise measure of value but is based on a subjective comparison of related activity taking place in the real estate market. The valuation set forth in the Appraisal is based on various assumptions of future expectations and while the Appraiser’s forecasts for properties in Improvement Area #1 of the District is considered to be reasonable at the current time, some of the assumptions may not materialize or may differ materially from actual experience in the future. The Bonds will not necessarily trade at values determined solely by reference to the underlying value of the properties in Improvement Area #1 of the District.

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

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

Risk from Weather Events

All of the State, including the City and the District, is subject to extreme weather events that can cause loss of life and damage to property through strong winds, flooding, heavy rains, drought, 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, including land within Improvement Area #1 of the District.

100-Year Flood Plain

According to FEMA FIRM No. 48209C0410F, dated September 2, 2005, no portion of the property in the District lies within a special flood hazard area. FEMA will from time to time revise its Flood Insurance Rate Maps. None of the City, the Underwriter, or the Developer 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 covenants (subject to provisions set forth in the Indenture) to order and cause such actions to be commenced. In the event a foreclosure is necessary, there could be a delay in payments to owners of the Bonds pending prosecution of the foreclosure proceedings and receipt by the City of the proceeds of the foreclosure sale. It is possible that no bid would be received at the foreclosure sale, and, in such event, there could be an additional delay in payment of the principal of and interest on the Bonds or such payment may not be made in full. Moreover, in filing a suit to foreclose, the City must join other taxing units that have claims for delinquent taxes against all or part of the same property; the proceeds of any sale of property within Improvement Area #1 of the District available to pay debt service on the Bonds may be limited by the existence of other tax liens on the property. See "OVERLAPPING TAXES AND DEBT." Collection of delinquent taxes, assessments and the 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 #1 of the District 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 who are individuals. 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 made in a certificate dated the date of delivery of the Bonds pertaining to the use, expenditure, and investment of the proceeds of the Bonds and will assume continuing compliance by the City with the provisions of the Indenture subsequent to the issuance of the Bonds. The Indenture contains covenants by the City with respect to, among other matters, the use of the proceeds of the Bonds and the facilities financed therewith by persons other than state or local governmental units, the manner in which the proceeds of the Bonds are to be invested, the periodic calculation and payment to the United States Treasury of arbitrage “profits” from the investment of proceeds, and the reporting of certain information to the United States Treasury. Failure to comply with any of these covenants may cause interest on the Bonds to be includable in the gross income of the owners thereof from the date of the issuance of the Bonds.

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

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

For taxable years beginning after 2022, the Code imposes a minimum tax of 15 percent of the adjusted financial statement income of certain large corporations, generally consisting of corporations (other than S corporations, regulated investment companies and real estate investment trusts) with more than \$1 billion in average annual adjusted financial statement income, determined over a three-year period. For this purpose, adjusted financial statement income generally consists of the net income or loss of the taxpayer set forth on the taxpayer’s applicable financial statement of the taxable year, subject to various adjustments, but is not reduced for interest earned on tax-

exempt obligations, such as the Bonds. Prospective purchasers that could be subject to this minimum tax should consult with their own tax advisors regarding the potential impact of owning the Bonds.

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

Tax Accounting Treatment of Discount and Premium on Certain Bonds

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

However, such interest may be required to be taken into account in determining the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with subchapter C earnings and profits, corporations subject to the alternative minimum tax on adjusted financial statement income, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a 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.

Norton Rose Fulbright US LLP serves as Bond Counsel to the City. Locke Lord 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, limited 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, limited 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 Trust Estate. 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," "ASSESSMENT PROCEDURES" (except for the subcaptions "Assessment Methodology" and "Assessment Amounts"), "THE DISTRICT," "TAX MATTERS," "LEGAL MATTERS — Legal Proceedings" (except for the last paragraph thereof), "LEGAL MATTERS — Legal Opinions" (except for the last paragraph thereof), "CONTINUING DISCLOSURE — The City," "REGISTRATION AND QUALIFICATION OF BONDS FOR SALE," "INVESTMENTS," "LEGAL INVESTMENT AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS," APPENDIX A and APPENDIX C, and such firm is of the opinion that the information relating to the Bonds and legal issues contained under such captions and subcaptions is an accurate and fair description of the laws and legal issues addressed therein and, with respect to the Bonds, the Bond Ordinance and the Assessment Ordinance, such information conforms to the Bond Ordinance, 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, to its knowledge, 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 Trust Estate, or in any way contesting the completeness or accuracy of this Limited Offering Memorandum or any amendment or supplement thereto, or contesting the powers of the City or its authority with respect to the Bonds or any action of the City contemplated by any documents relating to the Bonds.

Litigation — The Developer

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

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 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 governmental immunity, bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors and enacted before or after such delivery, and by general principles of equity that permit the exercise of judicial discretion.

NO RATING

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

CONTINUING DISCLOSURE

The City

Pursuant to Rule 15c2-12 of the United States Securities and Exchange Commission (the “Rule”), the City, the Administrator and BOKF, NA (in such capacity, the “Dissemination Agent”) 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 only as provided in the City Disclosure Agreement. The City has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided in this Limited Offering Memorandum, except as provided in the City Disclosure Agreement. The City makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell the Bonds at any future date. The City disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of the City Disclosure Agreement or from any statement made pursuant to the City Disclosure Agreement.

The City’s Compliance with Prior Undertakings

During the last five years, the City has complied in all material respects with all of its continuing disclosure undertakings pursuant to the Rule.

The Developer

The Developer, the Administrator, and the Dissemination Agent entered into a Continuing Disclosure Agreement (the “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 Developer Disclosure Agreement, certain information regarding Improvement Area #1 of the District and the Improvement Area #1 Projects (collectively, the “Developer Reports”). The specific nature of the information to be contained in the Developer Reports is set forth in “APPENDIX D-2 — Form of Developer Disclosure Agreement.” Under certain circumstances, the failure of the Developer or the Administrator to comply with their respective obligations under the 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 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 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 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 Developer Disclosure Agreement. The Developer has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided in this Limited Offering Memorandum, except as provided in the Developer Disclosure Agreement. The Developer makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell the Bonds at any future date. The Developer disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of the Developer Disclosure Agreement or from any statement made pursuant to the Developer Disclosure Agreement.

The Developer’s Compliance with Prior Undertakings

The Developer has not previously entered into an undertaking to provide continuing disclosure.

UNDERWRITING

FMSbonds, Inc. (the “Underwriter”) has agreed to purchase the Bonds from the City at a purchase price of \$6,720,775.84 (the par amount of the Bonds, less an original issue discount of \$23,634.16 and less an underwriting discount of \$208,590.00, which includes Underwriter’s Counsel’s fee of \$69,530.00). The Underwriter’s obligations are subject to certain conditions precedent and if obligated to purchase any of the Bonds the Underwriter will be obligated to purchase all of the Bonds. The Bonds may be offered and sold by the Underwriter at prices lower than

the initial offering prices stated on the inside cover page hereof, and such initial offering prices may be changed from time to time by the Underwriter.

REGISTRATION AND QUALIFICATION OF BONDS FOR SALE

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

LEGAL INVESTMENT AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

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

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

INVESTMENTS

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

Under State law, the City is authorized to make investments meeting the requirements of the PFIA, which currently include (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which 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) (i) certificates of deposit and share certificates 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 (8) or in any other manner and amount provided by law for City deposits, or (ii) certificates of deposits 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) above or clause (12) below, 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 (8) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than A or its equivalent or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (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 (8) 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 (8) and (13) through (15) 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 State law, the City is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that 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 State 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 State 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, requires an interpretation of subjective investment standards, or relates to investment transactions of the entity that are not made through accounts or other contractual arrangements over which the business organization has accepted discretionary investment authority), and (c) deliver a written statement 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 BOKF, NA, 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.bokf.com. Neither the information on the Trustee's website, nor any links from that website, is a part of this Limited Offering Memorandum, nor should any such information be relied upon to make investment decisions regarding the Bonds.

SOURCES OF INFORMATION

General

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

Source of Certain Information

The information contained in this Limited Offering Memorandum relating to the description of the Improvement Area #1 Projects, the Development, the Developer generally and, in particular, the information included in the sections captioned "PLAN OF FINANCE – Development Plan, Status of Development, and Plan of Finance," "OVERLAPPING TAXES AND DEBT – Homeowners Association," "THE IMPROVEMENT AREA #1 PROJECTS," "THE DEVELOPMENT," "THE DEVELOPER," "BONDHOLDERS' RISKS" (only as it pertains to

the Developer, the Improvement Area #1 Projects and the Development), “LEGAL MATTERS — Litigation — The Developer,” “CONTINUING DISCLOSURE – The Developer” and “ – The Developer’s Compliance with Prior Undertakings,” APPENDIX E, and APPENDIX G has been provided by the Developer, and the Developer warrants and represents, solely with respect to information pertaining to the Developer, the Development and the Improvement Area #1 Projects 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 light of the circumstances under which they were made, not misleading. At the time of delivery of the Bonds to the Underwriter, the Developer 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 P3Works, LLC and has been included in reliance upon the authority of such firm as experts in the field of formation and administration of public improvement districts.

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

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

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APPENDIX A
FORM OF INDENTURE

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INDENTURE OF TRUST

By and Between

CITY OF UHLAND, TEXAS

and

BOKF, NA,

as Trustee

DATED AS OF NOVEMBER 1, 2024

SECURING

\$6,953,000

CITY OF UHLAND, TEXAS

**SPECIAL ASSESSMENT REVENUE BONDS, SERIES
2024 (ANDERSON PARK PUBLIC IMPROVEMENT
DISTRICT IMPROVEMENT AREA #1 PROJECT)**

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INDENTURE OF TRUST

THIS INDENTURE, dated as of November 1, 2024 is by and between the CITY OF UHLAND, TEXAS (the "City"), and BOKF, NA, 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 within the corporate limits of the City to be known as the Anderson Park 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 Hays 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, notice of the public hearing for creation of the District was published in the *San Marcos Daily Record* on August 22, 2021, as required by Section 372.009(c) of the PID Act; and

WHEREAS, on October 13, 2021, 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 October 13, 2021, the City Council made the findings required by Section 372.009(b) of the PID Act and, by Resolution No. 20211310 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 (the "Creation Resolution"); and

WHEREAS, the City filed the Creation Resolution in the records of Hays County, Texas, all as provided for in the PID Act; and

WHEREAS, 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 November 2, 2021; and

WHEREAS, on October 2, 2024 the City Council by Resolution No. 2024-02-10 made findings and determinations relating to the Actual Costs of certain Authorized Improvements, received and accepted a preliminary Service and Assessment Plan and proposed Improvement Area #1 Assessment Roll, called a public hearing for October 23, 2024, and directed City staff to (i) file the proposed Improvement Area #1 Assessment Roll 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 and mail such notice of the October 23, 2024 public hearing as required by Section 372.016(b) of the PID Act; and

WHEREAS, on October 8, 2024, the City Council, pursuant to Section 372.016(b) of the PID Act, published notice of the public hearing in the *Austin-American Statesman*, a newspaper of general circulation in the City, to consider the proposed Service and Assessment Plan and the Improvement Area #1 Assessment Roll and the levy of the Improvement Area #1 Assessments on the property within 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 #1 Assessment Roll and the Service and Assessment Plan and the levy of the Improvement Area #1 Assessments on property within the District to the last known address of the owners of the property liable for the Improvement Area #1 Assessments; and

WHEREAS, the October 23, 2024 public hearing was rescheduled for October 30, 2024; and

WHEREAS, the City Council opened and convened the hearing on October 30, 2024, 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 #1 Assessment Roll, and the proposed Improvement Area #1 Assessments, and to offer testimony pertinent to any issue presented on the amount of the Improvement Area #1 Assessments, the allocation of estimated costs of the Improvement Area #1 Projects to the Improvement Area #1 Assessed Property within the District, the purposes of the Improvement Area #1 Assessments, the special benefits of the Improvement Area #1 Projects, and the penalties and interest on Annual Installments and on delinquent Annual Installments of the Improvement Area #1 Assessments, and there were no written objections or evidence submitted to the City Secretary in opposition to the Service and Assessment Plan, the allocation of estimated costs of the Improvement Area #1 Projects to the Improvement Area #1 Assessed Property within the District, the Improvement Area #1 Assessment Roll, and the levy of the Improvement Area #1 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 Council approved and accepted Ordinance No. 322, which levied the Improvement Area #1 Assessments and approved and accepted the Service and Assessment Plan, in conformity with the requirements of the PID Act; and

WHEREAS, the City Council found and determined that the Improvement Area #1 Assessments should be levied as provided in the Service and Assessment Plan; and

WHEREAS, the City Secretary of the City filed a copy of the Assessment Ordinance and the Service and Assessment Plan as an exhibit to the Assessment Ordinance, not later than the seventh day after the date the City Council approved the Assessment Ordinance and the Service and Assessment Plan with the County Clerk of Hays County; and

WHEREAS, the City Council is authorized by the PID Act to issue its revenue bonds payable from the Improvement Area #1 Assessments for the purpose of (i) paying a portion of the Actual Costs of the Improvement Area #1 Projects, (ii) paying a portion of the interest on the Bonds during and after the period of acquisition and construction of the Improvement Area #1 Projects, (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; and

WHEREAS, the City Council now desires to issue revenue bonds, in accordance with the PID Act, such bonds to be entitled "City of Umland, Texas, Special Assessment Revenue Bonds,

Series 2024 (Anderson Park Public Improvement District Improvement Area #1 Project)” (the “Bonds”), such Bonds being payable solely from the Trust Estate and for the purposes set forth in the preamble of this Indenture; and

WHEREAS, the Bonds are payable from the Improvement Area #1 Assessments levied against that portion of the District designated as Improvement Area #1 and are secured by this Indenture of Trust, dated November 1, 2024 (the “*Indenture*”), executed and delivered by the City and the Trustee, concurrent with the issuance of the Bonds; and

WHEREAS, the execution and delivery of this Indenture and the issuance of the Bonds have been in all respects duly and validly authorized by written ordinance of the City Council of the City of Umland, Texas; and

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

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

ARTICLE I DEFINITIONS, FINDINGS AND INTERPRETATION

Section 1.1. Definitions.

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

“Account” means any of the accounts established pursuant to Section 6.1 of this Indenture.

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

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

"Additional Interest Rate" means the 0.50% additional interest rate charged on the Improvement Area #1 Assessments securing the Bonds 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 6.7 of this Indenture.

"Additional Interest Reserve Requirement" means an amount equal to 5.50% of the principal amount of the Outstanding Bonds Similarly Secured to be funded from Improvement Area #1 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 Improvement Area #1 Assessments securing the Bonds Similarly Secured, levied against property within the District in accordance with the PID Act.

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

"Administrator" means the City or the person or independent firm designated by 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 P3Works, LLC.

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

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

"Annual Installment" means, with respect to the Improvement Area #1 Assessed Properties, the annual installment payment of an Improvement Area #1 Assessment as calculated by the Administrator and approved by the City Council, that includes: (1) principal of the Improvement Area #1 Assessment; (2) interest on the Improvement Area #1 Assessment; (3) Annual Collection Costs; and (4) Additional Interest, if applicable.

"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 and as approved by the City Council.

"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.

"Assessment Ordinance" means Ordinance No. 322 adopted by the City Council on October 30, 2024, that levied the Improvement Area #1 Assessments on the Improvement Area #1 Assessed Property.

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

"Authorized Denomination" means \$100,000 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 \$100,000, then the Authorized Denomination of such Outstanding Bond shall be the amount of such Outstanding Bond.

"Authorized Improvements" means those public improvements, including the Improvement Area #1 Projects, authorized by Section 372.003 of the PID Act, including but not limited to those listed in Section III of the Service and Assessment Plan.

"Bond Counsel" means Norton Rose Fulbright US LLP or any other attorney or firm of attorneys designated by the City that is nationally recognized for expertise in rendering opinions as to the legality and tax-exempt status of securities issued by public entities.

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

"Bond Fund" means the Fund of such name established pursuant to Section 6.1 and administered as provided in Section 6.4.

"Bond Ordinance" means Ordinance No. 323 adopted by the City Council on October 30, 2024, authorizing the issuance of the Bonds pursuant to this Indenture.

"Bond Year" means the one-year period beginning on September 1 in each year and ending on August 31 in the following year.

"Bonds" or "Bond" means the City's bonds authorized to be issued by Section 3.1 of this Indenture entitled "City of Uhlman, Texas, Special Assessment Revenue Bonds, Series 2024 (Anderson Park Public Improvement District Improvement Area #1 Project)" that are secured by the Trust Estate, consisting primarily of actual revenues received by or on behalf of the City from the collection of Improvement Area #1 Assessments levied against Improvement Area #1 Assessed Property, or the Annual Installments thereof, for the Improvement Area #1 Projects.

“Bonds Similarly Secured” or “Bond Similarly Secured” means all bonds or any bond authorized by a bond ordinance and issued in accordance with this Indenture, including the Bonds, Refunding Bonds and any bonds issued in exchange or replacement thereof as permitted by this Indenture.

“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 6.1.

“Certification for Payment” means a certificate substantially in the form of Exhibit D attached to the Financing Agreement or otherwise approved by the Developer and a City Representative, executed by the Developer and approved by the City Representative, delivered to a City Representative and the Trustee specifying the amount of work performed related to the Improvement Area #1 Projects and the Actual Costs thereof, and requesting payment for such Actual Costs from money on deposit in the Improvement Area #1 Improvements Account or the Improvement Area #1 Major Improvements Account of the Project Fund, as applicable, as further described in the Financing Agreement and Section 6.5 herein.

“City Certificate” means a certificate signed by a City Representative and delivered to the Trustee, certifying that the Trustee is authorized to take the action specified in the City Certificate, and a form of City Certificate is included as *Exhibit B* to this Indenture.

“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 applicable Series of the Bonds Similarly Secured.

“Closing Disbursement Request” means a certificate substantially in the form of Exhibit E attached to the Financing Agreement or otherwise approved by the Developer and a City Representative, executed by the Developer and approved by the City Representative, delivered to a City Representative and the Trustee at the time of the Closing Date, specifying the costs incurred in the establishment, administration, and operation of the District or issuing the Bonds, and requesting payment for such costs from money on deposit in the Costs of Issuance Account of the Project Fund, as further described in Section 6.5 herein.

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

“Continuing Disclosure Agreements” or “Continuing Disclosure Agreement” means both, or either of, the Continuing Disclosure Agreements, with respect to the Bonds, by and among the City, the Administrator and the Dissemination Agent, and by and among the Developer, the Administrator, and the Dissemination Agent, as the case may be.

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

Section 6.1.

“County” means Hays County, Texas.

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

“Delinquent Collection Costs” means for an Improvement Area #1 Assessed Property, interest, penalties, and other costs and expenses authorized by the PID Act that directly or indirectly relate to the collection of delinquent Improvement Area #1 Assessments, delinquent Annual Installments, or any other delinquent amounts due under the Service and Assessment Plan, including costs and expenses to foreclose liens.

“Designated Payment/Transfer Office” means (i) with respect to the initial Paying Agent/Registrar named in this Indenture, the transfer/payment office located in Houston, 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 Continental Homes of Texas, LP, a Texas limited partnership, and its successors and assigns.

“Development Agreement” means the “Development Agreement Between the City of Uhlend, Texas, and Walton Texas, LP (Anderson Park PID)” between the City and the Developer, effective as of October 13, 2021, which provides for the development of property within the District, the creation of the District, the construction and financing of the Authorized Improvements, and other matters related thereto, as partially assigned to the Developer.

“Dissemination Agent” means BOKF, NA, solely in its capacity of dissemination agent, and its successors.

“District” means the Anderson Park Public Improvement District.

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

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

“Financing Agreement” means the “Anderson Park Public Improvement District Financing and Reimbursement Agreement” between the City and the Developer relating to the Bonds, dated as of October 13, 2021, which provides, in part, for the deposit of proceeds from the issuance and sale of the Bonds and the payment of costs of Authorized Improvements within the District, the issuance of the Bonds, the reimbursement of costs to the Developer from the proceeds of the Bonds for funds advanced by the Developer and used to pay costs of such Improvement Area #1 Projects and other matters related thereto.

"Foreclosure Proceeds" means the proceeds, including interest and penalty interest, received by the City from the enforcement of the Improvement Area #1 Assessments against any Improvement Area #1 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 6.1 of this Indenture.

"Improvement Area #1 Assessed Property" or "Improvement Area #1 Assessed Properties" means each parcel of land located within the District against which an Improvement Area #1 Assessment is levied by the Assessment Ordinance in accordance with the Service and Assessment Plan.

"Improvement Area #1 Assessment Revenue" means monies collected by or on behalf of the City from any one or more of the following: (i) an Improvement Area #1 Assessment levied against an Improvement Area #1 Assessed Property, or Annual Installment payment thereof, including any interest on such Improvement Area #1 Assessment or Annual Installment thereof during any period of delinquency, (ii) a Prepayment, and (iii) Foreclosure Proceeds.

"Improvement Area #1 Assessment Roll" means the assessment roll attached as Exhibit F to the Service and Assessment Plan or any other assessment roll for the District in an amendment or supplement to the Service and Assessment Plan or in an Annual Service Plan Update, showing the total amount of the Improvement Area #1 Assessments levied against the Improvement Area #1 Assessed Property, and/or the portion of the total Improvement Area #1 Assessment levied against each Improvement Area #1 Assessed Property, related to the Bonds Similarly Secured and the Improvement Area #1 Projects, as updated, modified, or amended from time to time in accordance with the terms of the Service and Assessment Plan and the PID Act.

"Improvement Area #1 Assessments" mean the aggregate Assessments levied pursuant to the Assessment Ordinance and shown on the Improvement Area #1 Assessment Roll. The singular of such term means the Improvement Area #1 Assessment levied against an Improvement Area #1 Assessed Property, pursuant to the Assessment Ordinance, as shown on the Improvement Area #1 Assessment Roll, subject to reallocation upon the subdivision of an Improvement Area #1 Assessed Property or reduction according to the provisions of the Service and Assessment Plan and the PID Act.

"Improvement Area #1 Improvements" mean those Authorized Improvements only benefiting Improvement Area #1 described in Section III.B of the Service and Assessment Plan.

"Improvement Area #1 Improvements Account" means the Account of such name established pursuant to Section 6.1.

"Improvement Area #1 Major Improvements Account" means the Account of such name established pursuant to Section 6.1.

"Improvement Area #1 Projects" mean the Improvement Area #1 Improvements and

Improvement Area #1's allocable share of the Major Improvements.

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

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

"Initial 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 1 and September 1 of each year, commencing March 1, 2025.

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

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

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

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

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

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

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

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

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

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

“Pledged Revenues” means the sum of (i) Improvement Area #1 Assessment Revenue less the Annual Collection Costs and Delinquent Collection Costs, (ii) the moneys held in any of the Pledged Funds, and (iii) any additional revenues that the City may pledge to the payment of Bonds Similarly Secured.

“Prepayment” means the payment of all or a portion of an Improvement Area #1 Assessment before the due date thereof. Amounts received at the time of a Prepayment which represent a payment of principal, interest, or penalties on a delinquent installment of an Improvement Area #1 Assessment are not to be considered a Prepayment, but rather are to be treated as the payment of the regularly scheduled Annual Installment.

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

“Project Collection Fund” means that Fund established by Section 6.1 and administered pursuant to Section 6.10 herein.

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

“Purchaser” means, with respect to a Series of Bonds Similarly Secured, the initial underwriter of such Bonds Similarly Secured.

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

“Rebate Amount” has the meaning set forth in Section 1.148-1(b) of the Regulations. “Rebate Fund” means that fund of such name established pursuant to Section 6.1 and administered pursuant to Section 6.8 herein.

“Record Date” means the close of business on the 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 6.1(a) and administered pursuant to Section 6.6 herein.

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

“Refunding Bonds” means bonds which are secured by a parity lien, with the Outstanding Bonds Similarly Secured, on the Trust Estate issued pursuant to Section 3.6 hereof, as more specifically described in a Supplemental Indenture authorizing the refunding of all or any portion of the then Outstanding Bonds Similarly Secured.

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

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

“Reserve Account Requirement” means the least of: (i) Maximum Annual Debt Service on the Bonds, (ii) 125% of average Annual Debt Service on the Bonds, or (iii) 10% of the lesser of the principal amount of the Outstanding Bonds or the original issue price of the Bonds. As of the Closing Date, the Reserve Account Requirement is \$473,695.00 which is an amount equal to the Maximum Annual Debt Service on the Bonds as of the Closing Date. The Reserve Account Requirement shall be adjusted upon the issuance of a subsequent Series of Bonds Similarly Secured.

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

“Service and Assessment Plan” means the “Anderson Park Public Improvement District Service and Assessment Plan” dated October 30, 2024, including the Improvement Area #1 Assessment Roll, as hereinafter amended, updated, and/or restated by an Annual Service Plan Update or otherwise, which is attached as Exhibit A to the Assessment Ordinance.

“Series” means any designated series of Bonds Similarly Secured issued under this Indenture or Supplemental Indenture.

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

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

“Supplemental Indenture” means an indenture which has been duly executed by the

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

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

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

“Trustee” means BOKF, NA, Houston, Texas, a national banking association duly organized and validly existing under the laws of the United States of America, with a corporate trust office in Houston, Texas, serving in its capacity as trustee, and its successors, and any other corporation or association that may at any time be substituted in its place, as provided in Article IX, such entity to serve as Trustee and Paying Agent/Registrar for the Bonds Similarly Secured.

Section 1.2. Findings.

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

Section 1.3. Table of Contents, Titles and Headings.

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

Section 1.4. Interpretation.

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

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

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

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

ARTICLE II

THE BONDS

Section 2.1 Granting Clauses.

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

- (i) All Pledged Revenues and all moneys and investments held in the Pledged Funds and Accounts thereof, including any and all proceeds thereof and any contract or any evidence of indebtedness related thereto or other rights of the City to receive any of such moneys or investments, whether now existing or hereafter coming into existence, and whether now or hereafter acquired; and
- (ii) Any and all other property or money of every name and nature which is, from time to time hereafter by delivery or by writing of any kind, conveyed, pledged, assigned or transferred, to the Trustee as additional security hereunder by the City or by anyone on its behalf or with its written consent, and the Trustee is hereby authorized to receive any and all such property or money at any and all times and to hold and apply the same subject to the terms thereof.

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

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

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

Section 2.2. Security for the Bonds Similarly Secured.

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

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

Section 2.3. Limited Obligations.

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

Section 2.4. Authorization for Indenture.

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

Section 2.5. Contract with Owners and Trustee.

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

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

ARTICLE III
AUTHORIZATION; GENERAL TERMS AND PROVISIONS
REGARDING THE BONDS

Section 3.1. Authorization.

The Bonds are hereby authorized to be issued and delivered in accordance with the Constitution and general laws of the State of Texas, including particularly the PID Act, as amended. The Bonds shall be issued in the aggregate principal amount of \$[7,601,000] for the purpose of (i) paying a portion of the Actual Costs of the Improvement Area #1 Projects, (ii) paying a portion of the interest on the Bonds during and after the period of acquisition and construction of the Improvement Area #1 Projects, (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.

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

(a) The Bonds shall be dated November 1, 2024 (the "Bond Date") and shall be issued in Authorized Denominations. The Bonds shall be in fully registered form, without coupons, and shall be numbered separately from R-1 upward, except the Initial Bond, which shall be numbered T-1.

(b) Interest shall accrue and be paid on each Bond from the later of the Closing Date 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 March 1 and September 1 of each year, commencing March 1, 2025, computed on the basis of a 360-day year of twelve 30-day months.

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

<u>Year</u>	<u>Principal Amount(\$)</u>	<u>Interest Rate (%)</u>
2031	713,000	4.375
***	***	***
2044	2,430,000	5.125
***	***	***
2055	3,810,000	5.500

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

Section 3.3. Conditions Precedent to Delivery of Bonds.

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

- (i) a copy of the executed Assessment Ordinance;
- (ii) a copy of the executed Bond Ordinance;
- (iii) a copy of the executed Development Agreement;
- (iv) a copy of the executed Financing Agreement;
- (v) a copy of this Indenture executed by the Trustee and the City;
- (vi) 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;
- (vii) a copy of the executed opinion of Bond Counsel;
- (viii) a copy of the executed Continuing Disclosure Agreements; and
- (ix) the approving opinion of the Attorney General of the State and the State Comptroller's registration certificate.

(b) Each Series of Refunding Bonds shall be executed by the City and delivered to the Trustee, whereupon the Trustee shall authenticate such Refunding Bonds and, upon payment of the purchase price of such Series of Refunding Bonds, shall deliver such Series of Refunding Bonds upon the order of the City, but only upon delivery to the Trustee of:

- (i) the items described in Section 3.3(a)(v) and (vii), if any, above;
- (ii) a certified copy of the ordinance of the City Council authorizing the issuance of such Series of Refunding Bonds and all actions necessary therefor;
- (iii) an original executed counterpart of the Supplemental Indenture for such Series of Refunding Bonds that establishes, among other things, the date, rate or rates of interest on, interest payment dates, maturity dates, redemption and all other terms and provisions of such Series of Refunding Bonds, which such terms shall include a deposit into the Reserve Account of the Reserve Fund of an amount equal to the Reserve Account Requirement taking into account the then Outstanding Bonds Similarly Secured and the Refunding Bonds then proposed to be issued;
- (iv) a City Certificate, including the requisite information as set forth in Section 3.3(a)(v) above, to the effect that the issuance of such Series of Refunding Bonds complies with the requirements contained herein and in each Supplemental Indenture, including the requirements contained in Section 13.2(c) below; and
- (v) the City Representative shall certify to the Trustee in writing that the City is not in default in the performance and observance of any of the terms, provisions and conditions applicable to the City contained herein or in any Supplemental Indenture.

Section 3.4. Medium, Method and Place of Payment.

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

(b) Interest on the Bonds Similarly Secured shall be payable to the 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 or more thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Trustee, if and when funds for the payment of such interest have been received from or on behalf of the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "Special Payment Date," which shall be 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 Similarly Secured 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 Similarly Secured 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 Similarly Secured shall be paid to the Owner of such Bond Similarly Secured on the due date thereof, whether at the maturity date or the date of prior redemption thereof, upon presentation and surrender of such Bond Similarly Secured at the Designated Payment/Transfer Office of the Paying Agent/Registrar.

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

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

Section 3.5. Execution and Registration of Bonds Similarly Secured.

(a) The Bonds Similarly Secured 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 Similarly Secured shall have the same effect as if each of the Bonds Similarly Secured had been signed manually and in person by each of such officers, and such facsimile seal on the Bonds Similarly Secured shall have the same effect as if the official seal of the City had been manually impressed upon each of the Bonds Similarly Secured.

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

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

(d) On the Closing Date for each Series of Bonds Similarly Secured, one Initial Bond representing the entire principal amount of such Series of Bonds Similarly Secured, payable in stated installments to the Purchaser or such Series of Bonds Similarly Secured, 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 of the State of Texas, and registered and manually signed by the Comptroller of Public Accounts of the State of Texas, will be delivered to the Purchaser or its designee. Upon payment for the Initial Bond, the Trustee shall cancel the Initial Bond and deliver to DTC on behalf of the Purchaser of such Bonds Similarly Secured one registered definitive bond for each year of maturity of such Series of the Bonds Similarly Secured, in the aggregate principal amount of all Bonds Similarly Secured for such maturity, registered in the name of Cede & Co., as nominee of DTC.

Section 3.6. Refunding Bonds.

(a) Except in accordance with the provisions of this Indenture, including Section 13.2, the City shall not issue additional bonds, notes or other obligations payable from any portion of the Trust Estate, 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 Similarly Secured and to pay all costs incident to the Refunding Bonds, as authorized by the laws of the State of Texas. Except as limited by the terms of this Indenture, including Section 13.2, the City reserves the right to incur debt payable from sources other than the Trust Estate, including revenue derived from contracts with other entities, including private corporations,

municipalities and political subdivisions issued particularly for the purchase, construction, improvement, extension, replacement, enlargement or repair of the facilities needed in performing any such contract.

(b) The principal of all Refunding Bonds must be scheduled to be paid, be subject to mandatory sinking fund redemption or mature on September 1 of the years in which such principal is scheduled to be paid. All Refunding Bonds must bear interest at a fixed rate and any interest payment dates for Refunding Bonds must be March 1 and September 1. The date, rate or rates of interest on, interest payment dates, maturity dates, redemption and all other terms and provisions of Refunding Bonds shall be set forth in a Supplemental Indenture.

(c) Upon their authorization by the City, the Refunding Bonds of a Series issued under this Section 3.6 shall be issued and shall be delivered to the purchasers or owners thereof, but before, or concurrently with, the delivery of said Refunding Bonds to such purchasers or owners there shall have been filed with the Trustee the items required by Section 13.2(d)(ii) below.

Section 3.7. 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 3.8. Registration, Transfer and Exchange.

(a) So long as any Bond Similarly Secured remains Outstanding, the City shall cause the Paying Agent/Registrar to keep at the Designated Payment/Transfer Office a Register in which, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of Bonds Similarly Secured in accordance with this Indenture. The Paying Agent/Registrar represents and warrants that it will 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 Similarly Secured shall be transferable only upon the presentation and surrender thereof at the Designated Payment/Transfer Office of the Paying Agent/Registrar with such endorsement or other evidence of transfer as is acceptable to the Paying Agent/Registrar. No transfer of any Bond Similarly Secured shall be effective until entered in the Register.

(c) The Bonds Similarly Secured shall be exchangeable upon the presentation and surrender thereof at the Designated Payment/Transfer Office of the Paying Agent/Registrar for a Bond Similarly Secured or Bonds Similarly Secured of the same Series, 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 Similarly Secured

presented for exchange.

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

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

(f) No service charge shall be made to the Owner for the initial registration, subsequent transfer, or exchange for a different Authorized Denomination of any of the Bonds Similarly Secured. 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 Similarly Secured.

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

Section 3.9. Cancellation.

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

Section 3.10. Temporary Bonds Similarly Secured.

(a) Following the delivery and registration of the Initial Bond of a given Series of Bonds Similarly Secured and pending the preparation of definitive bonds for such Series of Bonds Similarly Secured, 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 Similarly Secured in definitive form; thereupon, upon the presentation and surrender of the Bond Similarly Secured or Bonds Similarly Secured in temporary form to the Paying Agent/Registrar, the Paying Agent/Registrar shall cancel the Bonds Similarly Secured in temporary form and the Trustee shall authenticate and deliver in exchange therefor a Bond Similarly Secured or Bonds Similarly Secured of the same maturity and series, in definitive form, in the Authorized Denomination, and in the same aggregate principal amount, as the Bond Similarly Secured or Bonds Similarly Secured in temporary form surrendered. Such exchange shall be made without the making of any charge therefor to any Owner.

Section 3.11. Replacement Bonds Similarly Secured.

(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 Similarly Secured to pay a sum sufficient to cover any tax or other governmental charge that is authorized to be imposed in connection therewith and any other expenses connected therewith.

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

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

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

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

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

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

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

Section 3.12. Book-Entry Only System.

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

With respect to Bonds Similarly Secured registered in the name of Cede & Co., as nominee of DTC, the City and the Paying Agent/Registrar shall have no responsibility or obligation to any DTC Participant or to any Person on behalf of whom such a DTC Participant holds an interest in the Bonds Similarly Secured. Without limiting the immediately preceding sentence, the City and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds Similarly Secured, (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 Similarly Secured, 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 Similarly Secured. Notwithstanding any other provision of this Indenture to the contrary, the City and the Paying Agent/Registrar shall be entitled to treat and consider the Person in whose name each Bond Similarly Secured is registered in the Register as the absolute owner of such Bond Similarly Secured for the purpose of payment of principal of, premium, if any, and interest on Bonds Similarly Secured, for the purpose of giving notices of redemption and other matters with respect to such Bond Similarly Secured, for the purpose of registering transfer with respect to such Bond Similarly Secured, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of, premium, if any, and interest on the Bonds Similarly Secured only to or upon the order of the respective 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 Similarly Secured to the extent of the sum or sums so paid. No Person other than an Owner, as shown in the Register, shall receive a certificate evidencing the obligation of the City to make payments of amounts due pursuant to this Indenture. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Indenture with respect to interest checks or drafts being mailed to the registered owner at the close of business on the relevant Record Date, the word "Cede & Co." in this Indenture shall refer to such new nominee of DTC.

Section 3.13. 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, and 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 3.14. Payments to Cede & Co.

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

**ARTICLE IV
REDEMPTION OF BONDS BEFORE MATURITY**

Section 4.1. Limitation on Redemption.

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

Section 4.2. Mandatory Sinking Fund Redemption.

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

Term Bonds Maturing September 1, 2031

<u>Redemption Date</u>	<u>Sinking Fund Installment (\$)</u>
September 1, 2026	107,000
September 1, 2027	112,000
September 1, 2028	116,000

September 1, 2029	121,000
September 1, 2030	126,000
September 1, 2031*	131,000
* maturity	

Term Bonds Maturing September 1, 2044

<u>Redemption Date</u>	<u>Sinking Fund Installment (\$)</u>
September 1, 2032	137,000
September 1, 2033	144,000
September 1, 2034	151,000
September 1, 2035	158,000
September 1, 2036	166,000
September 1, 2037	175,000
September 1, 2038	184,000
September 1, 2039	193,000
September 1, 2040	203,000
September 1, 2041	213,000
September 1, 2042	224,000
September 1, 2043	235,000
September 1, 2044*	247,000
* maturity	

Term Bonds Maturing September 1, 2055

<u>Redemption Date</u>	<u>Sinking Fund Installment (\$)</u>
September 1, 2045	260,000
September 1, 2046	274,000
September 1, 2047	290,000
September 1, 2048	306,000
September 1, 2049	323,000
September 1, 2050	341,000
September 1, 2051	360,000
September 1, 2052	380,000
September 1, 2053	402,000
September 1, 2054	425,000
September 1, 2055*	449,000
* maturity	

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

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

cancellation.

(d) The principal amount of Bonds required to be redeemed on any mandatory sinking fund redemption date pursuant to subparagraph (a) of this Section 4.2 shall be reduced on a pro rata basis among Sinking Fund Installments by the principal amount of any Bonds which, at least 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 4.3. Optional Redemption.

The City reserves the right and option to redeem Bonds maturing after September 1, 2033, before their respective scheduled maturity date, in whole or in part, on any date on or after September 1, 2032, at the Redemption Price.

Section 4.4. Extraordinary Optional Redemption.

Notwithstanding any provision in this Indenture to the contrary, the City reserves the right and option to redeem Bonds Similarly Secured before their respective 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 Similarly Secured, 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 this Indenture) or as a result of unexpended amounts transferred from the Project Fund pursuant to the terms of this Indenture. The City will provide the Trustee a City Certificate directing the Bonds Similarly Secured to be redeemed pursuant to this Section 4.4, and in accordance with the provisions Section 4.5 hereof.

Section 4.5. Partial Redemption.

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

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

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

(d) Notwithstanding the above provisions relating to the Bonds Similarly Secured, if less than all of a Series of the Bonds Similarly Secured are called for extraordinary optional redemption pursuant to Section 4.4 hereof, the Bonds Similarly Secured or portion of a Bond Similarly Secured, as applicable, to be redeemed shall be allocated on a pro rata basis (as nearly

as practicable) among all Outstanding Bonds Similarly Secured of such Series.

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

Section 4.6. Notice of Redemption to Owners.

(a) The Trustee shall give notice of any redemption of Bonds Similarly Secured by sending notice by United States mail, first-class, postage prepaid, not less than thirty (30) days before the date fixed for redemption, to the Owner of each Bond Similarly Secured or portion thereof to be redeemed, at the address shown in the Register. So long as the Bonds Similarly Secured 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 Similarly Secured are to be surrendered for payment, and, if less than all the Bonds Similarly Secured Outstanding are to be redeemed, and subject to Section 4.5 hereof, an identification of the Bonds Similarly Secured or portions thereof to be redeemed, any conditions to such redemption and that on the redemption date, if all conditions, if any, to such redemption have been satisfied, such Bond Similarly Secured shall become due and payable.

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

(d) The City has the right to rescind any optional redemption or extraordinary optional redemption described in Section 4.3 or 4.4 by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of redemption shall be cancelled and annulled if for any reason funds are not available on the date fixed for redemption for the payment in full of the Bonds Similarly Secured 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 Similarly Secured, unless the Trustee has received funds sufficient to pay the Redemption Price of the Bonds Similarly Secured 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 Similarly Secured and the Trustee shall give notice, in the manner in which the notice of redemption was given, that the Bonds Similarly Secured have not been redeemed.

Section 4.7. Payment Upon Redemption.

(a) The Trustee shall make provision for the payment of the Bonds Similarly Secured to be redeemed on such date by setting aside and holding in trust an amount from the

Redemption Fund or otherwise received by the Trustee from the City and shall use such funds solely for the purpose of paying the Redemption Price on the Bonds Similarly Secured being redeemed.

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

Section 4.8. Effect of Redemption.

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

ARTICLE V
FORM OF THE BONDS SIMILARLY SECURED

Section 5.1. Form Generally.

(a) The Bonds Similarly Secured, including the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the Certificate of the Trustee, and the Assignment to appear on each of the Bonds Similarly Secured, (i) shall be, with respect to the Bonds, 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, with respect to any Refunding Bonds, substantially in the form set forth in an exhibit to a Supplemental 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 Similarly Secured, as evidenced by their execution thereof.

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

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

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

Section 5.2. CUSIP Registration.

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

Section 5.3. Legal Opinion.

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

**ARTICLE VI
FUNDS AND ACCOUNTS**

Section 6.1. Establishment of Funds and Accounts.

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

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

(b) Creation of Accounts.

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

- (A) Capitalized Interest Account; and
- (B) Principal and Interest Account.

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

Project Fund:

- (A) Improvement Area #1 Improvements Account;
- (B) Improvement Area #1 Major Improvements Account; and
- (C) Costs of Issuance Account.

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

- (A) Reserve Account; and
- (B) Additional Interest Reserve 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 Similarly Secured.

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

(e) The Trustee may, from time to time, upon written direction from the City pursuant to a City Certificate, create additional Funds or Accounts hereunder as may be necessary for the receipt and application of the Improvement Area #1 Assessment Revenues to account properly for the payment of the Actual Costs of the Improvement Area #1 Projects or to facilitate the payment or redemption for the Bonds Similarly Secured.

Section 6.2. Initial Deposits to Funds and Accounts.

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

- (i) to the Capitalized Interest Account of the Bond Fund: \$286,136.98;
- (ii) to the Improvement Area #1 Improvements Account of the Project Fund: \$4,180,813.15;
- (iii) to the Improvement Area #1 Major Improvements Account of the Project Fund: \$1,393,604.38;
- (iv) to the Costs of Issuance Account of the Project Fund: \$346,526.33;
- (v) to the Reserve Account of the Reserve Fund: \$473,695.00; and
- (vi) to the Administrative Fund: \$40,000.00.

Section 6.3. Pledged Revenue Fund.

(a) On or before February 20, 2025, and on or before each February 20 and August 20 of each year thereafter while the Bonds Similarly Secured are Outstanding, the City shall deposit or cause to be deposited the Pledged Revenues, other than the Pledged Revenues on deposit in the Project Collection Fund which revenues shall be transferred in accordance with Section 6.10 hereof, into the Pledged Revenue Fund. As soon as practicable following deposit

into the Pledged Revenue Fund pursuant to this Section 6.3(a) or Section 6.10, the Trustee shall apply the Pledged Revenues in the following order of priority: (i) first, retain in the Pledged Revenue Fund an amount sufficient to pay debt service on the Bonds Similarly Secured next coming due in such calendar year, (ii) second, deposit to the Reserve Account of the Reserve Fund an amount to cause the amount in the Reserve Account to equal the Reserve Account Requirement, in accordance with Section 6.7(a) hereof, (iii) third, deposit to the Additional Interest Reserve Account of the Reserve Fund in an amount equal to the Additional Interest collected, in accordance with Section 6.7(b) hereof, (iv) fourth, to pay other Actual Costs of the Improvement Area #1 Projects, and (v) fifth, to pay other costs permitted by the PID Act.

Along with each deposit of Pledged Revenues from the Project Collection Fund to the Pledged Revenue Fund, the City shall provide a City Certificate to the Trustee as to (i) the Funds and Accounts into which the amounts are to be deposited or retained, as applicable, and (ii) the amounts of any payments to be made from such Funds and Accounts.

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

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

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

(e) Notwithstanding Section 6.3(a) hereof, the Trustee shall deposit Foreclosure Proceeds to the Pledged Revenue Fund and as soon as practicable after such deposit shall transfer Foreclosure Proceeds first, to the Reserve Account to restore any transfers from the Reserve Account made with respect to the Improvement Area #1 Assessed Property(s) to which the Foreclosure Proceeds relate, second, to the Additional Interest Reserve Account to restore any transfers from the Additional Interest Reserve Account made with respect to the Improvement Area #1 Assessed Property(s) to which the Foreclosure Proceeds relate, and third to the Redemption Fund.

(f) After satisfaction of the requirement to provide for the payment of the principal and interest on the Bonds Similarly Secured 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 Improvement Area #1 Assessments for any lawful purposes permitted by the PID Act for which Improvement Area #1 Assessments may be paid.

Section 6.4. Bond Fund.

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

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

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

<u>Date</u>	<u>Amount (\$)</u>
March 1, 2025	103,496.35
September 1, 2025	182,640.63

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 #1 Improvements Account or the Improvement Area #1 Major Improvements Account of the Project Fund, as directed by a City Certificate, or if the Improvement Area #1 Improvements Account and the Improvement Area #1 Major Improvements Account of the Project Fund have been closed as provided in Section 6.5(f) herein, such amounts shall be transferred to the Redemption Fund to be used to redeem Bonds Similarly Secured and the Capitalized Interest Account shall be closed.

Section 6.5. Project Fund.

(a) Money on deposit in the Project Fund shall be used for the purposes specified in (i) and (iv) of Section 3.1 hereof. Money on deposit in the Improvement Area #1 Improvements Account of the Project Fund shall only be used to pay Actual Costs of Improvement Area #1 Improvements and money on deposit in the Improvement Area #1 Major Improvements Account of the Project Fund shall only be used to pay Actual Costs of Improvement Area #1's allocable share of the Major Improvements.

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

(c) Disbursements from either of the Improvement Area #1 Improvements Account or the Improvement Area #1 Major Improvements Account of the Project Fund to pay Actual Costs of the respective Improvement Area #1 Projects shall be made by the Trustee upon receipt by the Trustee of one or more City Certificates, in the form attached hereto as *Exhibit B*, containing a properly executed and completed Certification for Payment. The disbursement of

funds from the applicable Account of the Project Fund pursuant to a City Certificate shall be pursuant to and in accordance with the disbursement procedures described in the Financing Agreement or as provided in such written direction; provided, however, that all disbursement of funds for the Actual Costs of Improvement Area #1 Improvements made pursuant to a City Certificate shall be made from the Improvement Area #1 Improvements Account, and all disbursement of funds for the Actual Costs of Improvement Area #1's allocable share of the Major Improvements shall be made from the Improvement Area #1 Major Improvements Account. Such provisions and procedures related to such disbursement contained in the Financing Agreement and no other provisions of the Financing Agreement, are herein incorporated by reference and deemed set forth herein in full.

(d) If the City Representative determines in his or her sole discretion that amounts then on deposit in the Improvement Area #1 Improvements Account or the Improvement Area #1 Major Improvements Account of the Project Fund are not expected to be expended for purposes of the Improvement Area #1 Improvements Account or the Improvement Area #1 Major Improvements Account of the Project Fund due to the abandonment, or constructive abandonment of the Improvement Area #1 Projects, as the case may be, such that, in the opinion of the City Representative, it is unlikely that the amounts in the Improvement Area #1 Improvements Account or the Improvement Area #1 Major Improvements Account of the Project Fund will ever be expended for the purposes of the Improvement Area #1 Improvements Account or the Improvement Area #1 Major Improvements Account of the Project Fund, respectively, the City Representative shall, after providing the Developer with thirty (30) days written notice of such determination, file a City Certificate with the Trustee which identifies the amounts then on deposit in the Improvement Area #1 Improvements Account or the Improvement Area #1 Major Improvements Account of the Project Fund that are not expected to be used for purposes of the Improvement Area #1 Improvements Account or the Improvement Area #1 Major Improvements Account of the Project Fund, respectively. If such City Certificate is so filed, the amounts on deposit in the Improvement Area #1 Improvements Account or the Improvement Area #1 Major Improvements Account of the Project Fund shall be transferred to the Redemption Fund to redeem Bonds Similarly Secured on the earliest practicable date after notice of redemption has been provided in accordance with the Indenture and the Improvement Area #1 Improvements Account or the Improvement Area #1 Major Improvements Account of the Project Fund, as the case may be, shall be closed.

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

(f) Upon the filing of a City Certificate stating that all Improvement Area #1 Improvements and all of Improvement Area #1's allocable share of the Major Improvements have been completed and that all Actual Costs of the Improvement Area #1 Improvements and Improvement Area #1's allocable share of the Major Improvements have been paid, or that any such Actual Costs are not required to be paid from the Improvement Area #1 Improvements Account or the Improvement Area #1 Major Improvements Account of the Project Fund pursuant to either a Certification for Payment or written direction from the City or its designee, as the case may be, the Trustee shall transfer the amount, if any, remaining within the Improvement Area #1 Improvements Account or the Improvement Area #1 Major Improvements Account of the Project Fund to the Bond Fund and the Improvement Area #1 Improvements Account or the Improvement Area #1 Major Improvements Account of the Project Fund, as applicable, shall be closed. If the Improvement Area #1 Improvements Account and the Improvement Area #1 Major Improvements Account of the Project Fund have been closed pursuant to the provisions of this Section and the Costs of Issuance Account of the Project Fund has been closed pursuant to the

provisions of Section 6.5(g), then the Project Fund shall be closed.

(g) Not later than six months following the Closing Date, or upon a determination by the City Representative that all costs of issuance of the applicable Series of Bonds Similarly Secured have been paid, any amounts remaining in the Costs of Issuance Account shall be transferred, first, to the Improvement Area #1 Improvements Account or the Improvement Area #1 Major Improvements Account of the Project Fund and used to pay Actual Costs of the Improvement Area #1 Projects, as applicable, and, second, if both of the Improvement Area #1 Improvements Account and the Improvement Area #1 Major Improvements Account of the Project Fund are closed, to the Principal and Interest Account of the Bond Fund and used to pay interest on the Bonds Similarly Secured, as directed by the City in a City Certificate filed with the Trustee, and following such transfer, the Costs of Issuance Account shall be closed.

Section 6.6. Redemption Fund.

Subject to adequate amounts on deposit in the Pledged Revenue Fund, the Trustee, as directed by a City Certificate, shall cause to be deposited to the Redemption Fund from the Pledged Revenue Fund an amount sufficient to redeem Bonds Similarly Secured as provided in Sections 4.3 and 4.4 on the dates specified for redemption as provided in Sections 4.3 and 4.4. Amounts on deposit in the Redemption Fund shall be used and withdrawn by the Trustee to redeem Bonds Similarly Secured as provided in Article IV.

Section 6.7. Reserve Fund.

(a) The Reserve Account of the Reserve Fund will be initially funded with a deposit of \$473,695.00 from the proceeds of the Bonds in the amount of the Reserve Account Requirement. The City agrees with the Owners of the Bonds Similarly Secured to accumulate from the deposits outlined in Section 6.3(a) hereof, and when accumulated, maintain in the Reserve Account of the Reserve Fund, an amount equal to not less than the Reserve Account Requirement except to the extent such deficiency is due to the application of Section 6.7(d) hereof. All amounts deposited in the Reserve Account of the Reserve Fund shall be used and withdrawn by the Trustee for the purpose of making transfers to the Principal and Interest Account of the Bond Fund, as provided in this Indenture.

(b) The Trustee, if needed, will transfer from the Pledged Revenue Fund to the Additional Interest Reserve Account on March 1 and September 1 of each year, commencing March 1, 2025, an amount equal to the Additional Interest until the Additional Interest Reserve Requirement has been accumulated in the Additional Interest Reserve Account. If the amount on deposit in the Additional Interest Reserve Account shall at any time be less than the Additional Interest Reserve Requirement, the Trustee shall notify the City, in writing, of the amount of such shortfall, and the City shall resume collecting the Additional Interest and shall file a City Certificate with the Trustee instructing the Trustee to resume depositing the Additional Interest from the 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 Similarly Secured from the proceeds of a Prepayment pursuant to Section 4.4 of this Indenture. If, after such deposits, there is surplus Additional Interest remaining, the Trustee shall transfer such surplus Additional Interest to the Redemption Fund and shall notify the City of such transfer in writing. In calculating the amounts to be transferred pursuant to this Section, the Trustee may conclusively rely on the Annual Installments as shown on the

Improvement Area #1 Assessment Roll in the Service and Assessment Plan or an Annual Service Plan Update unless and until it receives a City Certificate directing that a different amount be used.

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

(d) Whenever Bonds Similarly Secured are to be redeemed with the proceeds of Prepayments pursuant to Section 4.4, the Trustee shall transfer, on the Business Day prior to the redemption date (or on such other date as agreed to by the City and the Trustee), from the Reserve Account of the Reserve Fund to the Redemption Fund, an amount specified in a City Certificate to be applied to the redemption of the Bonds Similarly Secured. The amount so transferred from the Reserve Account of the Reserve Fund shall be equal to the principal amount of Bonds Similarly Secured 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 Similarly Secured prior to the redemption, and (ii) the amount actually in the Reserve Account of the Reserve Fund divided by the principal amount of Outstanding Bonds Similarly Secured prior to the redemption. If after such transfer, and after applying investment earnings on the 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 Similarly Secured to be redeemed, as identified in a City Certificate as a result of such Prepayments and as a result of the transfer from the Reserve Account under this Section 6.7(d), the Trustee shall transfer an amount equal to the shortfall, and/or any additional amounts necessary to permit the Bonds Similarly Secured 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 Similarly Secured.

(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 Similarly Secured on the next Interest Payment Date in accordance with Section 6.4 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 6.8 hereof, (ii) to either the Improvement Area #1 Improvements Account or the Improvement Area #1 Major improvements 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 Similarly Secured.

(f) Whenever, on any Interest Payment Date, the amount on deposit in the Bond Fund is insufficient to pay the debt service on the Bonds Similarly Secured due on such date, the Trustee shall transfer first, from the 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 Similarly Secured, 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 Similarly Secured.

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

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

Section 6.8. Rebate Fund: Rebate Amount.

(a) There is hereby established a special fund of the City to be designated "City of Umland, Texas, Rebate Fund" (the "Rebate Fund") to be held by the Trustee in accordance with the terms and provisions of this Indenture. Amounts on deposit in the Rebate Fund shall be used solely for the purpose of paying amounts relating to the Bonds Similarly Secured 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 7.5(h) and shall not be liable or responsible if it follows the instructions of the City and shall not be required to take any action under this Section and Section 7.5(h) in the absence of written instructions from the City.

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

Section 6.9. Administrative Fund.

(a) On or before February 20, 2025, and on or before each February 20 and August 20 of each year thereafter while the Bonds Similarly Secured are Outstanding, the City shall deposit or cause to be deposited to the Administrative Fund the amounts collected each year to pay the Annual Collection Costs and Delinquent Collection Costs, other than the Annual Collection Costs and Delinquent Collection Costs deposited into the Project Collection Fund, which amounts shall be deposited in accordance with Section 6.10 hereof.

(b) Moneys in 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.

(c) The Administrative Fund shall not be part of the Trust Estate and shall not be security for the Bonds Similarly Secured.

Section 6.10. Project Collection Fund.

While any Bonds Similarly Secured are Outstanding, another taxing unit or an appraisal district, by agreement with the City, may collect Improvement Area #1 Assessment Revenue on the City's behalf. If such taxing unit or appraisal district presents or otherwise tenders to the Trustee such collected Improvement Area #1 Assessment Revenue for deposit on the City's behalf, the Trustee shall accept such Improvement Area #1 Assessment Revenue and deposit the same into the Project Collection Fund. The Trustee shall, as directed by the City pursuant to a City Certificate, deposit or cause to be deposited (i) all of that portion of the Improvement Area #1 Assessment Revenue deposited into the Project Collection Fund that consists of the Annual Collection Costs and Delinquent Collection Costs to the Administrative Fund and (ii) all of that portion of the Improvement Area #1 Assessment Revenue deposited into the Project Collection Fund that consists of Pledged Revenue into the Pledged Revenue Fund for future allocations as set forth in Section 6.3(a) hereof. The City shall provide such City Certificate on or before February 20, 2025 and every August 20 and February 20 thereafter while the Bonds Similarly Secured are Outstanding. The Project Collection Fund is not a Pledged Fund.

Section 6.11 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. The money in any Fund or Account shall be invested in time deposits or certificates of deposit secured in the manner required by law for public funds, or be invested in direct obligations of, including obligations the principal and interest on which are unconditionally guaranteed by, the United States of America, in obligations of any agencies or instrumentalities thereof, or in such other investments as are permitted under the Public Funds Investment Act, Texas Government Code, Chapter 2256, as amended, or any successor law, as in effect from time to time; provided that all such deposits and investments shall be made in such manner (which may include repurchase agreements for such investment with any primary dealer of such agreements) that the money required to be expended from any Fund will be available at the proper time or times. Such investments shall be valued each year in terms of current market value as of September 30. Amounts in the Additional Interest Reserve Account may not be invested above the Yield (as defined in Section 7.5(a) hereof) on the Bonds Similarly Secured, 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 yield restriction will not adversely affect the exemption from federal income tax of the interest on any Bond Similarly Secured. For purposes of maximizing investment returns, to the extent permitted by law, money in such Funds 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 are held by or on behalf of each such Fund. If necessary, such investments shall be promptly sold to prevent any default. To ensure that cash on hand is invested, in the absence of direction pursuant to a City Certificate, money in any Fund or Account established pursuant to this Indenture shall be invested in the Invesco Short-Term Investments Trust Treasury, CUSIP No. 82025786 until directed otherwise by the City Certificate.

(b) Obligations purchased as an investment of moneys in any Fund or Account shall be deemed to be part of such Fund or Account, subject, however, to the requirements of this

Indenture for transfer of interest earnings and profits resulting from investment of amounts in Funds and Accounts. Whenever in this Indenture any moneys are required to be transferred by the City to the Trustee, such transfer may be accomplished by transferring a like amount of Investment Securities.

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

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

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

(f) The Trustee may conclusively rely on any City Certificate and shall not be required to make any investigation in connection therewith.

Section 6.12. Security of Funds.

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

ARTICLE VII COVENANTS

Section 7.1. Confirmation of Improvement Area #1 Assessments.

The City hereby confirms, covenants, and agrees that the Improvement Area #1 Assessments to be collected from the Improvement Area #1 Assessed Property are as so reflected in the Service and Assessment Plan (as it may be updated from time to time), and, in accordance with the Assessment Ordinance, it has levied the Improvement Area #1 Assessments against the respective Improvement Area #1 Assessed Properties from which the Pledged Revenues will be collected and received.

Section 7.2. Collection and Enforcement of Assessments.

(a) For so long as any Bonds Similarly Secured are Outstanding, the City covenants, agrees and warrants that it will take and pursue all actions permissible under Applicable Laws to

cause the Improvement Area #1 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 Improvement Area #1 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 Improvement Area #1 Assessment or the corresponding Improvement Area #1 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 7.3. Against Encumbrances.

(a) Other than Refunding Bonds issued to refund all or a portion of the Bonds Similarly Secured, or liens created in connection with indebtedness issued in compliance with Section 13.2 hereof, 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 9.7 of this Indenture, or upon any other property pledged under this Indenture, except the pledge created for the security of the Bonds Similarly Secured, and other than a lien or pledge subordinate to the lien and pledge of such property related to the Bonds Similarly Secured.

(b) So long as Bonds Similarly Secured are Outstanding hereunder, the City shall not issue any bonds, notes or other evidences of indebtedness other than the Bonds Similarly Secured and Refunding Bonds, if any, secured by any pledge of or other lien or charge on the Pledged Revenues or other property pledged under this Indenture, except for other indebtedness incurred in compliance with Section 13.2 of this Indenture.

Section 7.4. Records, Accounts, Accounting Reports.

The City hereby covenants and agrees that so long as any of the Bonds Similarly Secured or any interest thereon remain Outstanding and unpaid, and/or the obligation to the Developer to reimburse it for funds it has contributed to pay Actual Costs of the Improvement Area #1 Projects remain outstanding and unpaid, it will keep and maintain a proper and complete system of records and accounts pertaining to the Improvement Area #1 Assessments. The Trustee and the Owners of any Bonds Similarly Secured or any duly authorized agent or agents of such Owners shall have the right at all reasonable times to inspect all such records, accounts, and data relating thereto, upon written request to the City by the Trustee or duly authorized representative, as applicable. The City shall provide the Trustee or duly authorized representative, as applicable, an opportunity to inspect such books and records relating to the Bonds Similarly Secured during the City's regular business hours and on a mutually agreeable date not later than thirty days after the City receives such request.

Section 7.5. Covenants to Maintain Tax-Exempt Status.

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

"Closing Date" means the date on which each Series of the Bonds Similarly Secured are first authenticated and delivered to the respective initial purchasers against payment therefor.

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

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

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

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

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

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

"Yield" of (1) any Investment has the meaning set forth in Section 1.148-5 of the Regulations; and (2) the Bonds Similarly Secured, as it pertains to a particular Series of Bonds Similarly Secured, 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 each Series of Bonds Similarly Secured:

(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 Similarly Secured of such Series, 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 Similarly Secured of such Series or any property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with such Gross Proceeds, other than taxes of general application within the City or interest earned on investments acquired with such Gross Proceeds pending application for their intended purposes.

(d) No Private Loan.

(i) Except to the extent permitted by Section 141 of the Code and the Regulations and rulings thereunder, the City shall not use Gross Proceeds of the Bonds Similarly Secured 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 Improvement Area #1 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 each Series of the the Bonds Similarly Secured are delivered and will ensure that the Improvement Area #1 Assessments continue to meet such requirements for so long as the Bonds Similarly Secured are outstanding hereunder.

(e) Not to Invest at Higher Yield. Except to the extent permitted by Section 148 of the Code and the Regulations and rulings thereunder, the City shall not at any time prior to the final Stated Maturity of any Series of the Bonds Similarly Secured 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 such Series of the Bonds Similarly Secured.

(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 Similarly Secured 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 each Series of Bonds Similarly Secured.

(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 Similarly Secured is discharged. However, to the extent permitted by law, the City may commingle Gross Proceeds of the Bonds Similarly Secured 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 for each Series of Bonds Similarly Secured, the City shall calculate the Rebate Amount for the respective Series of Bonds Similarly Secured in accordance with rules set forth in Section 148(f) of the Code and the Regulations and rulings thereunder. The City shall maintain such calculations with its official transcript of proceedings relating to the issuance of each Series of the Bonds Similarly Secured until six years after the final Computation Date.

(iii) As additional consideration for the purchase of the Bonds Similarly Secured by the Purchasers and the loan of the money represented thereby and in order to induce such purchase by measures designed to insure the excludability of the interest thereon from the gross income of the owners thereof for federal income tax purposes, the City shall, pursuant to a City Certificate, direct the Trustee to transfer to the Rebate Fund from the funds or subaccounts designated in such City Certificate and direct the Trustee to pay to the United States from the Rebate Fund the amount that when added to the future value of previous rebate payments made for any Series of the Bonds Similarly Secured 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, 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 Similarly Secured, 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 Similarly Secured not been relevant to either party.

(j) Elections. The City hereby directs and authorizes the Mayor, Mayor Pro Tem, City Administrator, 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 each Series of the Bonds Similarly Secured, in the Tax Certificate or similar or other appropriate certificate, form or document.

ARTICLE VIII LIABILITY OF CITY

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

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

No provision of this Indenture, the Bonds Similarly Secured, the Assessment Ordinance, or any agreement, document, instrument, or certificate executed, delivered or approved in connection with the issuance, sale, delivery, or administration of the Bonds Similarly Secured (the "Bond Documents"), shall require the City to expend or risk its own general funds or otherwise incur any financial liability (other than with respect to the Trust Estate and the Annual Collection Costs) in the performance of any of its obligations hereunder, or in the exercise of any of its rights or powers, if in the judgment of the City there are reasonable grounds for believing that the repayment of such funds or liability is not reasonably assured to it.

Neither the Owners nor any other Person shall have any claim against the City or any of its officers, officials, agents, or employees for damages suffered as a result of the City's failure to perform in any respect any covenant, undertaking, or obligation under any Bond Documents or as a result of the incorrectness of any representation in, or omission from, any of the Bond

Documents, except to the extent that any such claim relates to an obligation, undertaking, representation, or covenant of the City, in accordance with the Bond Documents and the PID Act. Any such claim shall be payable only from the Trust Estate, the funds available for such payment in any of the Pledged Funds, if any, or the amounts collected to pay Annual Collection Costs on deposit in the Administrative Fund. Nothing contained in any of the Bond Documents shall be construed to preclude any action or proceeding in any court or before any governmental body, agency, or instrumentality against the City or any of its officers, officials, agents, or employees to enforce the provisions of any of the Bond Documents or to enforce all rights of the Owners of the Bonds Similarly Secured by mandamus or other proceeding at law or in equity.

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

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

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

ARTICLE IX THE TRUSTEE

Section 9.1. Trustee as Paying Agent/Registrar.

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

Section 9.2. Trustee Entitled to Indemnity.

The Trustee shall be under no obligation to spend its own funds, to institute any suit, or to undertake any proceeding under this Indenture, or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of the trusts hereby created or in the enforcement of any rights and powers hereunder, until it shall be indemnified, to the extent permitted by law, to its satisfaction against any and all costs and expenses, outlays, and counsel fees and other reasonable disbursements, and against all liability

except as a consequence of its own negligence or willful misconduct; provided, however, the Trustee may not request or require indemnification as a condition to making any deposits, payments, or transfers when required hereunder, or delivering any notice when required hereunder. Nevertheless, the Trustee may begin suit, or appear in and defend suit, or do anything else in its sole and exclusive judgment proper to be done by it as the Trustee, without indemnity, and in such case the Trustee may make transfers from the Administrative Fund, and to the extent money in the Administrative Fund is insufficient, from the Pledged Revenue Fund to pay all costs and expenses, outlays, and counsel fees and other reasonable disbursements properly incurred in connection therewith and shall, to the extent permitted by law, be entitled to a preference therefor over any Bonds Similarly Secured Outstanding hereunder.

Section 9.3. Responsibilities of the Trustee.

The recitals contained in this Indenture and in the Bonds Similarly Secured shall be taken as the statements of the City and the Trustee assumes no responsibility for 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 Similarly Secured or with respect to the security afforded by this Indenture, and the Trustee shall incur no liability with respect thereto. Except as otherwise expressly provided in this Indenture, the Trustee shall have no responsibility or duty with respect to: (i) the issuance of Bonds Similarly Secured for value; (ii) the application of the proceeds thereof, except to the extent that such proceeds are received by it in its capacity as Trustee; (iii) the application of any moneys paid to the City or others in accordance with this Indenture, except as to the application of any moneys paid to it in its capacity as Trustee; (iv) any calculation of arbitrage or rebate under the Code; (v) any loss suffered in connection with any investment of funds in accordance with this Indenture, or (vi) to undertake any other action unless specifically authorized pursuant to a written direction by the City pursuant to this Indenture. The Trustee has the right to act through agents and attorneys and shall have no liability for the negligence or willful misconduct of the agents and attorneys appointed with due care.

The duties and obligations of the Trustee shall be determined by the express provisions of this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee, and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Indenture.

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 its own negligence or willful misconduct, both before and after default by the City. In no event shall the Trustee be liable for incidental, indirect, special or consequential damages in connection with or arising from this Indenture for the existence, furnishing or use of the Improvement Area #1 Improvements.

The Trustee shall not be required to take notice, and shall not be deemed to have notice, of any default or Event of Default hereunder, 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 at least fifty-one percent (51%) of the aggregate principal amount of Bonds Similarly Secured then Outstanding. In the absence of delivery of a notice satisfying those requirements, the Trustee may assume conclusively that there is no default or Event of Default.

In case a default or an Event of Default has occurred and is continuing hereunder (of which the Trustee has been notified), the Trustee shall exercise those rights and powers vested in it by this Indenture and shall use the same degree of care and skill in its exercise, as a prudent person

would exercise or use under the circumstances in the conduct of his own affairs.

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

Section 9.4. Trustee Joining in Supplemental Indentures; Supplemental Indentures Part of Indenture.

The Trustee is authorized to join with the City in the execution of any such Supplemental Indentures and to make the further agreements and stipulations which may be contained therein. Any Supplemental Indenture executed accordance with the provisions of this Section shall thereafter form a part of this Indenture, and all the terms and conditions contained in any such Supplemental Indenture as to any provisions authorized to be contained therein shall be and shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes. In case of the execution and delivery of any Supplemental Indenture, express reference may be made thereto in the text of any Bonds Similarly Secured issued thereafter, if deemed necessary or desirable by the Trustee or the City.

Upon execution of any Supplemental Indenture pursuant to the provisions of this Section, this Indenture shall be and be deemed to be modified and amended in accordance therewith, and the respective rights, duties, and obligations under this Indenture of the City and the Trustee and all Owners of Outstanding Bonds Similarly Secured shall thereafter be determined exercised and enforced hereunder, subject in all respects to such modifications and amendments.

Section 9.5. 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 9.6. Trustee Protected in Relying on Certain Documents.

The Trustee may rely upon any order, notice, request, consent, waiver, certificate, statement, affidavit, requisition, bond, 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 believed by the Trustee to be qualified in relation to the subject matter, 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 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 9.14 herein.

Section 9.7. Compensation.

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

Section 9.8. Permitted Acts.

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

Section 9.9. Resignation of Trustee.

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

Section 9.11 and the acceptance of such appointment by such successor.

Section 9.10. 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 Similarly Secured 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 Similarly Secured.

Section 9.11. Successor Trustee.

If the Trustee shall resign, be removed, be dissolved, or become incapable of acting, or shall be adjudged as 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.

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 a Quarter in Interest of the Bonds Similarly Secured 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.

Until such successor Trustee shall have been appointed by the Owners of the Bonds Similarly Secured, the City shall forthwith appoint a Trustee to act hereunder. Copies of any instrument of the City providing for any such appointment shall be delivered by the City to the Trustee so appointed. The City shall mail notice of any such appointment to each Owner of any Outstanding Bonds Similarly Secured within 30 days after such appointment. Any appointment of a successor Trustee made by the City immediately and without further act shall be superseded and revoked by an appointment subsequently made by the Owners of Bonds Similarly Secured.

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

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.

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

Section 9.12. Transfer of Rights and Property to Successor Trustee.

Any successor Trustee appointed under the provisions of Section 9.11 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 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 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 9.13. 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 9.11, or a trust company that is a wholly-owned subsidiary of any of the foregoing.

Section 9.14. Security Interest in Trust Estate.

Chapter 1208, Texas Government Code, applies to the issuance of the Bonds Similarly Secured and the pledge of the Trust Estate provided for herein, and such pledge is, under current law, valid, effective and perfected. The City shall cause to be filed all appropriate initial financing statements, if any, to ensure that the Trustee (for the benefit of the Owners of the Bonds Similarly Secured) is granted a valid and perfected first priority lien on the entire Trust Estate. Nothing herein shall obligate the Trustee to file any initial financing statements. Upon the City's timely delivery of a copy of such filed initial financing statement, if any, to the Trustee, the Trustee shall file continuation statements of such initial financing statement(s) in the same jurisdictions as the initial financing statement(s) previously provided to the Trustee. Unless the Trustee is otherwise notified in writing by the City, the Trustee may rely upon the initial financing statements in filing any continuation statements hereunder.

Section 9.15. 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 Similarly Secured then Outstanding or their representatives duly authorized in writing.

Section 9.16. 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 Similarly Secured. Permissive rights of the Trustee are not to be construed as duties.

**ARTICLE X
MODIFICATION OR AMENDMENT OF THIS INDENTURE**

Section 10.1. Amendments Permitted.

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

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 Similarly Secured in any material respect;
- (iii) to make such provisions for the purpose of curing any ambiguity, or of

curing, correcting or supplementing any defective provision contained in this Indenture, or in regard to questions arising under this Indenture, as the City 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 Similarly Secured in any material respect;

(iv) to provide for the issuance of Refunding Bonds, as set forth in Section 13.2 herein; and

(v) to make such additions, deletions or modifications as may be necessary or desirable to assure exemption from federal income taxation of interest on the Bonds Similarly Secured.

Any modification or amendment made pursuant to this paragraph shall not be subject to the notice procedures specified in Section 10.3 below.

Notwithstanding the above, no Supplemental Indenture under this Section shall be effective unless the City first delivers to the Trustee an opinion of Bond Counsel to the effect that such amendment is permitted and will not adversely affect the: (i) interest of the Owners in any material respect, or (ii) exclusion of interest on any Bond Similarly Secured from gross income for purposes of federal income taxation.

Section 10.2. Owners' Meetings.

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

Section 10.3. Procedure for Amendment with Written Consent of Owners.

The City and the Trustee may at any time adopt a Supplemental Indenture amending the provisions of the Bonds Similarly Secured or of this Indenture, to the extent that such amendment is permitted by Section 10.1 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 Similarly Secured from whom consent is required under this Indenture, but failure to mail copies of such Supplemental Indenture and request shall not affect the validity of the Supplemental Indenture when assented to as in this Section provided.

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 or Bond Counsel, acting on the City's behalf, 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 any Bond 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 Similarly Secured for which such consent is given, which proof shall be such as is permitted by Section 11.6 herein. Any such consent shall be binding upon the Owner of the Bonds Similarly Secured 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.

After the Owners of the required percentage of Bonds Similarly Secured shall have filed their consents to the Supplemental Indenture, the City shall mail a notice to the 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 Similarly Secured and will be effective as provided in this Section (but failure to mail copies of such notice shall not affect the validity of the Supplemental Indenture or consents thereto). Proof of the mailing of such notice shall be filed with the Trustee. A record, consisting of the papers required by this Section 10.3 to be filed with the Trustee, shall be proof of the matters therein stated until the contrary is proved. The Supplemental Indenture shall become effective upon the filing with the Trustee of the proof of mailing of such notice, and the Supplemental Indenture shall be deemed conclusively binding (except as otherwise hereinabove specifically provided in this Article) upon the City and the Owners of all Bonds Similarly Secured at the expiration of sixty (60) days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such sixty-day period; provided, however, that the Trustee during such sixty day period and any such further period during which any such action or proceeding may be pending shall be entitled in its sole discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Indenture, as it may deem expedient; provided, further, 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 10.4. Effect of Supplemental Indenture.

From and after the time any Supplemental Indenture becomes effective pursuant to this Article X, this Indenture shall be deemed to be modified and amended in accordance therewith, the respective rights, duties, and obligations under this Indenture of the City, the Trustee, and all Owners of Bonds Similarly Secured Outstanding 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 10.5. Endorsement or Replacement of Bonds Similarly Secured Issued After Amendments.

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

Section 10.6. Amendatory Endorsement of Bonds Similarly Secured.

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

Section 10.7. Waiver of Default.

With the written consent of the Owners of at least fifty-one percent (51%) in aggregate principal amount of the applicable Series of Bonds Similarly Secured then Outstanding and so affected by such default, 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 10.8. Execution of Supplemental Indenture.

In executing, or accepting the additional trusts created by, any Supplemental Indenture permitted by this Article or the modification thereby of the trusts created by this Indenture, the Trustee shall receive, and shall be fully protected in relying upon, an opinion of counsel addressed and delivered to the Trustee and the City stating that the execution of such Supplemental Indenture is permitted by and in compliance with this Indenture. The Trustee may, but shall not be obligated to, enter into any such Supplemental Indenture which affects the Trustee's own rights, duties and immunities under this Indenture or otherwise.

**ARTICLE XI
DEFAULT AND REMEDIES**

Section 11.1. 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 Pledged Revenue Fund;

(ii) The failure of the City to enforce the collection of the Improvement Area #1 Assessments, including the prosecution of foreclosure proceedings;

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

(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 a Quarter in Interest of the Bonds Similarly Secured so affected by such Event of Default, with a copy to the Trustee, specifying such default and requesting that the failure be remedied.

(b) Nothing in Section 11.1(a) will be an Event of Default if it is in violation of any

applicable state law or court order.

Section 11.2. Immediate Remedies for Default.

(a) Subject to Article VIII, upon the happening and continuance of any of the Events of Default described in Section 11.1, the Trustee may, and at the written direction of the Owners of a Quarter in Interest of the Series of Bonds Similarly Secured so affected by such Event of Default and its receipt of indemnity satisfactory, 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. The Trustee retains the right to obtain the advice of counsel in its exercise of remedies of default.

(b) THE PRINCIPAL OF THE BONDS SIMILARLY SECURED 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 Similarly Secured, in the selection of Trust Estate assets to be used in the payment of Bonds Similarly Secured 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, in the judgment of the Trustee, proper for the purpose which may be designated in such request.

Section 11.3. 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 a Quarter in Interest of the Series of Bonds Similarly Secured then Outstanding and so affected by such Event of Default have made written request to the Trustee and offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, (iii) the Owners have furnished to the Trustee indemnity as provided in Section 9.2 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 at least 51% of the aggregate principal amount of the Series of Bonds Similarly Secured then Outstanding and so affected by such Event of Default, and (vi) notice of such action, suit or proceeding is given to the Trustee; however, no one or more Owners of the Bonds Similarly Secured shall have any right in any manner whatsoever to affect, disturb, or prejudice this Indenture by its, his, or their action or to enforce any right hereunder except in the manner provided herein, and that all proceedings at law or in equity shall be instituted and maintained in the manner provided herein and for the equal benefit of the Owners of all Bonds Similarly Secured then Outstanding. The notification, request and furnishing of indemnity set forth above shall, at the option of the Trustee, be conditions precedent to the execution of the powers and trusts of this Indenture and to any action or cause of action for the enforcement of this Indenture or for any other remedy hereunder.

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

(c) In case the Trustee or any 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 11.4. Application of Revenues and Other Moneys After Default.

(a) All moneys, securities, funds and Pledged Revenues and other assets of the Trust Estate and the income therefrom received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall, after payment of the cost and expenses of the proceedings resulting in the collection of such amounts, the expenses (including its counsel), liabilities, and advances incurred or made by the Trustee, and the fees of the Trustee in carrying out this Indenture, during the continuance of an Event of Default, notwithstanding Section 11.2 hereof, 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 Similarly Secured, 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 Similarly Secured, or Redemption Price of any Bonds Similarly Secured which shall have become due, whether at maturity or by call for redemption, in the direct order of their due dates and, if the amounts available shall not be sufficient to pay in full all the Bonds Similarly Secured due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due and to the 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 11.4.

(b) In the event funds are not adequate to cure any of the Events of Default described in Section 11.1, the available funds shall be allocated to the Bonds Similarly Secured that are Outstanding in proportion to the quantity of Bonds Similarly Secured that are currently due and in default under the terms of this Indenture.

(c) The restoration of the City to its prior position after any and all defaults have been cured, as provided in Section 11.3, shall not extend to or affect any subsequent default under this Indenture or impair any right consequent thereon.

Section 11.5. Effect of Waiver.

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 11.6. Evidence of Ownership of Bonds Similarly Secured.

(a) Any request, consent, revocation of consent or other instrument which this Indenture may require or permit to be signed and executed by the Owners of Bonds Similarly Secured 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 Similarly Secured shall be sufficient for any purpose of this Indenture (except as otherwise herein expressly provided) if made in the following manner:

(i) The fact and date of the execution of such instruments by any Owner of Bonds Similarly Secured 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 Similarly Secured and the amount, numbers and other identification and date of holding the same shall be proved by the Register.

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

Section 11.7. No Acceleration.

In the event of the occurrence of an Event of Default under Section 11.1 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 11.8. 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 11.9. Exclusion of Bonds Similarly Secured.

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

Section 11.10. Remedies Not Exclusive.

No remedy herein conferred upon or reserved to the Trustee or to the Owners is intended to be exclusive of any other remedy and each and every such remedy shall be cumulative and shall be in addition to any other remedy given hereunder or now or hereafter existing at law or in equity, by statute or by contract.

Section 11.11. Direction of Owners.

Anything herein to the contrary notwithstanding, the Owners of a Quarter in Interest of the applicable Series of Bonds Similarly Secured so affected by such Event of Default shall have the right by an instrument in writing executed and delivered to the Trustee, to direct the choice of remedies and the time, method, and place of conducting a proceeding for any remedy available to the Trustee hereunder, under each Supplemental Indenture, or otherwise, or exercising any trust or power conferred upon the Trustee, including the power to direct or withhold directions with respect to any remedy available to the Trustee or the Owners, provided, (i) such direction shall not be otherwise than in accordance with Applicable Laws and the provisions hereof, (ii) that the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction, and (iii) that the Trustee shall have the right to decline to follow any such direction which, in the opinion of the Trustee, would be unjustly prejudicial to Owners not parties to such direction.

ARTICLE XII
GENERAL COVENANTS AND REPRESENTATIONS

Section 12.1. Representations as to Trust Estate.

(a) The City represents and warrants that it is authorized by Applicable Laws to authorize and issue the Bonds Similarly Secured, to execute and deliver this Indenture and to pledge the Trust Estate in the manner and to the extent provided in this Indenture, and that the 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 Improvement Area #1 Assessments and any other amounts pledged to the payment of the Bonds Similarly Secured to the fullest extent permitted by the PID Act and other Applicable Laws.

(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 12.2. 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 Similarly Secured then Outstanding or their representatives duly authorized in writing.

Section 12.3. General.

The City shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the City under the provisions of this Indenture.

ARTICLE XIII
SPECIAL COVENANTS

Section 13.1. Further Assurances; Due Performance.

(a) At any and all times the City will duly execute, acknowledge and deliver, or will cause to be done, executed and delivered, all and every such further acts, conveyances, transfers, and assurances in a manner as the Trustee shall reasonably require for better conveying, transferring, pledging, and confirming unto the Trustee, all and singular, the revenues, Funds, Accounts and properties constituting the Pledged Revenues, and the Trust

Estate hereby transferred and pledged, or intended so to be transferred and pledged.

(b) The City will duly and punctually keep, observe and perform each and every term, covenant and condition on its part to be kept, observed and performed, contained in this Indenture.

Section 13.2. Additional Obligations or Other Liens; Refunding Bonds.

(a) The City reserves the right, subject to the provisions contained in this Section 13.2, to issue Additional Obligations under other indentures, assessment ordinances, or similar agreements or other obligations which do not constitute or create a lien on any portion of the Trust Estate and are not payable from any portion of the Trust Estate.

(b) Other than Refunding Bonds, the City will not create or voluntarily permit to be created any debt, lien or charge on any portion of the Trust Estate, and will not do or omit to do or suffer to be omitted 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) Additionally, the City has reserved the right to issue bonds or other obligations secured by and payable from Pledged Revenues so long as such pledge is subordinate to the pledge of Pledged Revenues securing payment of the Bonds Similarly Secured.

(d) Notwithstanding anything to the contrary herein, no Refunding Bonds, Additional Obligations or subordinate obligations described by Section 13.2(c) above may be issued by the City unless: (1) the principal (including any principal amounts to be redeemed pursuant to mandatory sinking fund installments) of such Refunding Bonds, Additional Obligations or subordinate obligations are scheduled to mature on September 1 of the years in which principal is scheduled to mature, and (2) the interest on such Refunding Bonds, Additional Obligations or subordinate obligations must be scheduled to be paid on March 1 and/or September 1 of the years in which interest is scheduled to be paid.

Section 13.3. Books of Record.

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

(b) The Trustee shall have no responsibility with respect to the financial and other information received by it pursuant to this Section 13.3 except to receive and retain the 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 SIMILARLY
SECURED AND SATISFACTION OF THE INDENTURE**

Section 14.1. Trust Irrevocable.

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

Section 14.2. Satisfaction of Indenture.

If the City shall pay or cause to be paid, or there shall otherwise be paid to the Owners, principal of and interest on all of the Bonds Similarly Secured, at the times and in the manner stipulated in this Indenture, and all amounts due and owing with respect to the Bonds Similarly Secured have been paid or provided for, then the pledge of the Trust Estate and all covenants, agreements, and other obligations of the City to the Owners of such Bonds Similarly Secured, shall thereupon cease, terminate, and become void and be discharged and satisfied. In such event, the Trustee shall execute and deliver to the City copies of all such documents as it may have evidencing that principal of and interest on all of the Bonds Similarly Secured has been paid so that the City may determine if 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 14.3. Bonds Similarly Secured Deemed Paid.

All Outstanding Bonds Similarly Secured 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 Similarly Secured are to be redeemed on any date prior to their Stated Maturity, the Trustee shall have given notice of redemption on such 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 Similarly Secured to become due on such Bonds Similarly Secured on and prior to the redemption date or maturity date thereof, as the case may be, (iii) the Trustee shall have received a report by an independent certified public accountant or other third-party selected by the City verifying the sufficiency of the moneys and/or Defeasance Securities deposited with the Trustee to pay when due the principal of and interest on of the Bonds Similarly Secured to become due on such Bonds Similarly Secured on and prior to the redemption date or maturity date thereof, as the case may be, and (iv) if the Bonds Similarly Secured are then rated, the Trustee shall have received written confirmation from each rating agency then publishing a rating on the Bonds Similarly Secured that such deposit will not result in the reduction or withdrawal of the rating on the Bonds Similarly Secured. Neither Defeasance Securities nor moneys deposited with the Trustee pursuant to this Section nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on the Bonds Similarly Secured. Any cash received from such principal of and interest on such Defeasance Securities deposited with the Trustee, if not then needed for such purpose, shall, be reinvested in Defeasance Securities as directed in writing by the City maturing at times and in amounts sufficient to pay when due the principal of and interest on the Bonds Similarly Secured on and prior to such redemption date or maturity date thereof, as the case may be. Any payment for Defeasance Securities purchased for the purpose of reinvesting cash as aforesaid shall be made only against delivery of such Defeasance Securities.

ARTICLE XV

MISCELLANEOUS

Section 15.1. Benefits of Indenture Limited to Parties.

Nothing in this Indenture, expressed or implied, is intended to give to any Person other than the City, the Trustee and the 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.

Section 15.2. Successor is Deemed Included in All References to Predecessor.

Whenever in this Indenture or any Supplemental Indenture either the City or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of the City or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 15.3. Execution of Documents and Proof of Ownership by Owners.

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.

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.

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

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

Section 15.4. Waiver of Personal Liability.

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

Section 15.5. Notices to and Demands on City and Trustee.

(a) Except as otherwise expressly provided 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 Uhlend, Texas
15 N. Old Spanish Trail
Uhlend, Texas 78640
Attn: City Administrator

With a copy to: P3Works, LLC
Attn: Mary V. Petty, Managing
Partner
9284 Huntington Square
North Richland Hills, Texas 76182
Email: Admin@P3-Works.com
Telephone: 817.393.0353

If to the Trustee
or the Paying Agent/Registrar: BOKF, NA
Attn: Rachel Roy
1401 McKinney Street, Suite 1000
Houston, Texas 77010
Fax No.: 713-354-0279
Email: rachel.roy@bankoftexas.com

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 Similarly Secured notice of (i) any substitution of the Trustee; or (ii) the redemption or defeasance of all Bonds Similarly Secured Outstanding.

(c) The Trustee agrees to accept and act upon instructions or directions pursuant to this Indenture sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that the City shall provide to the Trustee an incumbency certificate listing designated persons authorized to provide such instructions, which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. If the City elects to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee in its sole discretion elects to act upon such instructions, the Trustee's understanding of such instructions shall be deemed controlling. 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 instructions conflict or are inconsistent with a previous or subsequent written instruction. The City agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions 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.

Section 15.6. Partial Invalidity.

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

Section 15.7. Applicable Laws.

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.

Section 15.8. Payment on Business Day.

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

Section 15.9. Counterparts.

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

Section 15.10. Statutory Verifications.

(a) The Trustee makes the following representations and covenants pursuant to Chapter 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 the common control with the Trustee within the meaning of SEC Rule 405, 17 C.F.R. Section 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.

(b) 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.

(c) 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.

(d) 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.

(e) No Boycott of Energy Companies. The Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of this Indenture. As used in the foregoing verification, “boycott energy companies” has the meaning provided in Section 2276.001(1), Government Code.

[Remainder of Page Intentionally Left Blank]

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 UHLAND, TEXAS

By: _____
Mayor

ATTEST:

City Secretary

[CITY SEAL]

BOKF, NA,
as Trustee

By: _____
Authorized Officer

EXHIBIT A
Form of Bond

(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 UHLAND, TEXAS
SPECIAL ASSESSMENT REVENUE BOND, SERIES 2024
(ANDERSON PARK PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #1 PROJECT)

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATE OF DELIVERY</u>	<u>CUSIP NUMBER</u>
_____ %	September 1, 20__	_____	_____

The City of Uhlend, Texas (the "City"), for value received, hereby promises to pay, solely from the Trust Estate, to

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

_____ DOLLARS

unless this Bond shall have been sooner called for redemption and the payment of the principal hereof shall have been paid or provision for such payment shall have been made, and to pay interest on the unpaid principal amount hereof from the later of the Date of Delivery, as specified above, or the most recent Interest Payment Date to which interest has been paid or provided for until such principal amount shall have been paid or provided for, at the per annum rate of interest specified above, computed on the basis of a 360-day year of twelve 30-day months, such interest to be paid semiannually on March 1 and September 1 of each year, commencing March 1, 2024, 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 Houston, Texas (the "Designated Payment/Transfer Office"), of BOKF, NA, 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 acceptable to the Trustee, requested by, and at the risk and expense of, the Person to whom interest is to be paid. For the purpose of the payment of interest on this Bond, the registered owner shall be the Person in whose name this Bond is registered at the close of business on the "Record Date," which shall be the 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 or more 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 November 1, 2024, issued in the aggregate principal amount of \$6,953,000 and issued, with the limitations described herein, pursuant to an Indenture of Trust, dated as of November 1, 2024 (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 #1 Projects, (ii) paying a portion of the interest on the Bonds during and after the period of acquisition and construction of the Improvement Area #1 Projects, (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.

The Bonds are special, 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 \$100,000 and any multiple of \$1,000 in excess thereof.

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

Term Bonds Maturing September 1, 2031

<u>Redemption Date</u>	<u>Sinking Fund Installment (\$)</u>
September 1, 2026	107,000
September 1, 2027	112,000
September 1, 2028	116,000
September 1, 2029	121,000
September 1, 2030	126,000
September 1, 2031*	131,000

* maturity

Term Bonds Maturing September 1, 2044

<u>Redemption Date</u>	<u>Sinking Fund Installment (\$)</u>
September 1, 2032	137,000
September 1, 2033	144,000
September 1, 2034	151,000
September 1, 2035	158,000
September 1, 2036	166,000
September 1, 2037	175,000
September 1, 2038	184,000
September 1, 2039	193,000
September 1, 2040	203,000
September 1, 2041	213,000
September 1, 2042	224,000
September 1, 2043	235,000
September 1, 2044*	247,000

* maturity

Term Bonds Maturing September 1, 2055

<u>Redemption Date</u>	<u>Sinking Fund Installment (\$)</u>
September 1, 2045	260,000
September 1, 2046	274,000
September 1, 2047	290,000
September 1, 2048	306,000
September 1, 2049	323,000
September 1, 2050	341,000
September 1, 2051	360,000
September 1, 2052	380,000
September 1, 2053	402,000
September 1, 2054	425,000
September 1, 2055*	449,000

* maturity

At least 45 days prior to each mandatory sinking fund redemption date, and subject to any prior reduction authorized by 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 of a Stated Maturity 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 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 shall be reduced on a pro rata basis among Sinking Fund Installments by the principal amount of any Bonds which, at least 45 days prior to the mandatory sinking fund redemption date, shall have been redeemed pursuant to the optional redemption or extraordinary optional redemption provisions of the Indenture and not previously credited to a mandatory sinking fund redemption.

The City reserves the right and option to redeem Bonds maturing on or after September 1, 2033 before their scheduled maturity dates, in whole or in part, on any date on or after September 1, 2032, such redemption date or dates to be fixed by the City, at the Redemption Price.

Bonds are subject to extraordinary optional redemption prior to maturity in whole or in part, on any date, at the Redemption Price equal to the principal amount of the Bonds called for redemption, plus accrued and unpaid interest to the date fixed for redemption, pursuant to the provisions of the Indenture, 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.

If less than all of the Bonds are to be redeemed pursuant to Section 4.2, 4.3, or 4.4 of the Indenture, Bonds shall be redeemed in minimum principal amounts of \$1,000 or any integral multiple thereof. Each Bond shall be treated as representing the number of Bonds that is obtained by dividing the principal amount of such 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 Section 4.2 of the Indenture, the Trustee may select Bonds in any method that results in a random selection.

In selecting the Bonds to be redeemed pursuant to Section 4.3 of the Indenture, 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 Section 4.4 of the Indenture, the Bonds or portion of a Bond, as applicable, to be redeemed shall be allocated on a pro rata basis (as nearly as practicable) among all Outstanding Bonds.

Upon surrender of any Bond for redemption in part, the Trustee in accordance with Section 3.7 of the 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.

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 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.

The City has the right to rescind any optional redemption or extraordinary optional redemption described in Section 4.3 or 4.4 of the Indenture by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of redemption shall be cancelled and annulled if for any reason funds are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under the Indenture. The Trustee shall mail notice of rescission of redemption in the same manner notice of redemption was originally provided.

With respect to any optional redemption of the Bonds, unless the Trustee has received funds sufficient to pay the Redemption Price of the Bonds to be redeemed before giving of a notice of redemption, the notice may state the City may condition redemption on the receipt of such funds by the Trustee on or before the date fixed for the redemption, or on the satisfaction of any other prerequisites set forth in the notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption 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 such endorsement or other evidence of transfer as is acceptable to the Trustee, and upon delivery to the Trustee of such certifications and/or opinion of counsel as may be required under the Indenture for the transfer of this Bond. Upon satisfaction of such requirements, one or more new fully registered Bonds of the same Stated Maturity, of Authorized Denominations, bearing the same rate of interest, and for the same aggregate principal amount will be issued to the designated transferee or transferees.

Neither the City nor the Trustee shall be required to issue, transfer or exchange any Bond called for redemption where such redemption is scheduled to occur within 45 calendar days of the transfer or exchange date; provided, however, such limitation shall not be applicable to an exchange by the registered owner of the uncalled principal balance of a Bond redeemed in part.

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.

The City has reserved the right to issue Refunding Bonds on the terms and conditions specified in the Indenture.

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE CITY OF UHLAND, 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 Uhlend, Texas

City Secretary, City of Uhlend, 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 an opinion 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.

BOKF, NA, Houston, Texas, as
Trustee

DATED: _____

By: _____
Authorized Signatory

(d) Form of Assignment.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto
(print or typewrite name, address and 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 transfer the within Bond on the books kept for
registration hereof, with full power of substitution in the premises.

Date: _____

Signature Guaranteed By:

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.

Authorized Signatory

(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 1 in each of the years, in the principal
installments and bearing interest at the per annum rates set forth in the following schedule:

<u>Year</u>	<u>Principal Amount (\$)</u>	<u>Interest Rate (%)</u>
-------------	------------------------------	--------------------------

(Information to be inserted from Section 3.2(c) hereof); and

(iii) the Initial Bond shall be numbered T-1.

[City Letterhead]

Re: City of Umland, Texas Special Assessment Revenue Bonds (Anderson
Park Public Improvement District Improvement Area #1 Project)

[insert instructions]

Very truly yours,

CITY OF UHLAND, TEXAS

By: /s/
Name: _____
Title: _____

APPENDIX B

FORM OF SERVICE AND ASSESSMENT PLAN

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Anderson Park Public Improvement District

SERVICE AND ASSESSMENT PLAN

OCTOBER 30, 2024



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INTRODUCTION

Capitalized terms used in this Service and Assessment Plan shall have the meanings given to them in **Section I** unless otherwise defined in this Service and Assessment Plan or unless the context in which a term is used clearly requires a different meaning. Unless otherwise defined, a reference to a “Section” or an “Exhibit” shall be a reference to a Section of this Service and Assessment Plan, or an Exhibit attached to and made a part of this Service and Assessment Plan for all purposes.

On October 13, 2021, the City passed and approved Resolution No. 20211310, authorizing the creation of the District in accordance with the PID Act, which authorization was effective upon adoption as required by the PID Act.

The purpose of the District is to finance the Actual Costs of the Authorized Improvements for the benefit of property within the District. The District contains approximately 77.86 acres within the corporate limits of the City, as described legally by metes and bounds on **Exhibit A-1** and as depicted by the map on **Exhibit B-1**.

The PID Act requires a service plan covering a period of at least five years and defining the annual indebtedness and projected cost of the Authorized Improvements. The Service Plan is contained in **Section IV**.

The PID Act requires that the Service Plan include an assessment plan that assesses the Actual Costs of the Authorized Improvements against Assessed Property within the District based on the special benefits conferred on such property by the Authorized Improvements. The Assessment Plan is contained in **Section V**.

The PID Act requires an Assessment Roll that states the Assessment against each Parcel determined by the method chosen by the City. The Assessment against each Assessed Property must be sufficient to pay the share of the Actual Costs apportioned to the Assessed Property and cannot exceed the special benefit conferred on the Assessed Property by the Authorized Improvements. The Improvement Area #1 Assessment Roll is contained in **Exhibit F**.

SECTION I: DEFINITIONS

“Actual Costs” means, with respect to Authorized Improvements, the actual costs paid or incurred by or on behalf of the Developer of the District:

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

“Additional Interest” means the amount collected by application of the Additional Interest Rate if PID Bonds are issued.

“Additional Interest Rate” means the additional interest rate, not to exceed 0.50%, charged on Assessments securing PID Bonds, as authorized by Section 372.018 of the PID Act.

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

“Annual Collection Costs” means the actual or budgeted costs and expenses relating to collecting the Annual Installments, including, but not limited to, costs and expenses for:

- (1) the Administrator and City staff;
- (2) legal counsel, engineers, accountants, financial advisors, and other consultants engaged by the City;
- (3) calculating, collecting, and maintaining records with respect to Assessments and Annual Installments;
- (4) preparing and maintaining records with respect to Assessment Rolls and Annual Service Plan Updates;
- (5) paying, and redeeming PID Bonds, if issued;
- (6) investing or depositing Assessments and Annual Installments;
- (7) complying with this Service and Assessment Plan and the PID Act with respect to the administration of the District, including continuing disclosure requirements; and
- (8) the paying agent/registrar and Trustee in connection with PID Bonds, if issued, including their respective legal counsel. Annual Collection Costs collected but not expended in any year shall be carried forward and applied to reduce Annual Collection Costs for subsequent years.

“Annual Installment” means the annual installment payment of an Assessment as calculated by the Administrator and approved by the City Council, that may include: (1) principal; (2) interest; (3) Annual Collection Costs; and (4) Additional Interest, if applicable.

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

“Assessed Property” means any Parcel within the District that benefits from the Authorized Improvements and on which an Assessment is levied as shown on the Assessment Roll and which includes any and all Parcels within the District other than Non-Benefited Property.

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

"Assessment Ordinance" means an ordinance adopted by the City Council in accordance with the PID Act that approves a Service and Assessment Plan and levies Assessments on all or a portion of the Assessed Property within the District, as shown on any Assessment Roll.

“Assessment Plan” means the methodology employed to assess the Actual Costs of the Authorized Improvements against Assessed Property within the District based on the special benefits conferred on such property by the Authorized Improvements, as more specifically described in **Section V**.

“Assessment Roll” means any Assessment Roll for the Assessed Property within the District, including the Improvement Area #1 Assessment Roll as shown in **Exhibit F**, 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 PID Bonds, or in connection with any Annual Service Plan Update.

“Authorized Improvements” means improvements authorized by Section 372.003 of the PID Act, as more specifically described in **Section III** including Major Improvements, Improvement Area #1 Improvements, District Formation Expenses, Bond Issuance Costs and Annual Collection Costs.

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

“City” means the City of Uhlman, Texas.

“City Council” means the governing body of the City.

“County” means Hays County, Texas.

“Creation Resolution” means Resolution No. 20211310, approved by the City Council on October 13, 2021, which authorized the creation of the District.

“Delinquent Collection Costs” means, for an Assessed Property, interest, penalties, and other costs and expenses authorized by the PID Act that directly or indirectly relate to the collection of delinquent Assessments, delinquent Annual Installments, or any other delinquent amounts due under this SAP, including costs and expenses to foreclose liens.

“Developer” means Continental Homes of Texas, L.P., a Texas limited partnership, and its successors and assigns.

“District” means the Anderson Park Public Improvement District containing approximately 77.86 acres within the corporate limits of the City, as described legally by metes and bounds on **Exhibit A-1** and as depicted by the map on **Exhibit B-1**.

“District Formation Expenses” means costs incurred creating the District, including attorney fees, consultant fees, and other fees and expenses related to the formation of the District and the levy of Assessments.

“Estimated Buildout Value” means the estimated buildout value of an Assessed Property at the time Assessments are levied and shall be determined by the Administrator and confirmed by the City Council by considering such factors as density, Lot size, proximity to amenities, view premiums, location, market conditions, historical sales, builder contracts, discussions with homebuilders, reports from third party consultants, or any other information that may impact value.

“Improvement Area #1” means approximately 47.87 acres located within the District and more specifically described in **Exhibit A-2** and as depicted by the map on **Exhibit B-2**.

“Improvement Area #1 Annual Installment” means the annual installment payment of the Improvement Area #1 Assessment as calculated by the Administrator and approved by the City Council that may include: (1) principal, (2) interest, (3) Annual Collection Costs, and (4) Additional Interest, if applicable.

“Improvement Area #1 Assessed Property” means any Parcel within Improvement Area #1 against which an Improvement Area #1 Assessment is levied.

“Improvement Area #1 Assessment” means \$6,953,000 in Assessments levied against the Improvement Area #1 Assessed Property and imposed pursuant to an Assessment Ordinance, as shown on the Improvement Area #1 Assessment Roll, subject to reallocation upon the subdivision of such Parcel or reduction according to the provisions herein and in the PID Act.

“Improvement Area #1 Assessment Roll” means the Assessment Roll for the Improvement Area #1 Assessed Property within the District and included in this Service and Assessment Plan as **Exhibit F**, 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 PID Bonds or in connection with any Annual Service Plan Update.

“Improvement Area #1 Improvements” means the Authorized Improvements that solely benefit Improvement Area #1 Assessed Property, as more specifically described in **Section III** and as shown on **Exhibit I**.

“Improvement Area #1 Projects” means the Improvement Area #1 Improvements and Improvement Area #1’s allocable share of the Major Improvements.

“Indenture” means an Indenture of Trust entered into in connection with the issuance of PID Bonds, as amended or supplemented from time to time, between the City and the Trustee setting forth terms and conditions related to the PID Bonds.

“Landowner(s)” means individuals or entities that own any Assessed Property located within the District at the time of the levy of Assessments and have consented to the levy of Assessment against their Parcel(s) through a Landowner Consent Certificate.

“Landowner Consent Certificate” means any Landowner Consent Certificate provided to the City by a Landowner and recorded in the County in which the District is located, in which a Landowner agrees to the levy of Assessment against a Parcel(s) located within the District that will be specially benefited by the Authorized Improvements.

“Lot” means (1) for any portion of the District for which a subdivision plat has been recorded in the official public records of the County, a tract of land described as a “lot” in such subdivision plat, and (2) for any portion of the District for which a subdivision plat has not been recorded in the official public records of the County, a tract of land anticipated to be described as a “lot” in a final recorded subdivision plat as shown on a concept plan or preliminary plat.

“Lot Type” means a classification of final building Lots with similar characteristics (e.g. Lot size, home product, buildout value, etc.), as determined by the Administrator and confirmed and approved by the City Council. In the case of single-family residential Lots, the Lot Type shall be further defined by classifying the residential Lots by the Estimated Buildout Value of the Lot as calculated by the Administrator and confirmed and approved by the City Council.

“Lot Type 1” means a Lot designated as a 40’ residential Lot within Improvement Area #1.

“Major Improvements” means the improvements and associated soft costs that benefit the entire District, and are more specifically described in **Section III** and depicted on **Exhibit I**. Major Improvements provide benefit to Improvement Area #1 and to the Remainder Area as shown in **Exhibit C**.

“Maximum Assessment” means the amount shown for each Lot Type or Parcel on **Exhibit H-1**. The Maximum Assessment shall be reduced annually by the principal portion of the Annual Installment.

“Non-Benefited Property” means Parcels within the boundaries of the District that accrue no special benefit from Authorized Improvements as determined by the City Council.

“Parcel(s)” means a property within the boundaries of the District, identified by either a tax map identification number assigned by the Hays Central Appraisal District for real property tax

purposes, by metes and bounds description, by lot and block number in a final subdivision plat recorded in the official public records of the County, or by any other means as determined by the City Council.

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

“PID Bonds” means any bonds issued by the City in accordance with the PID Act, that are secured by Assessments.

“Prepayment” means 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 payment of principal, interest, or penalties on a delinquent installment of Assessment are not to be considered a Prepayment, but rather are to be treated as a payment of the regularly scheduled Annual Installment of the Assessment.

“Prepayment Costs” means interest, including Additional Interest, and Annual Collection Costs incurred up to the date of Prepayment.

“Remainder Area” means approximately 29.99 acres located within the District, not included within Improvement Area #1.

“Service and Assessment Plan” or **“SAP”** means this Service and Assessment Plan as it may be modified, amended, supplemented, and updated from time to time.

“Service Plan” covers a period of at least five years and defines the annual indebtedness and projected costs of the Authorized Improvements, more specifically described in **Section IV**.

“State” means the State of Texas.

“Taken Property” shall have the meaning assigned to such term in **Section VI.F**.

“Taking” shall have the meaning assigned to such term in **Section VI.F**.

“Trustee” means the trustee (or successor trustee) under an Indenture.

SECTION II: THE DISTRICT

The District includes approximately 77.86 acres within the corporate limits of the City, as described legally by metes and bounds on **Exhibit A-1** and as depicted by the map on **Exhibit B-1**. Development of the District is anticipated to include 430 single family units.

Improvement Area #1 includes approximately 47.87 acres as described legally by metes and bounds on **Exhibit A-2** and as depicted by the map on **Exhibit B-2**. Development of Improvement Area #1 is anticipated to contain 220 single family units.

As additional improvement areas are developed this Service and Assessment Plan will be updated to include such improvement areas.

SECTION III: AUTHORIZED IMPROVEMENTS

The City, based on information provided by the Developer and its engineer and review by the City staff and by third-party consultants retained by the City, determined that the Authorized Improvements confer a special benefit on the Assessed Property. The budget for the Authorized Improvements, as well as the allocation of the Actual Costs of the Authorized Improvements, is shown on **Exhibit C**.

A. Major Improvements

- *Roadway*

Roadway improvements include subgrade stabilization, asphalt and base for roadways, testing and handicap ramps. All related earthwork, excavation, erosion control measures, retaining walls, intersections, signage and re-vegetation of all disturbed areas within the right-of-way are included to provide roads to each Lot.

- *Water*

Water improvements include trench excavation and embedment, PVC piping, manholes, service connections, testing, related earthwork, excavation, and all other necessary appurtenances required to provide water service to each Lot.

- *Drainage*

Drainage improvements include trench excavation and embedment, necessary erosion control measures reinforced concrete pipe, manholes, storm sewer outfalls and headwalls, storm drain inlets, testing, related earthwork, excavation and all other necessary appurtenances required to ensure proper drainage. A detention pond serving the entire District will also be constructed as part of the drainage improvements.

- *Soft Costs*

Includes costs related to designing, constructing, installing, and financing the Major Improvements, including land planning and design, City fees and performance bonds, engineering, soil testing, survey, construction management, legal fees, consultant fees, contingency, inspection fees, and other PID costs incurred and paid by the Developer.

B. Improvement Area #1 Improvements

- *Roadway*

Roadway improvements include subgrade stabilization, asphalt and base for roadways, testing and handicap ramps. All related earthwork, excavation, erosion control measures, retaining walls, intersections, signage and re-vegetation of all disturbed areas within the right-of-way are included to provide roads to each Lot within Improvement Area #1.

- *Drainage*

Drainage improvements include trench excavation and embedment, necessary erosion control measures reinforced concrete pipe, manholes, storm sewer outfalls and headwalls, storm drain inlets, testing, related earthwork, excavation and all other necessary appurtenances required to ensure proper drainage within Improvement Area #1.

- *Water*

Water improvements include trench excavation and embedment, PVC piping, manholes, service connections, testing, related earthwork, excavation, and all other necessary appurtenances required to provide water service to each Lot within Improvement Area #1.

- *Wastewater*

Wastewater improvements include trench excavation and embedment, necessary erosion control measures, PVC piping, manholes, service connections, testing, related earthwork, excavation, and all other necessary appurtenances required to provide wastewater service to each Lot within Improvement Area #1.

- *Soft Costs*

Includes costs related to designing, constructing, installing, and financing the Improvement Area #1 Improvements, including land planning and design, City fees and performance bonds, engineering, soil testing, survey, construction management, legal fees, consultant fees, contingency, inspection fees, and other PID costs incurred and paid by the Developer.

C. District Formation Expenses

Costs incurred creating the District, including attorney fees, consultant fees, and other fees and expenses related to formation of the District and the levy of Assessments.

D. Bond Issuance Costs

- *Debt Service Reserve Requirement*
Equals the amount required to fund a reserve under the applicable Indenture in connection with the issuance of the applicable series of PID Bonds.
- *Capitalized Interest*
Equals the amount of capitalized interest available for payment of interest on PID Bonds, as reflected in an applicable Indenture.
- *Underwriter's Discount*
Equals a percentage of the par amount of a particular series of PID Bonds, and includes a fee for underwriter's counsel.
- *Cost of Issuance*
Costs associated with issuing a series of PID Bonds, including but not limited to attorney fees, financial advisory fees, consultant fees, appraisal fees, printing costs, publication costs, City costs, fees charged by the Texas Attorney General, and any other cost or expense directly associated with the issuance of the applicable series of PID Bonds.

E. First Year Annual Collection Costs

The estimated cost of the 1st year Annual Collection Costs.

SECTION IV: SERVICE PLAN

The PID Act requires the Service Plan to cover a period of at least five years. The Service Plan is required to define the projected costs and annual indebtedness for the Authorized Improvements undertaken within the District. The Service Plan shall be updated in each Annual Service Plan Update. **Exhibit D** summarizes the Service Plan for the District.

Exhibit E summarizes the sources and uses of funds required to construct the Authorized Improvements. The sources and uses of funds shown on **Exhibit E** shall be updated in each Annual Service Plan Update.

SECTION V: ASSESSMENT PLAN

The PID Act requires the City to apportion the Actual Costs of the Authorized Improvements to the Assessed Property based on the special benefit received from the Authorized Improvements. The PID Act provides that such costs may be apportioned: (1) equally per front foot or square foot; (2) according to the value of property as determined by the City, with or without regard to improvements constructed on the property; or (3) in any other manner approved by the City that results in imposing equal shares of such costs on property similarly benefited. The PID Act further provides that the governing body may establish by ordinance or order reasonable classifications and formulas for the apportionment of the cost between the municipality and the area to be assessed and the methods of assessing the special benefits for various classes of improvements.

This section of this Service and Assessment Plan describes the special benefit received by each Assessed Property within the District as a result of the Authorized Improvements and provides the basis and justification for the determination that this special benefit exceeds the amount of the Assessments levied on the Assessed Property for such Authorized Improvements.

The determination by the City of the assessment methodologies set forth below is the result of the discretionary exercise by the City Council of its legislative authority and governmental powers and is conclusive and binding on the Landowners and all future owners and developers of the Assessed Property.

A. Assessment Methodology

The City Council, acting in its legislative capacity based on information provided by the Developer and its engineer and reviewed by the City staff and by third-party consultants retained by the City, has determined that the costs of the Authorized Improvements shall be allocated as follows:

- Major Improvements are allocated between Improvement Area #1 and the Remainder Area based on the methodology and as shown on **Exhibit H-2**.
- Improvement Area #1 Improvements are allocated 100% to Improvement Area #1.

B. Assessments

Improvement Area #1 Assessments will be levied on the Improvement Area #1 Assessed Property as shown on the Improvement Area #1 Assessment Roll, attached hereto as **Exhibit F**. The projected Improvement Area #1 Annual Installments are shown on **Exhibit G-1**, subject to revisions made during any Annual Service Plan Update.

The Maximum Assessment for each Lot Type within Improvement Area #1 is shown on **Exhibit H-1**. In no case will the Assessment for any Lot Type exceed the Maximum Assessment.

C. Findings of Special Benefit

The City Council, acting in its legislative capacity based on information provided by the Developer and its engineer and reviewed by the City staff and by third-party consultants retained by the City, has found and determined:

- *Improvement Area #1*
 - a. The cost of Authorized Improvements benefiting Improvement Area #1, including the Improvement Area #1 Projects, Improvement Area #1's allocable share of the District Formation Expenses, Improvement Area #1's allocable share of the Annual Collection Costs associated with the first year of the District, and Bond Issuance Costs incurred in connection with the PID Bonds issued to finance Improvement Area #1's share of the Authorized Improvements, equals \$10,531,868 as shown on **Exhibit C**; and
 - b. The Improvement Area #1 Assessed Property receives special benefit from the Authorized Improvements benefiting Improvement Area #1 equal to or greater than the Actual Costs of the Authorized Improvements allocated to Improvement Area #1 Assessed Property; and
 - c. Improvement Area #1 Assessed Property will be allocated 100% of the Improvement Area #1 Assessments levied on the Improvement Area #1 Assessed Property for the Authorized Improvements benefiting Improvement Area #1, which equal \$6,953,000 as shown on the Improvement Area #1 Assessment Roll attached hereto as **Exhibit F**; and
 - d. The special benefit (\geq \$10,531,868) received by the Improvement Area #1 Assessed Property from the Authorized Improvements benefiting Improvement Area #1 is greater than the amount of Improvement Area #1 Assessments (\$6,953,000) levied on the Improvement Area #1 Assessed Property for the Authorized Improvements benefiting Improvement Area #1; and
 - e. At the time the City Council approved the Assessment Ordinance, the Landowner owned 100% of the Improvement Area #1 Assessed Property. In a Landowner Consent Certificate, the Landowner acknowledged that the Authorized Improvements benefiting Improvement Area #1 confer a special benefit on Improvement Area #1 Assessed Property and consented to the imposition of the Improvement Area #1 Assessments to pay for the Actual Costs associated therewith. The Landowner ratified, confirmed, accepted, agreed to, and approved (1) the determinations and findings by the City Council as to the special benefits described herein and in the Assessment Ordinance, (2) the Service and Assessment Plan and the Assessment

Ordinance, and (3) the levying of the Improvement Area #1 Assessments on the Improvement Area #1 Assessed Property.

D. Annual Collection Costs

The Annual Collection Costs shall be paid for on a pro rata basis by each Assessed Property based on the amount of outstanding Assessment remaining on the Assessed Property. The Annual Collection Costs shall be billed and collected in the same manner as Annual Installments in the amounts set forth in each Annual Service Plan Update.

E. Additional Interest

The interest rate on Assessments securing PID Bonds may exceed the interest rate on the PID Bonds by the Additional Interest Rate. If applicable, Additional Interest shall be collected as part of each Annual Installment and shall be deposited pursuant to the applicable Indenture.

SECTION VI: TERMS OF THE ASSESSMENTS

A. Reallocation of Assessments

1. Upon Division Prior to Recording of Subdivision Plat

Upon the division of any Assessed Property (without the recording of subdivision plat), the Administrator shall reallocate the Assessment for the Assessed Property prior to the division among the newly divided Assessed Properties according to the following formula:

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

Where the terms have the following meanings:

A = the Assessment for the newly divided Assessed Property

B = the Assessment for the Assessed Property prior to division

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

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

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

2. Upon Subdivision by a Recorded Subdivision Plat

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

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

Where the terms have the following meanings:

A = the Assessment for the newly subdivided Lot

B = the Assessment for the Parcel prior to subdivision

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

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

E = the number of Lots with the same Lot Type

Prior to the recording of a subdivision plat, the Developer shall provide the City with an Estimated Buildout Value as of the date of the recorded subdivision plat for each Lot created by the recorded subdivision plat.

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

3. Upon Consolidation

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

The Assessment for any resulting Lot will not exceed the Maximum Assessment, shown on **Exhibit H-1** for the applicable Lot Type, and compliance may require a mandatory Prepayment of Assessments pursuant to **Section VI.C**.

B. True-up of Assessments if Maximum Assessment Exceeded

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 to exceed the Maximum Assessment. If the Administrator determines that the resulting Assessment per Lot for any Lot Type will exceed the Maximum Assessment, then (i) the Assessment applicable to each Lot Type exceeding the Maximum Assessment shall be reduced to the Maximum Assessment, and (ii) the person or entity filing the plat shall pay to the City the amount the Assessment was reduced, plus Prepayment Costs and Delinquent Collection Costs, prior to the City approving the final plat. The City's approval of a final subdivision plat without payment of such amounts does not eliminate the obligation of the person or entity filing the plat to pay the amounts referenced in (ii) in the immediately preceding sentence.

C. Mandatory Prepayment of Assessments

If Assessed Property is transferred to a person or entity that is exempt from payment of the Assessments, the owner transferring the Assessed Property shall pay to the City or the Administrator on behalf of the City the full amount of the outstanding Assessment, plus Prepayment Costs and Delinquent Collection Costs, if any, for such Assessed Property, prior to the transfer. If the owner of the Assessed Property causes the Assessed Property to become Non-Benefited Property, the owner causing the change in status shall pay the full amount of the outstanding Assessment, plus Prepayment Costs and Delinquent Collection Costs, if any, prior to the change in status.

D. Reduction of Assessments

If as a result of cost savings or Authorized Improvements not being constructed, the Actual Costs of completed Authorized Improvements are less than the Assessments, (i) in the event PID Bonds are not issued, the City Council shall reduce each Assessment on a pro-rata basis such that the sum of the resulting reduced Assessments for all Assessed Property equals the reduced Actual Costs, or (ii) in the event PID Bonds are issued, the Trustee shall apply amounts on deposit in the applicable account of the project fund, relating to the PID Bonds, that are not expected to be used for purposes of the project fund to redeem outstanding PID Bonds, in accordance with the applicable Indenture. The Assessments shall not, however, be reduced to an amount less than the outstanding PID Bonds.

The Administrator shall update (and submit to the City Council for review and approval as part of the next Annual Service Plan Update) the Assessment Roll and corresponding Annual Installments to reflect the reduced Assessments.

E. Prepayment of Assessments

The owner of any Assessed Property may pay, at any time, all, or any part of an Assessment in accordance with the PID Act. If an Annual Installment has been billed prior to the Prepayment, the Annual Installment shall be due and payable and shall be credited against the Prepayment.

If an Assessment is pre-paid in full, with interest and Annual Collection Costs through the Prepayment date: (1) the Administrator shall cause the Assessment to be reduced to zero and the Assessment Roll to be revised accordingly; (2) the Administrator shall cause the revised Assessment Roll to be approved by the City Council as part of the next Annual Service Plan Update; (3) the obligation to pay the Assessment and corresponding Annual Installments shall terminate; and (4) the City shall provide the owner with a recordable "Notice of PID Assessment Lien Termination," a form of which is attached as **Exhibit J**.

If an Assessment is pre-paid in part, with Prepayment Costs: (1) the Administrator shall cause the Assessment to be reduced and the Assessment Roll revised accordingly; (2) the Administrator shall cause the revised Assessment Roll to be approved by the City Council as part of the next Annual Service Plan Update; and (3) the obligation to pay the Assessment and corresponding Annual Installments shall be reduced to the extent of the Prepayment made.

F. Prepayment as a result of Eminent Domain Proceeding or Taking

Subject to applicable law, if any portion of any Parcel of Assessed Property is taken from an owner as a result of eminent domain proceedings or if a transfer of any portion of any Parcel of Assessed Property is made to an entity with the authority to condemn all or a portion of the Assessed Property in lieu of or as a part of an eminent domain proceeding (a "**Taking**"), the portion of the Assessed Property that was taken or transferred (the "**Taken Property**") shall be reclassified as Non-Benefited Property.

For the Assessed Property that is subject to the Taking as described in the preceding paragraph, the Assessment that was levied against the Assessed Property (when it was included in the Taken Property) prior to the Taking shall remain in force against the remaining Assessed Property (the Assessed Property less the Taken Property,) (the "**Remaining Property**"), following the reclassification of the Taken Property as Non-Benefited Property, subject to an adjustment of the Assessment applicable to the Remaining Property after any required Prepayment as set forth below. The owner of the Remaining Property will remain liable to pay in Annual Installments, or payable as otherwise provided by this Service and Assessment Plan, as updated, or the PID Act, the Assessment that remains due on the Remaining Property, subject to an adjustment in the Assessment applicable to the Remaining Property after any required Prepayment as set forth below. Notwithstanding the foregoing, if the Assessment that remains due on the Remaining Property exceeds the Maximum Assessment, the owner of the Remaining Property will be required to make a Prepayment in an amount necessary to ensure that the Assessment against the Remaining Property does not exceed the Maximum Assessment, in which case the

Assessment applicable to the Remaining Property will be reduced by the amount of the partial Prepayment. If the City receives all or a portion of the eminent domain proceeds (or payment made in an agreed sale in lieu of condemnation), such amount shall be credited against the amount of Prepayment, with any remainder credited against the assessment on the Remaining Property.

In all instances the Assessment remaining on the Remaining Property shall not exceed the Maximum Assessment.

By way of illustration, if an owner owns 100 acres of Assessed Property subject to a \$100 Assessment and 10 acres is taken through a Taking, the 10 acres of Taken Property shall be reclassified as Non-Benefited Property and the remaining 90 acres of Remaining Property shall be subject to the \$100 Assessment, (provided that this \$100 Assessment does not exceed the Maximum Assessment on the Remaining Property). If the Administrator determines that the \$100 Assessment reallocated to the Remaining Property would exceed the Maximum Assessment on the Remaining Property by \$10, then the owner shall be required to pay \$10 as a Prepayment of the Assessment against the Remaining Property and the Assessment on the Remaining Property shall be adjusted to be \$90.

Notwithstanding the previous paragraphs in this subsection (F), if the owner of the Taken Property notifies the City and the Administrator that the Taking prevents the Remaining Property from being developed for any use which could support the Estimated Buildout Value requirement, the owner shall, upon receipt of the compensation for the Taken Property, be required to prepay the amount of the Assessment required to buy down the outstanding Assessment to the Maximum Assessment on the Remaining Property to support the Estimated Buildout Value requirement. Said owner will remain liable to pay the Annual Installments on both the Taken Property and the Remaining Property until such time that such Assessment has been prepaid in full.

Notwithstanding the previous paragraphs in this subsection (F), the Assessments shall not, however, be reduced to an amount less than the amount required to pay all outstanding debt service requirements on all outstanding PID Bonds, if issued.

G. Payment of Assessment in Annual Installments

Assessments that are not paid in full shall be due and payable in Annual Installments. In no case will the Assessment for any Lot Type exceed the Maximum Assessment. Annual Installments are subject to adjustment in each Annual Service Plan Update. **Exhibit G-1** shows the projected Annual Installments for Improvement Area #1.

The Administrator shall prepare and submit to the City Council for its review and approval an Annual Service Plan Update to allow for the billing and collection of Annual Installments. Each

Annual Service Plan Update shall include updated Assessment Rolls and updated calculations of Annual Installments. Annual Collection Costs shall be allocated pro rata among Assessed Properties for which the Assessments remain unpaid in proportion to the amount of the Annual Installments for the Assessed Property. Annual Installments shall be collected by the City in the same manner and at the same time as ad valorem taxes. Annual Installments shall be subject to the penalties, procedures, and foreclosure sale in case of delinquencies as set forth in the PID Act and in the same manner as ad valorem taxes for the City. The City Council may provide for other means of collecting Annual Installments. Assessments shall have the lien priority specified in the PID Act. For billing purposes only, until a plat has been recorded within the District, the Annual Installment will be billed to each property ID within the District based on the Hays Central Appraisal District acreage.

Sales of the Assessed Property for nonpayment of Annual Installments shall be subject to the lien for the remaining unpaid Annual Installments against the Assessed Property, and the Assessed Property may again be sold at a judicial foreclosure sale if the purchaser fails to timely pay the Annual Installments as they become due and payable.

The City reserves the right to refund PID Bonds in accordance with the PID Act and the applicable Indenture. In the event of a refunding, the Administrator shall recalculate the Annual Installments so that total Annual Installments will be sufficient to pay the refunding bonds, and the refunding bonds shall constitute "PID Bonds."

Each Annual Installment of an Assessment, including interest on the unpaid principal of the Assessment, shall be updated annually. Each Annual Installment shall be due when billed and shall be delinquent if not paid prior to February 1 of the following year. Failure of the owner of Assessed Property to receive an invoice for an Annual Installment on the property tax bill or otherwise shall not relieve the owner of Assessed Property of the obligation to pay the Assessment. Assessments, or Annual Installments thereof, that are delinquent shall incur Delinquent Collection Costs.

SECTION VII: ASSESSMENT ROLL

The Improvement Area #1 Assessment Roll is attached as **Exhibit F**. The Administrator shall prepare and submit to the City Council for review and approval, proposed revisions to the Improvement Area #1 Assessment Roll and Improvement Area #1 Annual Installments for each Parcel within Improvement Area #1 as part of each Annual Service Plan Update.

SECTION VIII: ADDITIONAL PROVISIONS

A. Calculation Errors

If the owner of an Assessed Property claims that an error has been made in any calculation required by this Service and Assessment Plan, including, but not limited to, any calculation made as part of any Annual Service Plan Update, the sole and exclusive remedy of the owner of Assessed Property shall be to submit a written notice of error to the Administrator by December 1st of each year following City Council approval of the calculation; otherwise, the owner shall be deemed to have unconditionally approved and accepted the calculation. Upon receipt of a written notice of error from an owner the Administrator shall provide a written response to the City Council and the owner within 30 days of such referral. The City Council shall consider the owner's notice of error and the Administrator's response at a public meeting, and within 30 days after adjourning such meeting, the City Council shall make a final determination as to whether an error has been made. If the City Council determines that an error has been made, the City Council shall take such corrective action as is authorized by the PID Act, this Service and Assessment Plan, the applicable Assessment Ordinance, or the applicable Indenture, or is otherwise authorized by the discretionary power of the City Council. The determination by the City Council as to whether an error has been made, and any corrective action taken by the City Council, shall be final and binding on the owner and the Administrator.

B. Amendments

Amendments to this Service and Assessment Plan must be made by the City Council in accordance with the PID Act. To the extent permitted by the PID Act, this Service and Assessment Plan may be amended without notice to owners of the Assessed Property: (1) to correct mistakes and clerical errors; (2) to clarify ambiguities; and (3) to provide procedures to collect Assessments, Annual Installments, and other charges imposed by this Service and Assessment Plan.

C. Administration and Interpretation

The Administrator shall: (1) perform the obligations of the Administrator as set forth in this Service and Assessment Plan; (2) administer the District for and on behalf of and at the direction of the City Council; and (3) interpret the provisions of this Service and Assessment Plan. Interpretations of this Service and Assessment Plan by the Administrator shall be in writing and shall be appealable to the City Council by owners of Assessed Property adversely affected by the interpretation. Appeals shall be decided by the City Council after providing an opportunity for all interested parties to be heard at a public meeting of the City Council. Decisions by the City Council shall be final and binding on the owners and developers and their successors and assigns.

D. Severability

If any provision of this Service and Assessment Plan is determined by a governmental agency or court to be unenforceable, the unenforceable provision shall be deleted and, to the maximum extent possible, shall be rewritten to be enforceable. Every effort shall be made to enforce the remaining provisions.

E. Form of Buyer Disclosure

Per Section 5.014 of the Texas Property Code, as amended, this Service and Assessment Plan, and any future Annual Service Plan Updates, shall include a form of the buyer disclosures for the District. The form of buyer disclosure for Lot Type 1 is attached hereto as **Exhibit K**. Within seven days of approval by the City Council, the City shall file and record in the real property records of the County the executed ordinance approving this Service and Assessment Plan, or any future Annual Service Plan Updates. The executed ordinance, including any attachments, approving this Service and Assessment Plan or any future Annual Service Plan Updates shall be filed and recorded in its entirety.

LIST OF EXHIBITS

The following exhibits are attached to and made a part of this Service and Assessment Plan for all purposes:

Exhibit A-1	District Legal Description
Exhibit A-2	Improvement Area #1 Legal Description
Exhibit B-1	District Boundary Map
Exhibit B-2	Improvement Area #1 Boundary Map
Exhibit C	Authorized Improvements
Exhibit D	Service Plan – Five Year Plan
Exhibit E	Service Plan – Sources and Uses
Exhibit F	Improvement Area #1 Assessment Roll
Exhibit G-1	Improvement Area #1 Annual Installment Schedule
Exhibit G-2	Improvement Area #1 Debt Service Schedule
Exhibit H-1	Maximum Assessment per Lot Type
Exhibit H-2	Assessed Value of the District
Exhibit I	Maps of Authorized Improvements
Exhibit J	Notice of PID Assessment Lien Termination
Exhibit K	Lot Type 1 Buyer Disclosure
Exhibit L	Engineering Report

EXHIBIT A-1 – DISTRICT LEGAL DESCRIPTION

EXHIBIT _____

Anderson Tract – 77.86 Acres
6718-03

LEGAL DESCRIPTION

FIELD NOTES FOR A 77.86 ACRE TRACT OF LAND IN THE THOMAS B. WESTBROOK SURVEY, ABSTRACT NO. 468, HAYS COUNTY, TEXAS, BEING OUT OF A CALLED 82.236 ACRE TRACT OF LAND AS CONVEYED UNTO WALTON TEXAS, LP IN DOCUMENT NUMBER 17005079, OF THE OFFICIAL PUBLIC RECORDS OF HAYS COUNTY, TEXAS; SAID 77.86 ACRE TRACT OF LAND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

COMMENCING for POINT OF REFERENCE at a 1/2-inch iron rod found on the westerly right-of-way line of State Highway No. 21 (variable width R.O.W.) at the most easterly corner of said 83.236 acre tract, being the most southerly corner of a called 6.0000 acre tract of land as conveyed unto John Alan Anderson in Volume 3391, Page 582 of the Official Public Records of Hays County, Texas; **THENCE**, N 53° 41' 45" W, coincident with the common line of the 83.236 acre tract and said 6.0000 acre tract, a distance of 302.15 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set for an easterly corner and **POINT OF BEGINNING** of the herein described tract;

THENCE, S 36° 18' 15" W, over and across the 82.236 acre tract, a distance of 590.23 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set on the common line of the 82.236 acre tract and a called 5.0998 acre tract of land as conveyed unto Stripes, LLC in Volume 5196, Page 882 of the Official Public Records of Hays County, Texas, for another easterly corner of the herein described tract;

THENCE, N 46° 35' 58" W, coincident with the common line of the 82.236 acre tract and said 5.0998 acre tract, a distance of 158.25 feet to a calculated point at the common corner of the 82.236 acre tract and the 5.0998 acre tract, for a re-entrant corner of the herein described tract, from which a 1/2-inch rod with a cap stamped "RPLS 4532" found bears N 49° 37' 43" W, a distance of 0.66 feet;

THENCE, S 34° 30' 18" W, continuing coincident with said common line, a distance of 474.02 feet to a calculated point on the northerly right-of-way line of County Road 127 aka/High Road (variable width R.O.W.) at the common corner of the 82.236 acre tract and the 5.0998 acre tract for the westerly south corner of the herein described tract, from which a 1/2-inch rod with a cap stamped "KOLODZIE" found, bears N 88° 07' 47" W, a distance of 0.15 feet;

THENCE, N 46° 34' 10" W, coincident with the common line of the 82.236 acre tract and said northerly right-of-way line, a distance of 2,234.43 feet to an 80d nail found at the common corner of the 82.236 acre tract and a called 221.858 acre tract of land as conveyed unto the Hays Consolidated Independent School District in Volume 3365, Page 790 of the Official Public Records of Hays County Texas, for the west corner of the herein described tract;

THENCE, N 42° 49' 46" E, departing said northerly right-of-way line, coincident with the common line of the 82.236 acre tract and said 221.858 acre tract, a distance of 1,624.93 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set at the common corner of the 82.236 acre tract and a called 44.837 acre tract of land as conveyed unto the Hays County Independent School District in Volume 3383, Page 632 of the Official Public Records of Hays County, Texas, for the north corner of the herein described tract;

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THENCE, S 48° 48' 36" E, coincident with the common line of the 82.236 acre tract and said 44.837 acre tract, a distance of 1,651.69 feet to a 1/2-iron rod found at the common corner of the 82.236 acre tract and a called 6.189 acre tract of land as conveyed unto John Alan Anderson in Volume 915, Page 94 of the Official Public Records of Hays County, Texas for the most northeasterly corner of the herein described tract;

THENCE, S 32° 04' 54" W, coincident with the common line of the 82.236 acre tract and said 6.189 acre tract, a distance of 517.19 feet to a calculated point at the common corner of the 6.189 acre tract and the aforementioned 6.0000 acre tract of land for an angle point of the 82.236 acre tract and the herein described tract, from which a 1/2-inch rod found bears S 82° 07' 53" E, a distance of 0.35 feet;

THENCE, S 31° 57' 36" W, coincident with the common line of the 82.236 acre tract and said 6.0000 acre tract a distance of 191.22 feet to a calculated point at the common corner of the 82.236 acre tract and the 6.0000 acre tract for a re-entrant corner of the herein described tract, from which a 1/2-inch rod found, bears N 65° 01' 20" E, a distance of 0.31 feet;

THENCE, S 53° 41' 45" E, continuing coincident with said common line, a distance of 476.41 feet to the **POINT OF BEGINNING** and containing 77.86 acres of land, more or less.

I hereby certify that these notes were prepared from a survey made on the ground by employees of BGE, Inc and are true and correct to the best of my knowledge. The Basis of Bearing recited herein is the Texas State Plane Coordinate System, South Central Zone, NAD 83.



Dion P. Albertson RPLS No. 4963
BGE, Inc.
7330 San Pedro Ave, Suite 202
San Antonio TX 78216
Telephone: 210-581-3600
TBPLS Licensed Surveying Firm No. 10194490



8/17/2020

Date

Client: DR Horton
Date: April 21, 2020
Job No: 7178-00

PAGE 2 OF 2

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EXHIBIT A-2 – IMPROVEMENT AREA #1 LEGAL DESCRIPTION

EXHIBIT ____

Improvement Area 1
47.87 Acre of Land

LEGAL DESCRIPTION

FIELD NOTES FOR A 47.87 ACRE TRACT OF LAND IN THE THOMAS B. WESTBROOK SURVEY, ABSTRACT NO. 468, HAYS COUNTY, TEXAS, BEING THE REMAINING PORTION OF A CALLED 47.672 ACRE TRACT OF LAND AS CONVEYED UNTO CONTINENTAL HOMES OF TEXAS, LP IN DOCUMENT NUMBER 22021521 OF THE OFFICIAL PUBLIC RECORDS OF HAYS COUNTY, TEXAS, AND A PORTION OF MARIGOLD PHASE 1 (INCLUDING THE RIGHT-OF-WAY DEDICATION AS ON SAID PLAT) AS RECORDED IN DOCUMENT NUMBER 24012317 OF THE PLAT RECORDS OF HAYS COUNTY, TEXAS; SAID 47.87 ACRE TRACT OF LAND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING at a calculated point on the original east right-of-way line of County Road 127 (High Road) (R.O.W.~ varies), no reference found at the common corner of said Marigold Phase 1 and a called 5.0998 acre tract of land as conveyed unto Stripes, LLC in Volume 5196 Page 882 of the Official Public Records of Hays County, Texas, for the southwest corner and **POINT OF BEGINNING** of the herein described tract;

THENCE, N 46°34'10" W, coincident with the common line of said original right-of-way and said Phase 1, a distance of 2,234.43 feet to an 80-D Nail found at the common corner of said Phase 1 and a called 221.858 acre tract of land as conveyed unto the Hays Consolidated Independent School District in Volume 3365, Page 790 of the Official Public Records of Hays County, Texas, for the northwest corner of the herein described tract;

THENCE, N 42°49'46" E, departing said common line, coincident with the common line of Phase 1 and said 221.858 acre tract, a distance of 1,624.93 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set at the common corner of Phase 1 and a called 44.837 acre tract of land as conveyed unto Hays Consolidated Independent School District in Volume 3383, Page 633 of the Official Public Records of Hays County, Texas, for the northeast corner of the herein described tract;

THENCE, S 48°48'36" E, departing said common line, coincident with the common line of Phase 1 and said 44.637 acre tract, a distance of 25.01 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set at the common corner of Phase 1 and the remainder of a called 82.236 acre tract of land as conveyed unto Walton Texas, LP in Document Number 17005079 of the Deed Records of Hays County, Texas, for a corner of the herein described tract;

THENCE, departing said common line, coincident with the common line of Phase 1 and the remainder of said 82.236 acre tract, the following Thirty (30) courses:

- 1) S 42°49'46" W, a distance of 812.42 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set for a corner of the herein described tract;
- 2) S 47°10'14" E, a distance of 120.00 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set for a corner of the herein described tract;

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- 3) N 42°49'46" E, a distance of 66.45 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set for a corner of the herein described tract;
- 4) S 47°10'14" E, a distance of 50.00 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set for a corner of the herein described tract;
- 5) S 42°49'46" W, a distance of 14.05 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set for a point of curvature of the herein described tract;
- 6) Curving the left, with a radius of 15.00 feet, an arc length of 23.99 feet, a central angle of 91°38'22", a chord bearing of S 02°59'25" E, and a chord distance 21.51 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set for a point of tangency of the herein described tract;
- 7) S 48°48'36" E, a distance of 210.09 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set for a point of curvature of the herein described tract;
- 8) Curving to the left, with a radius of 15.00 feet, an arc length of 23.13 feet, a central angle of 88°21'38", a chord bearing of N 87°00'35" E, and a chord distance of 20.91 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set for a point of tangency of the herein described tract;
- 9) N 42°49'46" E, a distance of 8.04 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set for a corner of the herein described tract;
- 10) S 47°10'14" E, a distance of 50.00 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set for a corner of the herein described tract;
- 11) S 42°49'46" W, a distance of 5.75 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set for the beginning of a non-tangent curve of the herein described tract;
- 12) Curving to the left, with a radius of 15.00 feet, an arc length of 24.96 feet, a central angle of 95°20'16", a chord bearing of S 04°43'38" E, and a chord distance of 22.18 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set at the end of this curve for a corner of the herein described tract;
- 13) S 48°48'36" E, a distance of 25.08 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set for a corner of the herein described tract;
- 14) S 47°10'14" E, a distance of 183.56 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set for a point of curvature of the herein described tract;
- 15) Curving to the left, with a radius of 15.00 feet, an arc length of 23.56 feet, a central angle of 90°00'00", a chord bearing of N 87°49'46" E, and a chord distance of 21.21 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set for a point of tangency of the herein described tract;

- 16) N 42°49'46" E, a distance of 5.00 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set for a corner of the herein described tract;
- 17) S 47°10'14" E, a distance of 50.00 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set for a corner of the herein described tract;
- 18) S 42°49'46" W, a distance of 19.32 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set for a corner of the herein described tract;
- 19) S 47°10'14" E, a distance of 120.00 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set for a corner of the herein described tract;
- 20) S 42°49'46" W, a distance of 160.00 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set for a corner of the herein described tract;
- 21) S 47°10'14" E, a distance of 120.00 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set for a corner of the herein described tract;
- 22) S 42°49'46" W, a distance of 25.81 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set for a corner of the herein described tract;
- 23) S 47°10'14" E, a distance of 50.00 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set for a corner of the herein described tract;
- 24) S 46°14'38" E, a distance of 120.02 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set for a corner of the herein described tract;
- 25) N 42°49'46" E, a distance of 406.00 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set for a corner of the herein described tract;
- 26) S 48°48'36" E, a distance of 282.40 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set for a corner of the herein described tract;
- 27) S 32°02'56" W, a distance of 136.93 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set for a corner of the herein described tract;
- 28) S 44°07'46" W, a distance of 2.79 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set for a corner of the herein described tract;
- 29) S 46°34'10" E, a distance of 290.02 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set for a corner of the herein described tract;

30) N 44°07'46" E, a distance of 29.94 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set at the common corner of Phase 1 and a called 2.93 acre tract and a called 3.07 acre tract of land as conveyed unto the John Alan Anderson and Patricia Kay Anderson Living Trust in Document Number 210375552 of the Deed Records of Hays County, Texas and described in Volume 3391, Page 582 of the Official Public Records of Hays County, Texas, for a corner of the herein described tract;

THENCE, S 53°41'45" E, coincident with the common line of Phase 1 and said Anderson Living Trust tracts, a distance of 476.41 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set for the southeast corner for a corner of the herein described tract;

THENCE, S 36°18'15" W, departing said common line over and across Phase 1, a distance of 590.23 feet to a 1/2-inch iron rod with a cap stamped "BGE INC" set on the common line of Phase 1 and the aforementioned 5.0998 acre tract for a southwesterly corner of the herein described tract;

THENCE, N 46°35'58" W, coincident with the common line of Phase 1 and said 5.0998 acre tract, a distance of 158.25 feet to a calculated point for a corner of the herein described tract, from which a 1/2-inch iron rod with a cap stamped "RPLS 4532" found bears N 49°37'43" W, a distance of 0.66 feet;

THENCE, S 34°30'18" W, continuing coincident with said common line, a distance of 474.02 feet to the **POINT OF BEGINNING** and containing 47.870 acres of land, more or less.

I hereby certify that these notes were prepared from a survey made on the ground by employees of BGE, Inc in February, 2024 and are true and correct to the best of my knowledge. The Basis of Bearing recited herein is the Texas State Plane Coordinate System, South Central Zone, NAD 83.



Dion P. Albertson RPLS No. 4963

BGE, Inc.

7330 San Pedro Ave, Suite 202

San Antonio TX 78216

Telephone: 210-581-3600

TBPLS Licensed Surveying Firm No. 10194490



9/17/2024

Date

Client: DR Horton

Date: September 17, 2024

Job No: 10800-00

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EXHIBIT B-1 – DISTRICT BOUNDARY MAP

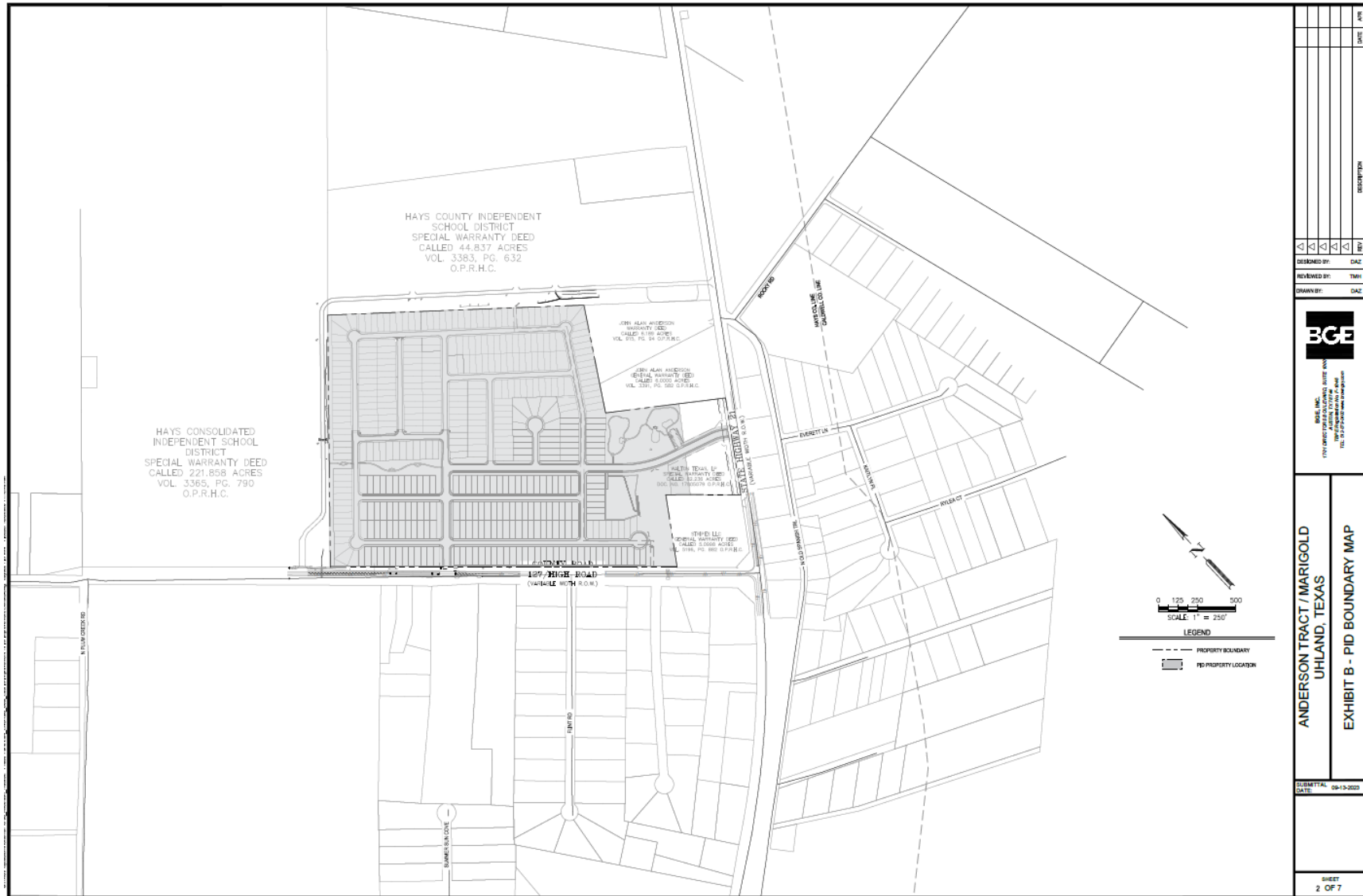


EXHIBIT B-2 - IMPROVEMENT AREA #1 BOUNDARY MAP

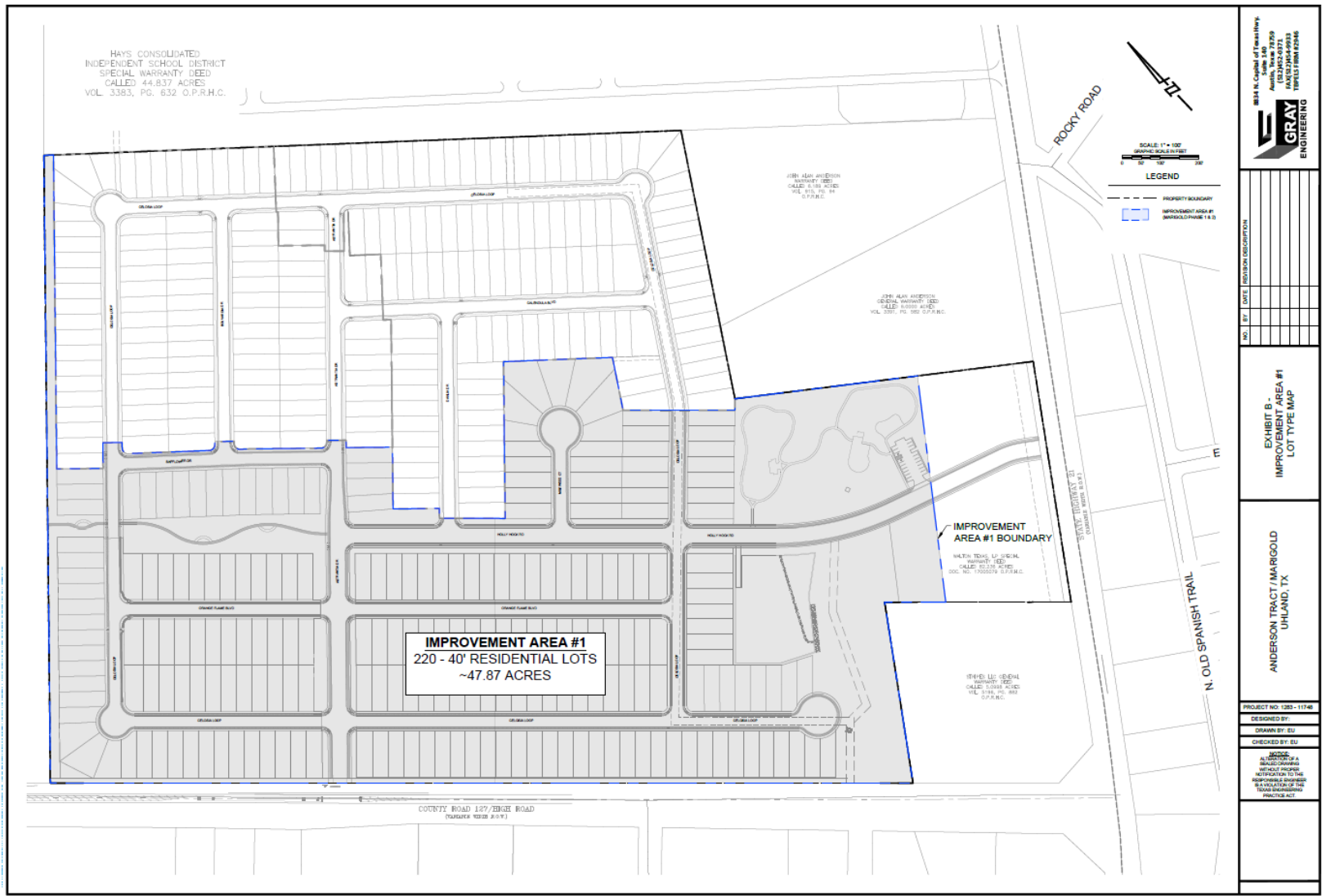


EXHIBIT C – AUTHORIZED IMPROVEMENTS

Authorized Improvements		Improvement Area #1		Remainder Area		Total Costs [a]
<i>Major Improvements [b]</i>						
Roadway	50.17%	\$ 896,875	49.83%	\$ 890,694		\$ 1,787,569
Drainage	50.17%	809,940	49.83%	804,359		1,614,299
Water	50.17%	321,634	49.83%	319,417		641,051
Soft Costs	50.17%	304,267	49.83%	302,171		606,438
		\$ 2,332,716		\$ 2,316,641		\$ 4,649,357
<i>Improvement Area #1 Improvements</i>						
Roadway		\$ 2,857,435		\$ -		\$ 2,857,435
Drainage		1,634,323		-		1,634,323
Wastewater		766,783		-		766,783
Water		692,941		-		692,941
Soft Costs		892,722		-		892,722
		\$ 6,844,204		\$ -		\$ 6,844,204
<i>Improvement Area #1 Bond Issuance Costs</i>						
Debt Service Reserve Fund		\$ 473,695		\$ -		\$ 473,695
Capitalized Interest		286,137		-		286,137
Underwriter's Discount		208,590		-		208,590
Cost of Issuance		346,526		-		346,526
		\$ 1,314,948		\$ -		\$ 1,314,948
<i>First Year Annual Collections Costs</i>						
First Year Annual Collections Costs		\$ 40,000		\$ -		\$ 40,000
		\$ 40,000		\$ -		\$ 40,000
Total		\$ 10,531,868		\$ 2,316,641		\$ 12,848,509

Footnotes:

[a] Costs per the Engineer's Opinion of Probable Cost prepared by Gray Engineering, dated September 2024.

[b] Major Improvements are allocated based on estimated buildout value at the time of the Improvement Area #1 levy of Assessments as shown on Exhibit H-2.

EXHIBIT D – SERVICE PLAN – FIVE YEAR PLAN

Annual Installments Due		1/31/2025	1/31/2026	1/31/2027	1/31/2028	1/31/2029
<i>Improvement Area #1</i>						
PID Bonds Principal		\$ -	\$ 107,000.00	\$ 112,000.00	\$ 116,000.00	\$ 121,000.00
PID Bonds Interest		\$ 286,136.98	\$ 365,281.26	\$ 360,600.00	\$ 355,700.00	\$ 350,625.00
PID Bonds Capitalized Interest		\$ (286,136.98)	\$ -	\$ -	\$ -	\$ -
	(1)	\$ -	\$ 472,281.26	\$ 472,600.00	\$ 471,700.00	\$ 471,625.00
Additional Interest [a]	(2)	\$ -	\$ 34,765.00	\$ 34,230.00	\$ 33,670.00	\$ 33,090.00
Annual Collection Costs	(3)	\$ -	\$ 40,800.00	\$ 41,616.00	\$ 42,448.32	\$ 43,297.29
Total Annual Installment	(4)=(1)+(2)+(3)	\$ -	\$ 547,846.26	\$ 548,446.00	\$ 547,818.32	\$ 548,012.29

Notes:

[a] Additional Interest is calculated at the Additional Interest Rate.

EXHIBIT E – SERVICE PLAN – SOURCES AND USES

	Improvement Area #1	Remainder Area
Sources of Funds		
Improvement Area #1 Bond Par	\$ 6,953,000	\$ -
Developer Contribution [a]	3,578,868	2,316,641
Total Sources	\$ 10,531,868	\$ 2,316,641
Uses of Funds		
Major Improvements	\$ 2,332,716	\$ 2,316,641
Improvement Area #1 Improvements	6,844,204	-
	\$ 9,176,920	\$ 2,316,641
<i>Improvement Area #1 Bond Issuance Costs</i>		
Debt Service Reserve Fund	\$ 473,695	\$ -
Capitalized Interest	286,137	-
Underwriter's Discount	208,590	-
Cost of Issuance	346,526	-
	\$ 1,314,948	\$ -
<i>First Year Annual Collection Costs</i>		
First Year Annual Collection Costs	\$ 40,000	\$ -
	\$ 40,000	\$ -
Total Uses	\$ 10,531,868	\$ 2,316,641

[a] Developer Contribution represents the Actual Costs expended or to be expended by the Developer in excess of the par amount of the applicable series of PID Bonds. The Developer Contribution for the Remainder Area may be partially or fully subject to reimbursement if Assessments are levied and/or PID Bonds are issued to finance those Major Improvements allocable to the Remainder Area.

EXHIBIT F – IMPROVEMENT AREA #1 ASSESSMENT ROLL

Property ID	Legal Description	Lot Type	Anderson Park PID	
			Outstanding Assessment	Annual Installment due 1/31/25 [a]
R122923	A0468 THOMAS B WESTBROOK SURVEY, ACRES 47.672	Initial Parcel	\$ 6,953,000.00	\$ -
Total			\$ 6,953,000.00	\$ -

[a] For billing purposes only, until a plat has been recorded within Improvement Area #1, the Annual Installment will be billed to each Tax Parcel within Improvement Area #1 based on the acreage of the Tax Parcel as calculated by the Hays Central Appraisal District.

EXHIBIT G-1 – IMPROVEMENT AREA #1 ANNUAL INSTALLMENT SCHEDULE

Annual Installments Due	Principal	Interest [a]	Capitalized Interest	Additional Interest [b]	Annual Collection Costs	Total Annual Installment
1/31/2025	\$ -	\$ 286,137	\$ (286,137)	\$ -	\$ -	\$ -
1/31/2026	107,000	365,281	-	34,765	40,800	547,846
1/31/2027	112,000	360,600	-	34,230	41,616	548,446
1/31/2028	116,000	355,700	-	33,670	42,448	547,818
1/31/2029	121,000	350,625	-	33,090	43,297	548,012
1/31/2030	126,000	345,331	-	32,485	44,163	547,980
1/31/2031	131,000	339,819	-	31,855	45,047	547,720
1/31/2032	137,000	334,088	-	31,200	45,947	548,235
1/31/2033	144,000	327,066	-	30,515	46,866	548,448
1/31/2034	151,000	319,686	-	29,795	47,804	548,285
1/31/2035	158,000	311,948	-	29,040	48,760	547,747
1/31/2036	166,000	303,850	-	28,250	49,735	547,835
1/31/2037	175,000	295,343	-	27,420	50,730	548,492
1/31/2038	184,000	286,374	-	26,545	51,744	548,663
1/31/2039	193,000	276,944	-	25,625	52,779	548,348
1/31/2040	203,000	267,053	-	24,660	53,835	548,547
1/31/2041	213,000	256,649	-	23,645	54,911	548,205
1/31/2042	224,000	245,733	-	22,580	56,010	548,322
1/31/2043	235,000	234,253	-	21,460	57,130	547,842
1/31/2044	247,000	222,209	-	20,285	58,272	547,766
1/31/2045	260,000	209,550	-	19,050	59,438	548,038
1/31/2046	274,000	195,250	-	17,750	60,627	547,627
1/31/2047	290,000	180,180	-	16,380	61,839	548,399
1/31/2048	306,000	164,230	-	14,930	63,076	548,236
1/31/2049	323,000	147,400	-	13,400	64,337	548,137
1/31/2050	341,000	129,635	-	11,785	65,624	548,044
1/31/2051	360,000	110,880	-	10,080	66,937	547,897
1/31/2052	380,000	91,080	-	8,280	68,275	547,635
1/31/2053	402,000	70,180	-	6,380	69,641	548,201
1/31/2054	425,000	48,070	-	4,370	71,034	548,474
1/31/2055	449,000	24,695	-	2,245	72,454	548,394
Total	\$ 6,953,000	\$ 7,455,836	\$ (286,137)	\$ 665,765	\$ 1,655,178	\$ 16,443,642

[a] Interest is calculated at the actual rate of the PID Bonds.

[b] Additional Interest is calculated at the Additional Interest Rate.

Note: The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

EXHIBIT G-2 – IMPROVEMENT AREA #1 DEBT SERVICE SCHEDULE

BOND DEBT SERVICE

City of Uhland, Texas
Special Assessment Revenue Bonds, Series 2024
(Anderson Park Public Improvement District Improvement Area #1 Project)
Bonds Callable September 1, 2032 @ Par
FINAL NUMBERS

Period Ending	Principal	Coupon	Interest	Debt Service
09/01/2025			286,136.98	286,136.98
09/01/2026	107,000	4.375%	365,281.26	472,281.26
09/01/2027	112,000	4.375%	360,600.00	472,600.00
09/01/2028	116,000	4.375%	355,700.00	471,700.00
09/01/2029	121,000	4.375%	350,625.00	471,625.00
09/01/2030	126,000	4.375%	345,331.26	471,331.26
09/01/2031	131,000	4.375%	339,818.76	470,818.76
09/01/2032	137,000	5.125%	334,087.50	471,087.50
09/01/2033	144,000	5.125%	327,066.26	471,066.26
09/01/2034	151,000	5.125%	319,686.26	470,686.26
09/01/2035	158,000	5.125%	311,947.50	469,947.50
09/01/2036	166,000	5.125%	303,850.00	469,850.00
09/01/2037	175,000	5.125%	295,342.50	470,342.50
09/01/2038	184,000	5.125%	286,373.76	470,373.76
09/01/2039	193,000	5.125%	276,943.76	469,943.76
09/01/2040	203,000	5.125%	267,052.50	470,052.50
09/01/2041	213,000	5.125%	256,648.76	469,648.76
09/01/2042	224,000	5.125%	245,732.50	469,732.50
09/01/2043	235,000	5.125%	234,252.50	469,252.50
09/01/2044	247,000	5.125%	222,208.76	469,208.76
09/01/2045	260,000	5.500%	209,550.00	469,550.00
09/01/2046	274,000	5.500%	195,250.00	469,250.00
09/01/2047	290,000	5.500%	180,180.00	470,180.00
09/01/2048	306,000	5.500%	164,230.00	470,230.00
09/01/2049	323,000	5.500%	147,400.00	470,400.00
09/01/2050	341,000	5.500%	129,635.00	470,635.00
09/01/2051	360,000	5.500%	110,880.00	470,880.00
09/01/2052	380,000	5.500%	91,080.00	471,080.00
09/01/2053	402,000	5.500%	70,180.00	472,180.00
09/01/2054	425,000	5.500%	48,070.00	473,070.00
09/01/2055	449,000	5.500%	24,695.00	473,695.00
	6,953,000		7,455,835.82	14,408,835.82

EXHIBIT H-1 – MAXIMUM ASSESSMENT PER LOT TYPE

Lot Size	Lot Type	Units	Finished Lot Value	Assessed Value Per Unit	Total Estimated Buildout Value	Total Assessment	Average Annual Installment	Assessment per Unit	Average Annual Installment Per Unit	VTL per Lot Value	VTL Per Home Value	PID Equivalent Tax Rate per Home Value	PID Equivalent Tax Rate per Lot Value
40'	1	220	70,550	\$ 285,000	\$ 62,700,000	\$ 6,953,000	\$ 548,121	\$ 31,604.55	\$ 2,491.46	2.23	9.02	\$ 0.8742	\$ 3.5315

EXHIBIT H-2 – ASSESSED VALUE OF THE DISTRICT

			Units		Estimated Buildout Value per Home	Percentage of Total Buildout Value	Total Buildout Value	
<i>Improvement Area #1</i>								
40'	220	lots	\$	285,000	50.17%	\$	62,700,000	
<i>Future Improvement Area</i>								
40'	210	lots	\$	296,514	49.83%	\$	62,267,940	
District Total Projected Assessed Value:							\$	124,967,940

EXHIBIT I – MAPS OF AUTHORIZED IMPROVEMENTS

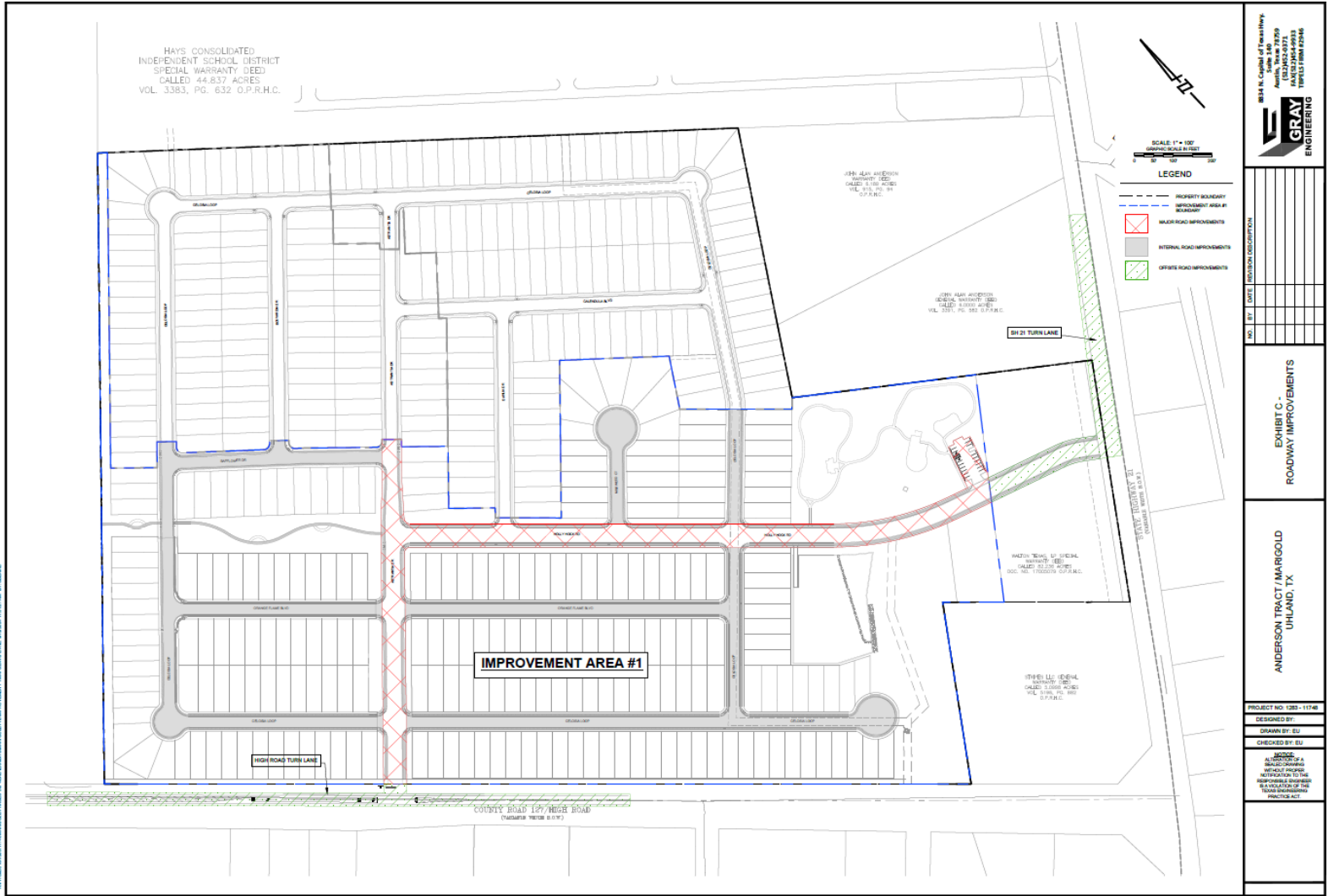




EXHIBIT J – NOTICE OF PID ASSESSMENT LIEN TERMINATION



P3Works, LLC
9824 Huntington Square, Suite 100
North Richland Hills, TX 76182

[Date]
Hays County Clerk's Office
Honorable [County Clerk Name]
Nelda Wells Spears Building
5501 Airport Boulevard
Austin, TX 78751

Re: City of Uhland Lien Release documents for filing

Dear Ms./Mr. [County Clerk Name],

Enclosed is a lien release that the City of Uhland is requesting to be filed in your office. Lien release for [insert legal description]. Recording Numbers: [Plat]. Please forward copies of the filed documents below:

City of Uhland
Attn: [City Secretary]
100 E. Main Street
Uhland, TX 78660

Please contact me if you have any questions or need additional information.

Sincerely,
[Signature]

Jon Snyder
P: (817) 393-0353
admin@p3-works.com

AFTER RECORDING RETURN TO:

[City Secretary Name]
100 E. Main Street
Uhland, TX 78660

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

FULL RELEASE OF PUBLIC IMPROVEMENT DISTRICT LIEN

STATE OF TEXAS	§	
	§	KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF HAYS	§	

THIS FULL RELEASE OF PUBLIC IMPROVEMENT DISTRICT LIEN (this "Full Release") is executed and delivered as of the Effective Date by the City of Uhland, Texas.

RECITALS

WHEREAS, the governing body (hereinafter referred to as the "City Council") of the City of Uhland, Texas (hereinafter referred to as the "City "), is authorized by Chapter 372, Texas Local Government Code, as amended (hereinafter referred to as the "Act"), to create public improvement districts within the corporate limits and extraterritorial jurisdiction of the City; and

WHEREAS, on or about October 13, 2021, the City Council for the City, approved Resolution No. 20211310, creating the Anderson Park Public Improvement District; and

WHEREAS, the Anderson Park Public Improvement District consists of approximately 77.86 contiguous acres located within the City; and

WHEREAS, on or about _____, 2024, the City Council, approved Ordinance No. _____, (hereinafter referred to as the "Assessment Ordinance") approving a service and assessment plan and assessment roll for the Property within the Anderson Park Public Improvement District; and

WHEREAS, the Assessment Ordinance imposed an assessment in the amount of \$_____ (hereinafter referred to as the "Lien Amount") for the following property:

[legal description], a subdivision in Hays County, Texas, according to the map or plat of record in Document/Instrument No. _____ of the Plat Records of Hays County, Texas (hereinafter referred to as the "Property"); and

WHEREAS, the property owners of the Property have paid unto the City the Lien Amount.

RELEASE

NOW THEREFORE, the City, the owner and holder of the Lien, Instrument No. _____, in the Real Property Records of Hays County, Texas, in the amount of the Lien Amount against the Property releases and discharges, and by these presents does hereby release and discharge, the above-described Property from said lien held by the undersigned securing said indebtedness.

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

CITY OF UHLAND, TEXAS,

By: _____
[City Official Name], [City Official Title]

ATTEST:

[Secretary Name], City Secretary

STATE OF TEXAS	§
	§
COUNTY OF HAYS	§

This instrument was acknowledged before me on the _____ day of _____, 20__, by [City Official Name], [City Official Title] for the City of Uhland, Texas, on behalf of said municipality.

Notary Public, State of Texas

EXHIBIT K – LOT TYPE 1 BUYER DISCLOSURE

NOTICE OF OBLIGATIONS RELATED TO PUBLIC IMPROVEMENT DISTRICT

A person who proposes to sell or otherwise convey real property that is located in a public improvement district established under Subchapter A, Chapter 372, Local Government Code (except for public improvement districts described under Section 372.0035), or Chapter 382, Local Government Code, shall first give to the purchaser of the property this written notice, signed by the seller.

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

This notice requirement does not apply to a transfer:

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

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

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

AFTER RECORDING¹ RETURN TO:

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

PROPERTY ADDRESS

LOT TYPE 1 PRINCIPAL ASSESSMENT: \$31,604.55

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

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

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

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 Hays County when updating for the Current Information of Obligation to Pay Improvement District Assessment.

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

DATE:

DATE:

SIGNATURE OF PURCHASER

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 HAYS

§

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

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

Notary Public, State of Texas]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 Hays County.

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

DATE:

DATE:

SIGNATURE OF SELLER

SIGNATURE OF SELLER

STATE OF TEXAS

§

§

COUNTY OF HAYS

§

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

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

Notary Public, State of Texas]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 Hays County.

ANNUAL INSTALLMENTS - LOT TYPE 1

Annual Installments Due	Principal	Interest [a]	Capitalized Interest	Additional Interest [b]	Annual Collection Costs	Total Annual Installment
1/31/2025	\$ -	\$ 1,300.62	\$ (1,300.62)	\$ -	\$ -	\$ -
1/31/2026	486.36	1,660.37	-	158.02	185.45	2,490.21
1/31/2027	509.09	1,639.09	-	155.59	189.16	2,492.94
1/31/2028	527.27	1,616.82	-	153.05	192.95	2,490.08
1/31/2029	550.00	1,593.75	-	150.41	196.81	2,490.96
1/31/2030	572.73	1,569.69	-	147.66	200.74	2,490.82
1/31/2031	595.45	1,544.63	-	144.80	204.76	2,489.64
1/31/2032	622.73	1,518.58	-	141.82	208.85	2,491.98
1/31/2033	654.55	1,486.66	-	138.70	213.03	2,492.94
1/31/2034	686.36	1,453.12	-	135.43	217.29	2,492.20
1/31/2035	718.18	1,417.94	-	132.00	221.64	2,489.76
1/31/2036	754.55	1,381.14	-	128.41	226.07	2,490.16
1/31/2037	795.45	1,342.47	-	124.64	230.59	2,493.15
1/31/2038	836.36	1,301.70	-	120.66	235.20	2,493.92
1/31/2039	877.27	1,258.84	-	116.48	239.91	2,492.49
1/31/2040	922.73	1,213.88	-	112.09	244.70	2,493.40
1/31/2041	968.18	1,166.59	-	107.48	249.60	2,491.84
1/31/2042	1,018.18	1,116.97	-	102.64	254.59	2,492.37
1/31/2043	1,068.18	1,064.78	-	97.55	259.68	2,490.19
1/31/2044	1,122.73	1,010.04	-	92.20	264.87	2,489.85
1/31/2045	1,181.82	952.50	-	86.59	270.17	2,491.08
1/31/2046	1,245.45	887.50	-	80.68	275.58	2,489.21
1/31/2047	1,318.18	819.00	-	74.45	281.09	2,492.72
1/31/2048	1,390.91	746.50	-	67.86	286.71	2,491.98
1/31/2049	1,468.18	670.00	-	60.91	292.44	2,491.53
1/31/2050	1,550.00	589.25	-	53.57	298.29	2,491.11
1/31/2051	1,636.36	504.00	-	45.82	304.26	2,490.44
1/31/2052	1,727.27	414.00	-	37.64	310.34	2,489.25
1/31/2053	1,827.27	319.00	-	29.00	316.55	2,491.82
1/31/2054	1,931.82	218.50	-	19.86	322.88	2,493.06
1/31/2055	2,040.91	112.25	-	10.20	329.34	2,492.70
Total	\$ 31,604.55	\$ 33,890.16	\$ (1,300.62)	\$ 3,026.20	\$ 7,523.53	\$ 74,743.83

[a] Interest is calculated at the actual rate of the PID Bonds.

[b] Additional Interest is calculated at the Additional Interest Rate.

Note: The figures shown above are estimates only and subject to change in Annual Service Plan Updates. Changes in Annual Collection Costs, reserve fund requirements, interest earnings, or other available offsets could increase or decrease the amounts shown.

Annual Installment Schedule to Notice
of Obligation to Pay Improvement District Assessment

EXHIBIT L – ENGINEERING REPORT



Marigold Subdivision
Public Improvement District
Uhland, Texas

September 2024



Table of Contents

- I. Introduction
- II. Development Costs
- III. Development Improvements
- IV. Development Schedule
 - a. Design Stage
 - b. Construction Stage

Appendices

- Exhibit A – Marigold Location Map
- Exhibit B – Marigold PID Improvement Area #1 Boundary Maps
- Exhibit C - Marigold PID Improvement Area #1 Improvement Maps
- Exhibit D – Engineers' OPC



Marigold Subdivision

Public Improvement District Engineer's Report
September 17, 2024

I. Introduction

The Marigold Subdivision is a master planned subdivision located in the City of Uhland with a total acreage of approximately ± 77.86 acres. The subject property is located along State Highway 21, north of County Road 127/High Road, in Hays County, Texas. The development will involve the construction of 431 single family residential lots. Exhibit A in the appendix includes a site location map. An overall boundary map and a Lot Type map of Improvement Area #1 are included in the appendix in Exhibit B.

This report includes the supporting documentation for the issuance of bonds by the City of Uhland for improvements included in Improvement Area #1. The bonds are to be used to finance the public infrastructure items necessary for the buildout of the development within the PID.

II. Development Costs

An Engineer's Opinion of Probable Cost (OPC) has been prepared for all public infrastructure within Improvement Area #1 and is included as Exhibit D.

III. Development Improvements

Overall development improvements have been defined as Improvement Area #1 as shown in Exhibit B. No assessments have been levied nor bonds issued for the improvements shown. Exhibit C shows the improvements for Improvement Area #1 which include roadway, water, wastewater, and drainage.

- Improvement Area No. 1 Improvements
 - Roadway Improvements
 - Improvements to include subgrade stabilization, asphalt and base for roadways, testing and handicap ramps. All related earthwork, excavation, erosion control measures, retaining walls, intersections, signage and re-vegetation of all disturbed areas within the right-of-way are included to provide roads to each lot.
 - Water Distribution System
 - Improvements to include trench excavation and embedment, erosion control, PVC piping, manholes, service connections, testing, related earthwork, excavation, and all necessary appurtenances constructed to City standards required to provide water service to every lot.
 - Wastewater Collection System
 - Improvements to include trench excavation and embedment, necessary erosion control measures, PVC piping, manholes, service connections, testing, related



earthwork, excavation, and all necessary appurtenances constructed to City standards required to provide wastewater service to Improvement Area #1.

- Drainage Improvements
 - Improvements to include trench excavation and embedment, necessary erosion control measures, reinforced concrete pipe, manholes, storm sewer outfalls and headwalls, storm drain inlets, testing, related earthwork, excavation, and all necessary appurtenances constructed to City standards required to ensure proper drainage. Additionally, a detention pond is being built as part of Improvement Area #1 major improvements to serve the entire project.

Included soft costs of the above hard costs are estimated to be 15%, inclusive of a 4% construction management fee.

IV. Development & Construction Schedule

a. Design Stage

The preliminary plan for Improvement Area #1, containing Marigold Phase 1 and Marigold Phase 2, are approved by the City of Umland. The construction drawings for Marigold Phase 1 and Marigold Phase 2 are approved by City of Umland as well. Exhibit B shows the overall boundary of Improvement Area #1.

b. Construction Stage

The onsite construction improvements for Improvement Area #1 started in the third quarter of 2023 and anticipates final acceptance in the fourth quarter of 2024.

Exhibit A

Marigold Location Map

Exhibit B

Marigold PID Improvement Area #1

Boundary Maps

HAYS CONSOLIDATED
INDEPENDENT SCHOOL DISTRICT
SPECIAL WARRANTY DEED
CALLED 44.837 ACRES
VOL. 3383, PG. 632 O.P.R.H.C.

JOHN ALAN ANDERSON
WARRANTY DEED
CALLED 41.195 ACRES
VOL. #15, PG. 54
O.P.R.H.C.

JOHN ALAN ANDERSON
GENERAL WARRANTY DEED
CALLED 6.000 ACRES
VOL. 3391, PG. 582 O.P.R.H.C.

IMPROVEMENT
AREA #1 BOUNDARY

WILTON TEXAS, LP SPECIAL
WARRANTY DEED
CALLED 52.258 ACRES
DOC. NO. 17005079 O.P.R.H.C.

STRIPES LLC GENERAL
WARRANTY DEED
CALLED 5.098 ACRES
VOL. 5194, PG. 582
O.P.R.H.C.

IMPROVEMENT AREA #1
220 - 40' RESIDENTIAL LOTS
~47.87 ACRES

COUNTY ROAD 127/HIGH ROAD
(VARIABLE WIDTH R.O.W.)

ROCKY ROAD

STATE HIGHWAY 21
(VARIABLE WIDTH R.O.W.)

N. OLD SPANISH TRAIL

SCALE: 1" = 100'
GRAPHIC SCALE IN FEET

LEGEND
--- PROPERTY BOUNDARY
--- IMPROVEMENT AREA #1
(MARGOLD PHASE 1 & 2)

8834 N. Capital of Texas Hwy.
Suite 140
Austin, TX 78759
(512) 452-9379
FAX (512) 454-9933
TYPED FROM #2546

GRAY
ENGINEERING

NO.	BY	DATE	REVISION DESCRIPTION

EXHIBIT B -
IMPROVEMENT AREA #1
LOT TYPE MAP

ANDERSON TRACT / MARGOLD
UHLAND, TX

PROJECT NO: 1283 - 11748

DESIGNED BY: EU

DRAWN BY: EU

CHECKED BY: EU

NOTICE:
ALTERATION OF A
SEALED DRAWING
WITHOUT PROPER
NOTIFICATION TO THE
RESPONSIBLE ENGINEER
IS A VIOLATION OF THE
TEXAS ENGINEERING
PRACTICE ACT

Exhibit C

Marigold PID Improvement Area #1

Improvement Maps

H:\PROJECTS\1203111748 MARGOLD PHASES 3 & 4\CAD\09\BTS\MARGOLD PID IMPROVEMENT 1 MAP.DWG DATE: 9/12/2014 11:31:27 AM BY: SDEARD



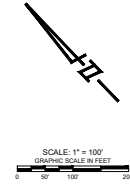
H:\PROJECTS\1203111748 MARGOLD PHASES 3 & 4\CADEXHITS\MARGOLD PID IMPROVEMENT 1\MAP-SHOWING DATE: 9/15/2024 11:31:29 AM BY: S06IARD



JOHN ALAN ANDERSON
GENERAL WARRANTY DEED
CALLED 6.0000 ACRES
VOL. 3391, PG. 582 O.P.R.H.C.

STRIPES LLC GENERAL
WARRANTY DEED
CALLED 5.0998 ACRES
VOL. 5196, PG. 882
O.P.R.H.C.

COUNTY ROAD 127/HIGH ROAD
(VARIABLE WIDTH R.O.W.)

[illegible]

HAYS CONSOLIDATED
INDEPENDENT SCHOOL DISTRICT
SPECIAL WARRANTY DEED
CALLED 44.837 ACRES
VOL. 3383, PG. 632 O.P.R.H.C.

JOHN ALAN ANDERSON
WARRANTY DEED
CALLED 6.189 ACRES
VOL. 875, PG. 84
O.P.R.H.C.

JOHN ALAN ANDERSON
GENERAL WARRANTY DEED
CALLED 60.000 ACRES
VOL. 3391, PG. 582 O.P.R.H.C.

WALTON TEXAS, LP SPECIAL
WARRANTY DEED
CALLED 82.236 ACRES
DOC. NO. 17002079 O.P.R.H.C.

STRIPES LLC GENERAL
WARRANTY DEED
CALLED 5.0998 ACRES
VOL. 5198, PG. 882
O.P.R.H.C.

IMPROVEMENT AREA #1

COUNTY ROAD 127/HIGH ROAD
(VARIABLE WIDTH 8.0+)

SCALE: 1" = 100'
GRAPHIC SCALE IN FEET
0 50 100 200

LEGEND

- IMPROVEMENT AREA #1
- BOUNDARY
- GATE VALVE
- FIRE HYDRANT ASSEMBLY
- WATER LINE
- MAJOR WATER LINE IMPROVEMENTS
- INTERNAL WATER LINE IMPROVEMENTS
- MAJOR REUSE WATER LINE IMPROVEMENTS
- OFFSITE REUSE WATER LINE IMPROVEMENTS
- OFFSITE WATER LINE IMPROVEMENTS

8834 N. Capital of Texas Hwy.
Suite 140
Austin, Texas 78759
FAX: 512.454.9933
TBP: FLS FIRM #2946



NO. BY DATE REVISION DESCRIPTION

EXHIBIT C -
WATER IMPROVEMENTS

ANDERSON TRACT / MARIGOLD
UHLAND, TX

PROJECT NO. 1285 - 11748

DESIGNED BY:

DRAWN BY: EU

CHECKED BY: EU

NOTICE:
ALTERATION OF A
SEALED DRAWING
WITHOUT PROPER
NOTIFICATION TO THE
RESPONSIBLE ENGINEER
IS A VIOLATION OF THE
TEXAS ENGINEERING
PRACTICE ACT

H:\PROJECTS\2011\1174 MARIGOLD PHASES 1 & 2\AS-CAD\DWG\1174 MARIGOLD IMPROVEMENT 1 IMPROVEMENTS DATE: 8/3/2014 11:13:11 AM BY: 586A.WD

HAYS CONSOLIDATED
INDEPENDENT SCHOOL DISTRICT
SPECIAL WARRANTY DEED
CALLED 44.837 ACRES
VOL. 3383, PG. 632 O.P.R.H.C.

JOHN ALAN ANDERSON
WARRANTY DEED
CALLED 6.189 ACRES
VOL. 875, PG. 84
O.P.R.H.C.

JOHN ALAN ANDERSON
GENERAL WARRANTY DEED
CALLED 60.000 ACRES
VOL. 3391, PG. 582 O.P.R.H.C.

WALTON TEXAS, LP SPECIAL
WARRANTY DEED
CALLED 82.236 ACRES
DOC. NO. 17002079 O.P.R.H.C.

STRIPES LLC GENERAL
WARRANTY DEED
CALLED 5.0998 ACRES
VOL. 3198, PG. 882
O.P.R.H.C.

COUNTY ROAD 127/HIGH ROAD
(VARIABLE WIDTH R.O.W.)

SCALE: 1" = 100'
GRAPHIC SCALE IN FEET
0 50 100 200

LEGEND

- IMPROVEMENT AREA #1
BOUNDARY
- MAJOR DRAINAGE
IMPROVEMENTS
- INTERNAL DRAINAGE
IMPROVEMENTS
- OFFSITE DRAINAGE
IMPROVEMENTS
- STORM SEWER LINE
- PROPOSED JUNCTION BOX
- PROPOSED CURB INLET
- PROPOSED AREA INLET

8834 N. Capital of Texas Hwy.
Suite 140
Austin, Texas 78759
FAX: 512/454-9933
TBP ELS FIRM #2946



NO. BY DATE REVISION DESCRIPTION

EXHIBIT C -
DRAINAGE IMPROVEMENTS

ANDERSON TRACT / MARIGOLD
UHLAND, TX

PROJECT NO: 1285 - 11748

DESIGNED BY:

DRAWN BY: EU

CHECKED BY: EU

NOTICE:
ALTERATION OF A
SEALED DRAWING
WITHOUT PRIOR
NOTIFICATION TO THE
RESPONSIBLE ENGINEER
IS A VIOLATION OF THE
TEXAS ENGINEERING
PRACTICE ACT

H:\PROJECTS\2011\1174 MARIGOLD PHASES 1 & 2\ACASION\B17\MARIGOLD PHASES 1 & 2\IMPROVEMENT 1\IMPROVEMENT 1.DWG DATE: 8/13/2014 10:54 AM BY: KALUDOV

Exhibit D

Engineers' OPC

OPINION OF PROBABLE CONSTRUCTION COST - MARIGOLD PUBLIC IMPROVEMENT DISTRICT									
	TOTAL ACREAGE	NUMBER OF LOTS	ROADWAY	DRAINAGE	WASTEWATER	WATER	SUBTOTAL	SOFT COSTS (15%, W/4% CONSTRUCTION MANAGEMENT)	TOTAL
MAJOR IMPROVEMENTS	52.241	220	\$1,787,569	\$1,614,299	\$0	\$641,051	\$4,042,919	\$606,438	\$4,649,357
INTERNAL IMPROVEMENTS			\$2,857,435	\$1,634,323	\$766,783	\$692,941	\$5,951,483	\$892,722	\$6,844,205
TOTAL PID ELIGIBLE IMPROVEMENTS (IA #1)	52.241	220	\$4,645,004	\$3,248,622	\$766,783	\$1,333,993	\$9,994,402	\$1,499,160	\$11,493,562

ENGINEER'S QUANTITY TAKE-OFF

MARIGOLD, IMPROVEMENT AREA #1

10/6/2023

SECTION 1 - WATER IMPROVEMENTS									
ITEM	DESCRIPTION	MAJOR IMPROVEMENTS ESTIMATED QUANTITY	INTERNAL IMPROVEMENTS ESTIMATED QUANTITY	TOTAL ESTIMATED QUANTITY	UNIT	UNIT PRICE	MAJOR IMPROVEMENTS	INTERNAL IMPROVEMENTS	TOTAL AMOUNT
1-01	8-INCH C-900, DR-18 POTABLE (BLUE) WATERLINE INCLUDING FITTINGS AND APPURTENANCES, ALL DEPTHS, PER LINEAR FOOT, COMPLETE AND IN PLACE (CIP)	2,701	5,809	8,510	LF	\$ 56.47	\$ 152,511.47	\$ 328,034.23	\$ 480,545.70
1-02	DRY AUGER BORE, 8-INCH C900 DR 18 WATERLINE, INCLUDING 8-INCH CARRIER PIPE WITH 18-INCH X 0.375-INCH STEEL CASING, PER LINEAR FOOT, CIP	77	0	77	LF	\$ 760.13	\$ 58,777.81		\$ 58,777.81
1-03	12-INCH C-900, DR-18 POTABLE (BLUE) WATERLINE, INCLUDING FITTINGS AND APPURTNEANCES, ALL DEPTHS, PER LINEAR FOOT, CIP	594	0	594	LF	\$ 93.19	\$ 55,363.25		\$ 55,363.25
1-04	8-INCH C-900, DUCTILE IRON WATERLINE INCLUDING FITTINGS AND APPURTENANCES, ALL DEPTHS, PER LINEAR FOOT, COMPLETE AND IN PLACE (CIP)	0	40	40	LF	\$ 120.38		\$ 4,815.20	\$ 4,815.20
1-05	SINGLE WATER SERVICE, PER EACH, CIP	0	32	32	EA	\$ 1,156.34		\$ 37,002.88	\$ 37,002.88
1-06	DOUBLE WATER SERVICE, PER EACH, CIP	2	93	95	EA	\$ 1,322.81	\$ 2,645.62	\$ 123,021.33	\$ 125,666.95
1-07	FIRE HYDRANT ASSEMBLY, PER EACH, CIP	5	15	20	EA	\$ 6,998.13	\$ 32,996.18	\$ 104,971.95	\$ 137,968.13
1-08	8-INCH GATE VALVE, PER EACH, CIP	24	17	41	EA	\$ 2,515.28	\$ 60,301.32	\$ 42,759.76	\$ 103,061.08
1-09	8-INCH X 8-INCH WET CONNECTION, PER EACH, CIP	3	4	7	EA	\$ 4,156.78	\$ 11,759.53	\$ 16,627.12	\$ 28,386.65
1-10	12-INCH GATE VALVE, PER EACH, CIP	2	0	2	EA	\$ 4,224.29	\$ 7,967.01		\$ 7,967.01
1-11	TEMPORARY FLUSHING VALVE, PER EACH, CIP	0	4	4	EA	\$ 2,349.91		\$ 9,399.64	\$ 9,399.64
1-12	4-INCH IRRIGATION REUSE LINE, PER LINEAR FOOT, CIP	230	0	230	LF	\$ 26.98	\$ 6,205.40		\$ 6,205.40
1-13	8-INCH IRRIGATION REUSE LINE, PER LINEAR FOOT, CIP	3,499	0	3,499	LF	\$ 53.43	\$ 186,951.57		\$ 186,951.57
1-14	4-INCH GATE VALVES FOR REUSE LINE, PER EACH, CIP	1	0	1	EA	\$ 1,604.69	\$ 1,513.22		\$ 1,513.22
1-15	8-INCH GATE VALVES FOR REUSE LINE, PER EACH, CIP	5	0	5	EA	\$ 2,491.69	\$ 11,890.34		\$ 11,890.34
1-16	TRENCH SAFETY SYSTEMS, ALL DEPTHS, PER LINEAR FOOT, CIP	7,101	5,809	12,910	LF	\$ 0.56	\$ 3,976.65	\$ 3,253.04	\$ 7,229.69
1-17	STEEL CASING	75	0	75	LF	\$ 185.19	\$ 13,970.73		\$ 13,970.73
1-18	AUTOMATIC FLUSH VALVE	0	2	2	EA	\$ 8,499.56		\$ 16,999.12	\$ 16,999.12
1-19	2" IRRIGATION SERVICE FOR REUSE WATERLINE	1	1	2	EA	\$ 2,435.24	\$ 2,435.24	\$ 2,435.24	\$ 4,870.48
1-20	2" PVC FOR WATERLINE	500	0	500	LF	\$ 22.57	\$ 11,285.00		\$ 11,285.00
1-21	STEEL CASING FOR REUSE WATERLINE	80	0	80	LF	\$ 185.19	\$ 14,815.20		\$ 14,815.20
1-22	1.5" IRRIGATION SERVICE FOR REUSE WATERLINE	1	1	2	EA	\$ 1,558.17	\$ 1,558.17	\$ 1,558.17	\$ 3,116.34
1-23	2" BLOWOFF ASSEMBLY FOR REUSE WATERLINE	2	1	3	EA	\$ 2,063.73	\$ 4,127.46	\$ 2,063.73	\$ 6,191.19
SUBTOTAL WATER IMPROVEMENTS							\$ 641,051.19	\$ 692,941.41	\$ 1,333,992.60

SECTION 2 - WASTEWATER IMPROVEMENTS									
ITEM	DESCRIPTION	MAJOR IMPROVEMENTS ESTIMATED QUANTITY	INTERNAL IMPROVEMENTS ESTIMATED QUANTITY	TOTAL ESTIMATED QUANTITY	UNIT	UNIT PRICE	MAJOR IMPROVEMENTS	INTERNAL IMPROVEMENTS	TOTAL AMOUNT
2-01	8-INCH SDR-26 WASTEWATER PIPE (GREEN), 0' TO 8' DEEP, PER LINEAR FOOT, CIP	0	253	253	LF	\$ 42.77		\$ 10,820.81	\$ 10,820.81
2-02	8-INCH SDR-26 WASTEWATER PIPE (GREEN), 8' TO 10' DEEP, PER LINEAR FOOT, CIP	0	4,215	4,215	LF	\$ 45.30		\$ 190,939.50	\$ 190,939.50
2-03	8-INCH SDR-26 WASTEWATER PIPE (GREEN), 10' TO 12' DEEP, PER LINEAR FOOT, CIP	0	1,064	1,064	LF	\$ 47.56		\$ 50,603.84	\$ 50,603.84
2-04	8-INCH SDR-26 WASTEWATER PIPE (GREEN), 14' TO 16' DEEP, PER LINEAR FOOT, CIP	0	0	0	LF	\$ 52.23			
2-05	6-INCH SDR-26 WASTEWATER PIPE (GREEN), (ALL DEPTHS), PER LINEAR FOOT, CIP	0	0	0	LF	\$ 38.41			
2-06	STANDARD MANHOLE FOR WASTEWATER, 4-FOOT DIA., PER EACH, CIP	0	18	18	EA	\$ 4,853.14		\$ 87,356.52	\$ 87,356.52
2-07	DROP MANHOLE FOR WASTEWATER, 4-FOOT DIA., PER EACH, CIP	0	1	1	EA	\$ 7,306.30		\$ 7,306.30	\$ 7,306.30
2-08	MANHOLE EXTRA DEPTH, PER VERTICAL LINEAR FOOT, CIP	0	35	35	VF	\$ 425.35		\$ 14,887.25	\$ 14,887.25
2-09	SINGLE WASTEWATER SERVICE, PER EACH, CIP	0	17	17	EA	\$ 2,503.20		\$ 42,554.40	\$ 42,554.40
2-10	DOUBLE WASTEWATER SERVICE, PER EACH, CIP	0	102	102	EA	\$ 3,209.22		\$ 327,340.44	\$ 327,340.44
2-11	TIE TO EXISTING WASTEWATER MANHOLE AND ADJUST TO GRADE, PER EACH, CIP	0	3	3	EA	\$ 2,114.44		\$ 6,343.32	\$ 6,343.32

2-12	TIE TO EXISTING WASTEWATER MANHOLE, CIP	0	2	2	EA	\$ 1,286.87	\$	\$ 2,573.74	\$ 2,573.74
2-13	STEEL ENCASEMENT, PER LINEAR FOOT, CIP	0	120	120	LF	\$ 165.05	\$	\$ 19,806.00	\$ 19,806.00
2-14	TRENCH SAFETY SYSTEMS, ALL DEPTHS, PER LINEAR FOOT, CIP	0	5,532	5,532	LF	\$ 1.13	\$	\$ 6,251.16	\$ 6,251.16
SUBTOTAL WASTEWATER IMPROVEMENTS							\$	\$ 766,783.28	\$ 766,783.28

SECTION 3 - DRAINAGE IMPROVEMENTS									
ITEM	DESCRIPTION	MAJOR IMPROVEMENTS ESTIMATED QUANTITY	INTERNAL IMPROVEMENTS ESTIMATED QUANTITY	TOTAL ESTIMATED QUANTITY	UNIT	UNIT PRICE	MAJOR IMPROVEMENTS	INTERNAL IMPROVEMENTS	TOTAL AMOUNT
3-01	18-INCH RCP, CLASS III (ALL DEPTHS), PER LINEAR FOOT, CIP	47	1,455	1,502	LF	\$ 74.44	\$ 3,498.68	\$ 108,310.20	\$ 111,808.88
3-02	18-INCH RCP, CLASS IV (ALL DEPTHS), PER LINEAR FOOT, CIP	0	57	57	LF	\$ 64.29	\$	\$ 3,664.53	\$ 3,664.53
3-03	24-INCH RCP, CLASS III (ALL DEPTHS), PER LINEAR FOOT, CIP	93	682	775	LF	\$ 82.58	\$ 7,679.94	\$ 56,319.23	\$ 63,999.17
3-04	30-INCH RCP, CLASS III (ALL DEPTHS), PER LINEAR FOOT, CIP	228	554	782	LF	\$ 109.54	\$ 24,932.40	\$ 60,727.88	\$ 85,660.28
3-05	30-INCH RCP, CLASS IV (ALL DEPTHS), PER LINEAR FOOT, CIP	107	133	240	LF	\$ 112.54	\$ 12,057.54	\$ 14,952.06	\$ 27,009.60
3-06	36-INCH RCP, CLASS III (ALL DEPTHS), PER LINEAR FOOT, CIP	370	136	506	LF	\$ 179.08	\$ 66,299.00	\$ 24,315.48	\$ 90,614.48
3-07	36-INCH RCP, CLASS III (ALL DEPTHS), PER LINEAR FOOT, CIP (PHASE 2)	0	1,232	1,232	LF	\$ 145.26	\$	\$ 178,960.32	\$ 178,960.32
3-08	36-INCH RCP, CLASS IV (ALL DEPTHS), PER LINEAR FOOT, CIP	122	0	122	LF	\$ 158.40	\$ 19,345.39	\$ (20.59)	\$ 19,324.80
3-09	42-INCH RCP, CLASS III (ALL DEPTHS), PER LINEAR FOOT, CIP	24	452	476	LF	\$ 190.06	\$ 4,589.95	\$ 85,837.75	\$ 90,427.70
3-10	42-INCH RCP, CLASS IV (ALL DEPTHS), PER LINEAR FOOT, CIP	266	0	266	LF	\$ 217.69	\$ 57,798.87	\$ 106.67	\$ 57,905.54
3-11	48-INCH RCP, CLASS III (ALL DEPTHS), PER LINEAR FOOT, CIP	290	0	290	LF	\$ 231.71	\$ 67,198.22	\$ (2.32)	\$ 67,195.90
3-12	WOUS CULVERT S, 54-INCH RCP, PER LINEAR FOOT, CIP	136	0	136	LF	\$ 330.92	\$ 45,005.12	\$	\$ 45,005.12
3-13	COMMERCIAL TRACT/WOUS CULVERT U, 24-INCH CL IV RCP, PER LINEAR FOOT, CIP	0	91	91	LF	\$ 88.50	\$	\$ 8,053.50	\$ 8,053.50
3-14	4-FT X 4-FT RCB (ALL DEPTHS), PER LINEAR FOOT, CIP	616	0	616	LF	\$ 371.81	\$ 228,934.57	\$ 100.39	\$ 229,034.96
3-15	5-FT X 4-FT RCB (ALL DEPTHS), PER LINEAR FOOT, CIP	0	1,330	1,330	LF	\$ 454.96	\$	\$ 605,096.80	\$ 605,096.80
3-16	5-FT X 5-FT RCB (ALL DEPTHS), PER LINEAR FOOT, CIP	242	0	242	LF	\$ 498.54	\$ 120,467.21	\$ 179.47	\$ 120,646.68
3-17	5-FOOT CURB INLET, PER EACH, CIP	1	0	1	EA	\$ 4,683.03	\$ 4,683.03	\$	\$ 4,683.03
3-18	10-FOOT CURB INLET PER EACH, CIP	14	36	50	EA	\$ 5,982.68	\$ 83,757.52	\$ 215,376.48	\$ 299,134.00
3-19	STANDARD MANHOLE FOR STORM, 5-FOOT DIA., PER EACH, CIP	0	4	4	EA	\$ 4,774.80	\$	\$ 19,099.20	\$ 19,099.20
3-20	STANDARD MANHOLE FOR STORM, 6-FOOT DIA., PER EACH, CIP	0	2	2	EA	\$ 6,426.34	\$	\$ 12,852.68	\$ 12,852.68
3-21	5-FT X 5-FT BOX MANHOLE W/ AREA INLET LID FOR STORM, PER EACH, CIP	0	1	1	EA	\$ 3,005.80	\$	\$ 3,005.80	\$ 3,005.80
3-22	4-FT X 4-FT BOX MANHOLE FOR STORM, PER EACH, CIP	0	1	1	EA	\$ 3,783.80	\$	\$ 3,783.80	\$ 3,783.80
3-23	5-FT X 5-FT BOX MANHOLE FOR STORM, PER EACH, CIP	1	1	2	EA	\$ 5,153.40	\$ 5,153.40	\$ 5,153.40	\$ 10,306.80
3-24	6-FT X 6-FT BOX MANHOLE FOR STORM, PER EACH, CIP	3	3	6	EA	\$ 6,100.34	\$ 18,301.02	\$ 18,301.02	\$ 36,602.04
3-25	7-FT X 7-FT BOX MANHOLE FOR STORM, PER EACH, CIP	3	1	4	EA	\$ 11,602.89	\$ 34,808.67	\$ 11,602.89	\$ 46,411.56
3-26	8-FT X 8-FT BOX MANHOLE FOR STORM, PER EACH, CIP	1	5	6	EA	\$ 17,737.27	\$ 17,737.27	\$ 88,686.35	\$ 106,423.62
3-27	9-FT X 9-FT BOX MANHOLE FOR STORM, PER EACH, CIP	0	1	1	EA	\$ 24,215.79	\$	\$ 24,215.79	\$ 24,215.79
3-28	CONCRETE TRICKLE CHANNEL	0	561	561	LF	\$ 54.58	\$	\$ 30,619.38	\$ 30,619.38
3-29	24-INCH PIPE END TREATMENT, W/O BAFFLE BLOCKS, PER DETAIL, PER EACH, CIP	1	0	1	EA	\$ 4,831.67	\$ 4,831.67	\$	\$ 4,831.67
3-30	24-INCH PIPE END TREATMENT, WOUS/COMMERCIAL TRACT, W/O BAFFLE BLOCKS, PER DETAIL, PER EACH, CIP	2	0	2	EA	\$ 4,832.04	\$ 9,664.08	\$	\$ 9,664.08
3-31	CONNECT TO EXISTING 24" STORM LINE, PER EACH, CIP	0	1	1	EA	\$ 2,050.71	\$	\$ 2,050.71	\$ 2,050.71
3-32	CONNECT TO EXISTING 36" STORM LINE, PER EACH, CIP	0	2	2	EA	\$ 2,158.10	\$	\$ 4,316.20	\$ 4,316.20
3-33	CONNECT TO EXISTING 42" STORM LINE, PER EACH, CIP	0	1	1	EA	\$ 2,269.37	\$	\$ 2,269.37	\$ 2,269.37
3-34	REMOVE EXISTING SET AND CONNECT 9FT X 9FT JUNCTION BOX TO EXISTING (3) 18" RCP, PER EACH, CIP	0	1	1	EA	\$ 2,050.71	\$	\$ 2,050.71	\$ 2,050.71
3-35	TRAPEZOIDAL GRASSY CHANNEL, 3:1 SLOPES, 5' BOTTOM, PER LINEAR FOOT, CIP	150	0	150	LF	\$ 5.47	\$ 820.50	\$	\$ 820.50
3-36	5'X4' BOX CULVERT END TREATMENT, PER EACH, CIP	0	1	1	EA	\$ 12,983.23	\$	\$ 12,983.23	\$ 12,983.23
3-37	TXDOT HEADWALL, CH-54-O, WOUS, PER EACH, CIP	0	1	1	EA	\$ 21,571.43	\$	\$ 21,571.43	\$ 21,571.43
3-38	12-INCH NOM. DIA. ROCK RUBBLE, 2' DEEP, PER SQUARE YARD, CIP	48	20	68	SY	\$ 101.05	\$ 4,850.40	\$ 2,000.79	\$ 6,851.19
3-39	ROCK BERM, PER LINEAR FOOT, CIP	316	29	345	LF	\$ 29.79	\$ 9,413.64	\$ 863.91	\$ 10,277.55
3-40	EARTHEN V CHANNEL, 3:1 SIDE SLOPES, 2.0-FT DEPTH, PER LINEAR FOOT, CIP	2,636	0	2,636	LF	\$ 5.64	\$ 14,867.04	\$	\$ 14,867.04
3-41	TEMPORARY HEADWALL, INCL. ROCK BERM, PER DETAIL, PER EACH, CIP	2	0	2	EA	\$ 2,200.75	\$ 4,401.50	\$	\$ 4,401.50
3-42	TEMPORARY CHANNEL, PER DETAIL, PER LINEAR FOOT, CIP	2,050	0	2,050	LF	\$ 5.14	\$ 10,537.00	\$	\$ 10,537.00

3-43	REMOVE EXISTING STOCK POND, INCL. REMOVAL OF ALL UTILITIES AND APPURTENANCES, PER LUMP SUM, CIP	1	0	1	LS	\$ 6,264.86	\$ 6,264.86	\$	\$ 6,264.86
3-44	TRENCH SAFETY SYSTEMS, ALL DEPTHS, PER LINEAR FOOT, CIP	2,449	6,123	8,572	LF	\$ 1.13	\$ 2,767.37	\$ 6,918.58	\$ 9,685.95
3-45	DETENTION POND INCL. EXCAVATION/EMBANKMENT & REVEGETATION; WEIR, RETAINING WALLS, 5' PILOT CHANNEL; OUTFALL PIPE AND END TREATMENTS; MISC. STRUCTURES; ETC., PER LUMP SUM, CIP	1	0	1	LS	\$ 723,632.77	\$ 723,632.77	\$	\$ 723,632.77
SUBTOTAL DRAINAGE IMPROVEMENTS							\$ 1,614,298.62	\$ 1,634,323.10	\$ 3,248,621.72

SECTION 4 - PAVING IMPROVEMENTS									
ITEM	DESCRIPTION	MAJOR IMPROVEMENTS ESTIMATED QUANTITY	INTERNAL IMPROVEMENTS ESTIMATED QUANTITY	TOTAL ESTIMATED QUANTITY	UNIT	UNIT PRICE	MAJOR IMPROVEMENTS	INTERNAL IMPROVEMENTS	TOTAL AMOUNT
4-01	SUBGRADE PREPARATION, PER SQUARE YARD, CIP	13,150	24,238	37,388	SY	\$ 2.02	\$ 26,562.50	\$ 48,961.21	\$ 75,523.71
4-02	8-INCH LIME TREATMENT FOR SUBGRADE, PER SQUARE YARD, CIP	13,150	24,238	37,388	SY	\$ 10.45	\$ 137,414.93	\$ 253,289.42	\$ 390,704.35
4-03	GEOGRID, PER SQUARE YARD, CIP	13,150	24,238	37,388	SY	\$ 2.38	\$ 31,296.41	\$ 57,686.97	\$ 88,983.38
4-04	HMAC, 2-INCH THICKNESS, TYPE D PER SQUARE YARD, CIP	10,548	18,078	28,625	SY	\$ 17.57	\$ 185,322.25	\$ 317,622.65	\$ 502,944.90
4-05	CRUSHED LIMESTONE BASE, 10-INCH THICKNESS, PER SQUARE YARD, CIP	920	24,092	25,012	SY	\$ 12.40	\$ 11,404.81	\$ 298,739.42	\$ 310,144.24
4-06	CRUSHED LIMESTONE BASE, 14-INCH THICKNESS, PER SQUARE YARD, CIP	12,230	184	12,414	SY	\$ 16.80	\$ 205,464.18	\$ 3,096.80	\$ 208,560.98
4-07	MACHINE LAID P.C. CONCRETE CURB AND GUTTER, PER LINEAR FOOT, CIP	5,131	8,808	13,939	LF	\$ 18.95	\$ 97,237.76	\$ 166,911.60	\$ 264,149.36
4-08	P.C. CONCRETE SIDEWALK, 4-FOOT WIDE, PER LINEAR FOOT, CIP	195	1,296	1,491	LF	\$ 28.46	\$ 5,554.25	\$ 36,884.16	\$ 42,438.41
4-09	P.C. CONCRETE SIDEWALK, 4-FOOT WIDE, PER LINEAR FOOT, CIP (PHASE 2)	0	447	447	LF	\$ 28.09	\$	\$ 12,556.23	\$ 12,556.23
4-10	P.C. CONCRETE SIDEWALK, 6-FOOT WIDE, PER LINEAR FOOT, CIP	4,827	496	5,323	LF	\$ 44.16	\$ 213,144.42	\$ 21,903.36	\$ 235,047.78
4-11	P.C. CONCRETE SIDEWALK CURB RAMP WITH PAVERS, PER EACH, CIP	23	18	41	EA	\$ 1,130.02	\$ 25,818.70	\$ 20,340.36	\$ 46,159.06
4-12	CONCRETE VALLEY GUTTER, PER EACH, CIP	5	0	5	EA	\$ 6,128.72	\$ 29,172.71	\$	\$ 29,172.71
4-13	SIGNAGE AND STRIPING, PER LUMP SUM, CIP	0	64%	1	LS	\$ 64,251.01	\$ 21,845.34	\$ 41,304.22	\$ 63,149.56
4-14	SIGNAGE AND STRIPING, PER LUMP SUM, CIP (PHASE 2)	0	1	1	LS	\$ 4,321.28	\$	\$ 4,321.28	\$ 4,321.28
4-15	HMAC, 2-INCH THICKNESS, PARKING LOT, TYPE D PER SQUARE YARD, CIP	0	815	815	SY	\$ 25.46	\$ 20,749.90	\$	\$ 20,749.90
4-16	CRUSHED LIMESTONE BASE, PARKING LOT, 12-INCH THICKNESS, PER SQUARE YARD, CIP	0	930	930	SY	\$ 17.31	\$	\$ 16,098.30	\$ 16,098.30
4-17	SUBGRADE PREPARATION, PARKING LOT, PER SQUARE YARD, CIP	0	930	930	SY	\$ 2.61	\$	\$ 2,427.30	\$ 2,427.30
4-18	8-INCH LIME TREATMENT FOR SUBGRADE, PARKING LOT, PER SQUARE YARD, CIP	0	930	930	SY	\$ 10.06	\$	\$ 9,355.80	\$ 9,355.80
4-19	6-INCH RIBBON CURB, PARKING LOT, PER LINEAR FOOT, CIP	0	286	286	LF	\$ 30.11	\$	\$ 8,611.46	\$ 8,611.46
4-20	WHEEL STOPS, PARKING LOT, PER EACH, CIP	0	20	20	EA	\$ 100.73	\$	\$ 2,014.60	\$ 2,014.60
4-21	RETAINING WALL, PER SQUARE FOOT OF EXPOSED FACE, CIP	54	1,503	1,557	SF	\$ 55.84	\$ 3,015.36	\$ 83,927.52	\$ 86,942.88
4-22	PEDESTRIAN/TRAFFIC HANDRAIL, PER LINEAR FOOT, CIP	132	0	132	LF	\$ 330.52	\$ 43,628.64	\$	\$ 43,628.64
4-23	INSTALL, STREET END BARRICADE, PER EACH, CIP	1	7	8	EA	\$ 1,410.74	\$ 1,410.74	\$ 9,875.18	\$ 11,285.92
4-24	CLEARING AND GRUBBING, PER ACRE, CIP	6	34	40	AC	\$ 1,429.92	\$ 8,014.42	\$ 49,182.38	\$ 57,196.80
4-25	EXCAVATION, PER CUBIC YARD, CIP	16,641	36,915	53,556	CY	\$ 4.49	\$ 74,716.25	\$ 165,750.19	\$ 240,466.44
4-26	EMBANKMENT, PER CUBIC YARD, CIP	10,891	50,374	61,265	CY	\$ 2.99	\$ 32,565.02	\$ 150,617.33	\$ 183,182.35
4-27	BORROW FROM PHASE 2	1,737	3,225	4,962	CY	\$ 3.95	\$ 6,859.97	\$ 12,739.94	\$ 19,599.90
4-28	BALANCE SITE, IMPORT (PHASE 2)	0	13,000	13,000	CY	\$ 5.99	\$	\$ 77,870.00	\$ 77,870.00
4-29	LOT PADDING	0	220	220	EA	\$ 423.22	\$	\$ 93,108.40	\$ 93,108.40
4-30	MC (7") AND POLY (2 LAYER 6 MIL) AT LOTS	0	220	220	EA	\$ 3,724.34	\$	\$ 819,354.80	\$ 819,354.80
4-31	SILT FENCE FOR EROSION CONTROL, PER LINEAR FOOT, CIP	2,200	3,630	5,830	LF	\$ 3.28	\$ 7,216.00	\$ 11,906.40	\$ 19,122.40
4-32	INLET PROTECTION, PER EACH, CIP	14	41	55	EA	\$ 101.57	\$ 1,421.98	\$ 4,164.37	\$ 5,586.35
4-33	STABILIZED CONSTRUCTION ENTRANCE, PER EACH, CIP	2	1	3	EA	\$ 1,314.15	\$ 2,628.30	\$ 1,314.15	\$ 3,942.45
4-34	HYDROMULCH SEEDING FOR EROSION CONTROL, PER SQUARE YARD, CIP	6,052	18,886	24,937	SY	\$ 1.84	\$ 11,134.76	\$ 34,749.32	\$ 45,884.08
4-35	WK ZN PAV MRK REMOV (W)4"(SLD)	2,694	0	2,694	LF	\$ 0.62	\$ 1,670.38	\$	\$ 1,670.38
4-36	WK ZN PAV MRK REMOV (Y)4"(SLD)	3,052	0	3,052	LF	\$ 0.62	\$ 1,892.31	\$	\$ 1,892.31
4-37	REMOV STR (WINGWALL)	2	0	2	EA	\$ 1,687.13	\$ 3,212.30	\$	\$ 3,212.30
4-38	REMOV STR (HEADWALL)	2	0	2	EA	\$ 1,687.13	\$ 3,212.30	\$	\$ 3,212.30
4-39	REMOV STR (PIPE)	1	0	1	EA	\$ 843.57	\$ 803.08	\$	\$ 803.08
4-40	REMOVE STR (CONC)	1	0	1	EA	\$ 1,124.75	\$ 1,070.76	\$	\$ 1,070.76
4-41	PREPARING ROW	7	0	7	STA	\$ 1,012.28	\$ 6,745.83	\$	\$ 6,745.83
4-42	EXCAVATION (ROADWAY)	642	0	642	CY	\$ 5.66	\$ 3,632.81	\$	\$ 3,632.81

4-43	COMPOST MANUF TOPSOIL (BIP) (4")	1,993	0	1,993	SY	\$	6.55	\$	13,051.11	\$		\$	13,051.11
4-44	CELL FBR MLCH SEED(PERM)(RURAL)(CLAY)	1,993	0	1,993	SY	\$	0.65	\$	1,295.15	\$		\$	1,295.15
4-45	VEGETATIVE WATERING	31	0	31	MG	\$	56.24	\$	1,766.84	\$		\$	1,766.84
4-46	FL BS (CMP IN PLC)(TY A GR 5)(FNAL POS)	348	0	348	CY	\$	48.32	\$	16,836.23	\$		\$	16,836.23
4-47	LIME TRT (EXST MATL)(8")	1,193	0	1,193	SY	\$	5.23	\$	6,238.64	\$		\$	6,238.64
4-48	LIME (HYD, COM OR QK)(SLURRY)	18	0	18	TON	\$	309.31	\$	5,594.80	\$		\$	5,594.80
4-49	PRIME COAT (MULTI OPTION)	105	0	105	GAL	\$	22.70	\$	2,377.14	\$		\$	2,377.14
4-50	INTRSCT, DRVWAYS, & TURNOUT (ACP)	114	0	114	SY	\$	103.62	\$	11,837.55	\$		\$	11,837.55
4-51	D-GR HMA TY-B PG64-22 (EXEMPT)	230	0	230	TON	\$	236.10	\$	54,393.66	\$		\$	54,393.66
4-52	D-GR HMA TY-D PG76-22 (EXEMPT)	136	0	136	TON	\$	274.44	\$	37,361.16	\$		\$	37,361.16
4-53	BONDING COURSE	117	0	117	GAL	\$	11.81	\$	1,382.90	\$		\$	1,382.90
4-54	TOM-C PG76-22 SAC-B	58	0	58	TON	\$	440.76	\$	25,595.81	\$		\$	25,595.81
4-55	IN SM RD SN SUP&AM TY10BWG(1)SA(P)	1	0	1	EA	\$	984.16	\$	936.92	\$		\$	936.92
4-56	REFL PAV MRK TY I (W)8"(SLD)(100MIL)	972	0	972	LF	\$	4.22	\$	4,101.81	\$		\$	4,101.81
4-57	REFL PAV MRK TY I (W)24"(SLD)(100MIL)	31	0	31	LF	\$	32.38	\$	1,017.25	\$		\$	1,017.25
4-58	REFL PAV MRK TY I (W)(ARROW)(090MIL)	4	0	4	EA	\$	309.31	\$	1,177.85	\$		\$	1,177.85
4-59	REFL PAV MRK TY I (W)(WORD)(100MIL)	4	0	4	EA	\$	309.31	\$	1,177.85	\$		\$	1,177.85
4-60	RE PM W/RET REQ TY I (W)4"(SLD)(100MIL)	582	0	582	LF	\$	0.62	\$	360.64	\$		\$	360.64
4-61	RE PM W/RET REQ TY I (Y)4"(BRK)(100MIL)	291	0	291	LF	\$	0.62	\$	180.61	\$		\$	180.61
4-62	RE PM W/RET REQ TY I (Y)4"(SLD)(100MIL)	2,330	0	2,330	LF	\$	0.62	\$	1,444.32	\$		\$	1,444.32
4-63	REFL PAV MRKR TY I-C	50	0	50	EA	\$	1.12	\$	55.44	\$		\$	55.44
4-64	REFL PAV MRKR TY II-A-A	55	0	55	EA	\$	1.12	\$	61.84	\$		\$	61.84
4-65	SOIL RETENTION BLANKETS (CL 1) (TY A)	1,737	0	1,737	SY	\$	1.69	\$	2,936.21	\$		\$	2,936.21
4-66	BACKHOE WORK (EROSION & SEDMT CONT)	8	0	8	HR	\$	141.69	\$	1,079.11	\$		\$	1,079.11
4-67	TEMP SEDMT CONT FENCE (INSTALL)	805	0	805	LF	\$	3.98	\$	3,205.46	\$		\$	3,205.46
4-68	TEMP SEDMT CONT FENCE (REMOVE)	805	0	805	LF	\$	1.07	\$	861.77	\$		\$	861.77
4-69	BARRICADES, SIGNS AND TRAFFIC HANDLING	6	0	6	MO	\$	2,530.69	\$	15,184.14	\$		\$	15,184.14
4-70	WK ZN PAV MRK REMOV (W)4"(SLD)	4,657	0	4,657	LF	\$	0.62	\$	2,887.34	\$		\$	2,887.34
4-71	WK ZN PAV MRK REMOV (Y)4"(SLD)	5,289	0	5,289	LF	\$	0.62	\$	3,279.18	\$		\$	3,279.18
4-72	PREPARING ROW	15	0	15	STA	\$	1,012.28	\$	15,184.20	\$		\$	15,184.20
4-73	EXCAVATION (ROADWAY)	1,779	0	1,779	CY	\$	5.66	\$	10,069.14	\$		\$	10,069.14
4-74	EMBANKMENT (FINAL)(ORD COMP)(TY B)	480	0	480	CY	\$	14.06	\$	6,748.80	\$		\$	6,748.80
4-75	COMPOST MANUF TOPSOIL (BIP) (4")	4,513	0	4,513	SY	\$	1.00	\$	4,513.00	\$		\$	4,513.00
4-76	CELL FBR MLCH SEED(PERM)(RURAL)(CLAY)	4,513	0	4,513	SY	\$	0.65	\$	2,933.45	\$		\$	2,933.45
4-77	VEGETATIVE WATERING	71	0	71	MG	\$	56.24	\$	3,993.04	\$		\$	3,993.04
4-78	FL BS (CMP IN PLC)(TY A GR 4)(25")	2,212	0	2,212	SY	\$	34.04	\$	75,296.48	\$		\$	75,296.48
4-79	LIME (HYDRATED LIME (DRY))	40	0	40	TON	\$	309.31	\$	12,372.40	\$		\$	12,372.40
4-80	LIME TRT (SUBGRADE)(8")	2,612	0	2,612	SY	\$	5.22	\$	13,634.64	\$		\$	13,634.64
4-81	PRIME COAT (AC)	242	0	242	GAL	\$	12.37	\$	2,993.54	\$		\$	2,993.54
4-82	CONC CURB (RIBBON)	100	0	100	LF	\$	29.98	\$	2,998.00	\$		\$	2,998.00
4-83	INTRSCT, DRVWAYS, & TURNOUT (ACP)	322	0	322	SY	\$	59.50	\$	19,159.00	\$		\$	19,159.00
4-84	RELOCATE EXISTING MAILBOX	5	0	5	EA	\$	815.45	\$	4,077.25	\$		\$	4,077.25
4-85	D-GR HMA TY-B PG64-22	404	0	404	TON	\$	177.60	\$	71,750.40	\$		\$	71,750.40
4-86	D-GR HMA TY-D SAC-B PG76-22	191	0	191	TON	\$	245.20	\$	46,833.20	\$		\$	46,833.20
4-87	TACK COAT	341	0	341	GAL	\$	13.95	\$	4,756.95	\$		\$	4,756.95
4-88	GEOGRID BASE REINFORCEMENT (TY II)	2,612	0	2,612	SY	\$	4.06	\$	10,604.72	\$		\$	10,604.72
4-89	IN SM RD SN SUP&AM TY10BWG(1)SA(P)	3	0	3	EA	\$	984.16	\$	2,952.48	\$		\$	2,952.48
4-90	REFL PAV MRK TY I (W)8"(SLD)(100MIL)	326	0	326	LF	\$	4.22	\$	1,375.72	\$		\$	1,375.72
4-91	REFL PAV MRK TY I (W)24"(SLD)(100MIL)	38	0	38	LF	\$	28.12	\$	1,068.56	\$		\$	1,068.56
4-92	REFL PAV MRK TY I (W)(ARROW)(100MIL)	2	0	2	EA	\$	253.07	\$	506.14	\$		\$	506.14
4-93	REFL PAV MRK TY I (W)(WORD)(100MIL)	2	0	2	EA	\$	309.31	\$	618.62	\$		\$	618.62
4-94	REFL PAV MRK TY I (Y)12"(SLD)(100MIL)	680	0	680	LF	\$	8.72	\$	5,929.60	\$		\$	5,929.60
4-95	REFL PAV MRK TY I(Y)(MED NOSE)(100MIL)	1	0	1	EA	\$	1,349.70	\$	1,349.70	\$		\$	1,349.70
4-96	REFL PAV MRK TY II (W) 4" (SLD)	2,917	0	2,917	LF	\$	0.62	\$	1,808.54	\$		\$	1,808.54
4-97	REFL PAV MRK TY II (W) 8" (SLD)	326	0	326	LF	\$	2.25	\$	733.50	\$		\$	733.50
4-98	REFL PAV MRK TY II (W) 24" (SLD)	38	0	38	LF	\$	15.75	\$	598.50	\$		\$	598.50

4-99	REFL PAV MRK TY II (W) (ARROW)	2	0	2	EA	\$ 140.60	\$ 281.20	\$	\$ 281.20
4-100	REFL PAV MRK TY II (W) (WORD)	2	0	2	EA	\$ 196.83	\$ 393.66	\$	\$ 393.66
4-101	REFL PAV MRK TY II (Y) 4" (SLD)	4,269	0	4,269	LF	\$ 0.62	\$ 2,646.78	\$	\$ 2,646.78
4-102	REFL PAV MRK TY II (Y) 12" (SLD)	680	0	680	LF	\$ 3.94	\$ 2,679.20	\$	\$ 2,679.20
4-103	REFL PAV MRK TY II (Y) (MED NOSE)	1	0	1	EA	\$ 674.85	\$ 674.85	\$	\$ 674.85
4-104	RE PM W/RET REQ TY I (W)4"(SLD)(100MIL)	2,917	0	2,917	LF	\$ 1.41	\$ 4,112.97	\$	\$ 4,112.97
4-105	RE PM W/RET REQ TY I (Y)4"(SLD)(100MIL)	4,269	0	4,269	LF	\$ 1.41	\$ 6,019.29	\$	\$ 6,019.29
4-106	REFL PAV MRKR TY I-C	17	0	17	EA	\$ 8.72	\$ 148.24	\$	\$ 148.24
4-107	REFL PAV MRKR TY II-A-A	214	0	214	EA	\$ 8.72	\$ 1,866.08	\$	\$ 1,866.08
4-108	SOIL RETENTION BLANKETS (CL 1) (TY A)	4,969	0	4,969	SY	\$ 1.69	\$ 8,397.61	\$	\$ 8,397.61
4-109	BACKHOE WORK (EROSION & SEDMT CONT)	24	0	24	HR	\$ 101.45	\$ 2,434.80	\$	\$ 2,434.80
4-110	TEMP SEDMT CONT FENCE (INSTALL)	2,037	0	2,037	LF	\$ 3.98	\$ 8,107.26	\$	\$ 8,107.26
4-111	TEMP SEDMT CONT FENCE (REMOVE)	2,037	0	2,037	LF	\$ 1.07	\$ 2,179.59	\$	\$ 2,179.59
SUBTOTAL PAVING IMPROVEMENTS						\$ 1,787,569.31	\$ 2,857,435.03	\$	\$ 4,645,004.34

SECTION 1 - WATER IMPROVEMENTS
SECTION 2 - WASTEWATER IMPROVEMENTS
SECTION 3 - DRAINAGE IMPROVEMENTS
SECTION 4 - PAVING IMPROVEMENTS

TOTAL OF ALL IMPROVEMENTS

MAJOR IMPROVEMENTS	INTERNAL IMPROVEMENTS	TOTAL AMOUNT
\$ 641,051.19	\$ 692,941.41	\$ 1,333,992.60
\$	\$ 766,783.28	\$ 766,783.28
\$ 1,614,298.62	\$ 1,634,323.10	\$ 3,248,621.72
\$ 1,787,569.31	\$ 2,857,435.03	\$ 4,645,004.34
\$ 4,042,919.12	\$ 5,951,482.82	\$ 9,994,401.94

APPENDIX C

FORM OF OPINION OF BOND COUNSEL

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November 19, 2024



Norton Rose Fulbright US LLP
98 San Jacinto Boulevard, Suite 1100
Austin, Texas 78701-4255
United States

Tel +1 512 474 5201
Fax +1 512 536 4598
nortonrosefulbright.com

FINAL

IN REGARD to the authorization and issuance of the “City of Umland, Texas Special Assessment Revenue Bonds, Series 2024 (Anderson Park Public Improvement District Improvement Area #1 Project)” (the “Bonds”), dated November 1, 2024, in the principal amount of \$6,953,000, we have examined the legality and validity of the issuance thereof by the City of Umland, Texas (the “City”) solely to express legal opinions as to the validity of the Bonds and the exclusion of the interest on the Bonds from gross income for federal income tax purposes, and for no other purpose. We have not been requested to investigate or verify, and we neither expressly nor by implication render herein any opinion concerning, the financial condition or capabilities of the City, or the history or prospects of the collection of the Pledged Revenues, the disclosure of any financial or statistical information or data pertaining to the City and used in the sale of the Bonds, or the sufficiency of the security for or the value or marketability of the Bonds, and have not assumed any responsibility with respect thereto. Capitalized terms used herein and not otherwise defined have the meanings assigned in the Indenture.

THE BONDS are issued in fully registered form only and mature, unless redeemed prior to maturity in accordance with the terms stated on the Bonds, on September 1 in each of the years specified in the Bonds, all in accordance with the Indenture of Trust (the “Indenture”), dated as of November 1, 2024, between the City and BOKF, NA, as trustee (the “Trustee”), approved by the City Council of the City pursuant to an ordinance (the “Ordinance”) adopted by the City Council of the City on October 30, 2024 authorizing the issuance of the Bonds. The Bonds accrue interest from the date, at the rates, and in the manner and interest is payable on the dates, all as provided in the Indenture.

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

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

Norton Rose Fulbright US LLP is a limited liability partnership registered under the laws of Texas.

Norton Rose Fulbright US LLP, Norton Rose Fulbright LLP, Norton Rose Fulbright Australia, Norton Rose Fulbright Canada LLP and Norton Rose Fulbright North Africa Inc are separate legal entities and all of them are members of Norton Rose Fulbright Verein, a Swiss verein. Norton Rose Fulbright Verein helps coordinate the activities of the members but does not itself provide legal services to clients. Details of each entity, with certain regulatory information, are available at nortonrosefulbright.com.

1. The Bonds have been authorized, issued and delivered in accordance with law; that the Bonds are valid, legally binding and enforceable limited obligations of the City in accordance with their terms payable solely from a first and prior lien on the Trust Estate, except to the extent the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar laws now or hereafter enacted relating to creditors' rights generally.

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

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

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

Norton Rose Fulbright US LLP

APPENDIX D-1

FORM OF CITY DISCLOSURE AGREEMENT

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**CITY OF UHLAND, TEXAS
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024
(ANDERSON PARK PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #1 PROJECT)**

CONTINUING DISCLOSURE AGREEMENT OF ISSUER

This Continuing Disclosure Agreement of Issuer dated as of November 1, 2024 (this “Disclosure Agreement”) is executed and delivered by and among the City of Uhlend, Texas (the “Issuer”), P3Works, LLC (as more fully defined herein, the “Administrator”) and BOKF, NA, Houston, Texas, acting solely in its capacity as dissemination agent (as more fully defined herein, the “Dissemination Agent”), with respect to the Issuer’s “Special Assessment Revenue Bonds, Series 2024 (Anderson Park Public Improvement District Improvement Area #1 Project)” (the “Bonds”). The Issuer, the Administrator, and the Dissemination Agent covenant and agree as follows:

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

SECTION 2. Definitions. In addition to the definitions set forth above and in the Indenture of Trust dated as of November 1, 2024, 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:

“Administrator” shall mean the Issuer or the person or independent firm designated by 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 of the administration of the District. The Issuer has selected P3Works, LLC as the current Administrator.

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

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

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

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

“Annual Financial Statements” shall mean audited or unaudited financial statements of the Issuer prepared in accordance with generally accepted accounting principles for governmental units as prescribed by the Government Accounting Standards Board from time to time, or such other accounting principles as the Issuer may be required to employ from time to time pursuant to state law or regulation.

“Annual Financials Filing Date” shall mean, for each Fiscal Year, the date on which the Annual Financial Statements must be filed with the MSRB, which date is twelve (12) months after the end of the Issuer’s Fiscal Year. The Annual Financials Filing Date is currently September 30.

“Annual Information Filing Date” shall mean, for each Fiscal Year, the date on which the Annual Financial Information must be filed with the MSRB, which date is six (6) months after the end of the Issuer’s Fiscal Year. The Annual Information Filing Date is currently March 31.

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

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

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

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

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

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

“Developer” shall mean Continental Homes of Texas, L.P., a Texas limited partnership, including its affiliates, successors and assigns.

“Disclosure Agreement of Developer” shall mean the City of Uhlman, Texas, Special Assessment Revenue Bonds, Series 2024 (Anderson Park Public Improvement District Improvement Area #1 Project) Continuing Disclosure Agreement of Developer dated as of November 1, 2024 executed and delivered by the Developer, the Administrator and the Dissemination Agent.

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

“Dissemination Agent” shall mean BOKF, NA, Houston, Texas, a national banking association duly organized and existing under the laws of the United States, 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 Anderson Park Public Improvement District.

“EMMA” shall mean the Electronic Municipal Market Access System currently available on the internet at <http://emma.msrb.org>.

“Filing Date” means, collectively, an Annual Financials Filing Date, an Annual Information Filing Date and an Annual Collections Report Filing Date, or, individually, as the context requires, an Annual Financials Filing Date, an Annual Information Filing Date or an Annual Collections Report Filing Date.

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

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

“Fiscal Year” shall mean the Issuer’s fiscal year, currently the one-year period from October 1 through September 30.

“Improvement Area #1” shall have the meaning assigned to such term in the Indenture.

“Listed Events” shall mean any of the events listed in Section 6(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 reports pursuant to the Rule.

“Other Obligations” means any bonds, temporary notes, time warrants, or an obligation under an installment sale contract or reimbursement agreement secured in whole or in part by an assessment, other than the Assessments securing the Bonds, levied against property within Improvement Area #1 in accordance with the PID Act

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

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

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

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

“Prepayment” shall mean the payment of all or a portion of an Assessment before the due date of the final installment thereof.

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

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

“SEC” shall mean the United States Securities and Exchange Commission.

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

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

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

SECTION 3. Provision of Annual Financial Information and Audited Financial Statements.

(a) For each Fiscal Year, commencing with the Fiscal Year ending September 30, 2025, the Issuer shall cause, pursuant to written direction, and hereby directs the Dissemination Agent to provide or cause to be provided to the MSRB, in the electronic or other format required by the MSRB, the Annual Financial Information and the Annual Financial Statements.

(i) The Issuer shall provide or caused to be provided the Annual Financial Information to the MSRB not later than the Annual Information Filing Date; and

(ii) The Issuer shall provide or caused to be provided audited Annual Financial Statements to the MSRB not later than the Annual Financials Filing Date, or if audited Annual Financial Statements are not available by the Annual Financials Filing Date, unaudited Annual Financial Statements, provided to the Dissemination Agent which is consistent with the requirements specified in Section 4 of this Disclosure Agreement.

In each case, the Annual Financial Information and Annual Financial Statements may include by reference other information as provided in Section 4 of this Disclosure Agreement. The Issuer is providing the Annual Financial Information and Annual Financial Statements in connection with the requirements of this Disclosure Agreement and the Rule; notwithstanding such requirements, the Bonds are special obligations of the Issuer and do not give rise to a charge against the general credit or taxing power of the Issuer and are payable solely from the sources identified in the Indenture. If the Issuer’s Fiscal Year changes, it shall file notice of such change (including the date of the new Fiscal Year) with the MSRB prior to the next Annual Information Filing Date. All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

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

If by the fifth (5th) day before the applicable Filing Date, the Dissemination Agent has not received a copy of the Annual Financial Information or Annual Financial Statements, as applicable, the Dissemination Agent shall contact the Disclosure Representative in writing (which may be by e-mail) to remind the Issuer of its undertaking to provide the applicable Annual Financial Information or Annual Financial Statements pursuant to subsection (a). Upon such reminder, the Disclosure Representative shall either (i) provide the Dissemination Agent with an electronic copy of the Annual Financial Information or Annual Financial Statements, as applicable, no later than two (2) Business Days prior to the applicable Filing Date; or (ii) instruct the Dissemination Agent in writing that the Issuer will not be able to provide the Annual Financial Information by the Annual Information Filing Date or the Annual Financial Statements by the Annual Financials Filing Date, as applicable, state the date by which the Annual Financial Information or Annual Financial Statements for such year will be provided and instruct the Dissemination Agent to immediately send a notice to the MSRB in substantially the form attached as Exhibit A; 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 Financial Information, Annual Financial Statements or the notice of failure to file, as applicable, to the MSRB, no later than the applicable Filing Date; provided further, however, that in the event the Disclosure Representative fails to act under either (i) or (ii) described above, the Dissemination Agent shall file a notice of failure to file no later than the applicable Filing Date; provided, however, the Issuer will notify the Dissemination Agent in writing that the Issuer will provide or cause to be provided the Annual Financial Information or Annual Financial Statements, as applicable, to the MSRB through alternate means. If the Issuer so notifies the Dissemination Agent, the Issuer will provide the Dissemination Agent with a written report certifying that the Annual Financial Information or Annual Financial Statements, as applicable, has been provided to the MSRB pursuant to this Disclosure Agreement, stating the date it was provided and that it was filed with the MSRB prior to the second (2nd) Business Day prior to the applicable Filing Date. In the event the Issuer fails to provide the Dissemination Agent with such a report, the Dissemination Agent shall file a notice of failure to file no later than the last Business Day prior to the applicable Filing Date.

(c) The Dissemination Agent, pursuant to written direction, shall:

(i) determine the filing address or other filing location of the MSRB each year prior to filing the Annual Financial Information and the Annual Financial Statements on the dates required in subsection (a);

(ii) on behalf of the Issuer, file the Annual Financial Information and the Annual Financial Statements 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 Financial Information and the Annual Financial Statements, as applicable, and the Dissemination Agent has filed such Annual Financial Information or Annual Financial Statements with the MSRB, then the Dissemination Agent shall file a report with the Issuer certifying that the Annual Financial Information or Annual Financial Statements 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 Financial Information and Annual Financial Statements.

(a) *Annual Financial Information.* The Annual Financial Information for the Bonds shall contain or incorporate by reference, and the Issuer agrees to provide or cause to be provided to the Dissemination Agent to file by the Annual Information Filing Date, the following Annual Financial Information (any or all of which may be unaudited):

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

(A) for the Bonds, the maturity date or dates, the interest rate or rates, the original aggregate principal amount, the aggregate principal amount Outstanding and the total interest amount due on aggregate principal amount Outstanding;

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

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

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

(iii) Any updates to the Service and Assessment Plan, including the Annual Service Plan Update (collectively, a “SAP Update”).

(iv) Until certificates of occupancy (“COs”) have been issued (or, if COs are not issued upon completion of construction of single-family dwellings, approval of the final inspection has been granted) for lots representing, in the aggregate, ninety-five percent (95%) of the total single-family residential lots within Improvement Area #1, the Annual Issuer Report (in the SAP Update or otherwise) shall include the following

(A) the number of COs issued for new homes completed in Improvement Area #1 during such Fiscal Year; and

(B) the Aggregate number of COs issued for new homes completed within Improvement Area #1 since filing the initial Annual Financial Information for Fiscal Year ended September 30, 2024.

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

(b) *Annual Financial Statements.* The Issuer agrees to provide or cause to be provided to the Dissemination Agent to file by the Annual Financials Filing Date the audited financial statements of the Issuer for the most recently ended Fiscal Year, prepared in accordance with generally accepted accounting principles applicable from time to time to the Issuer. If the audited financial statements of the Issuer are not available by the Annual Financials Filing Date, the Issuer shall provide unaudited financial statements of the Issuer no later than the Annual Financials Filing Date and audited financial statements when and if available.

(c) See Exhibit B hereto for a form for submitting the information set forth in subsection 4(a) above. The Issuer has designated P3Works, LLC as the initial Administrator. The Administrator, and if no Administrator is designated, Issuer's staff, shall prepare the Annual Financial Information. In all cases, the Issuer shall have the sole responsibility for the content, design and other elements comprising substantive contents of the Annual Financial Information under this Section 4.

Any or all of the items listed above may be included by specific reference to other documents, including disclosure documents of debt issues of the Issuer, which have been submitted to and are publicly accessible from the MSRB. If the document included by reference is a final offering document, it must be available from the MSRB. The Issuer shall clearly identify each such other document so included by reference. The Dissemination Agent has no duty or obligation to determine whether or not the information contained in any completed forms containing financial information and operating data as shown in Exhibit B provided to it has been accurately completed and shall only be required to file the forms as completed and provided to it by either the Administrator or the Issuer.

SECTION 5. Annual Collections Report.

(a) For each Fiscal Year succeeding the reporting Fiscal Year, the Issuer shall cause, pursuant to written direction, and hereby directs the Dissemination Agent to provide or cause to be provided to the MSRB, in the electronic or other format required by the MSRB, not later than the Annual Collections Report Filing Date, an Annual Collections Report provided to the Dissemination Agent which complies with the requirements specified in this Section 5; provided that the Issuer may provide the Annual Collections Report as part of the Annual Financial Information, if such Annual Collections Report is available when the Annual Financial Information is provided to the MSRB. All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

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

If by the fifth (5th) day before the Annual Collections Report Filing Date, the Dissemination Agent has not received a copy of the Annual Collections Report, the Dissemination Agent shall contact the Disclosure Representative in writing (which may be by e-mail) to remind the Issuer of its undertaking to provide the applicable Annual Collections Report pursuant to this subsection 5(a). Upon such reminder, the Disclosure Representative shall either (i) provide the Dissemination Agent with an electronic copy of the Annual Collections Report no later than two (2) Business Days prior to the Annual Collections Report Filing Date; or (ii) instruct the Dissemination Agent in writing that the Issuer will

not be able to provide the Annual Collections Report by the Annual Collections Report Filing Date, state the date by which the Annual Collections Report for such year will be provided and instruct the Dissemination Agent to immediately send a notice to the MSRB in substantially the form attached as Exhibit A; provided, however, that in the event the Disclosure Representative is required to act under either (i) or (ii) described above, the Dissemination Agent still must file the Annual Collections Report or the notice of failure to file, as applicable, to the MSRB, no later than the Annual Collections Report Filing Date; provided further, however, that in the event the Disclosure Representative fails to act under either (i) or (ii) described above, the Dissemination Agent shall file a notice of failure to file no later than on the last Business Day prior to the Annual Collections Report Filing Date; or the Issuer will notify the Dissemination Agent in writing that the Issuer will provide or cause to be provided the Annual Collections Report to the MSRB through alternate means. If the Issuer so notifies the Dissemination Agent, the Issuer will provide the Dissemination Agent with a written report certifying that the Annual Collections Report has been provided to the MSRB pursuant to this Disclosure Agreement, stating the date it was provided and that it was filed with the MSRB prior to the second (2nd) Business Day prior to the Annual Collections Report Filing Date. In the event the Issuer fails to provide the Dissemination Agent with such a report, the Dissemination Agent shall file a notice of failure to file no later than the applicable Annual Collections Report Filing Date.

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

SECTION 6. Reporting of Significant Events.

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

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions, the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or

determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.

7. Modifications to rights of Owners, if material.
8. Bond calls, if material, and tender offers.
9. Defeasances.
10. Release, substitution, or sale of property securing repayment of the Bonds, if material.
11. Rating changes.
12. Bankruptcy, insolvency, receivership or similar event of the Issuer.
13. The consummation of a merger, consolidation, or acquisition of the Issuer, or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
14. Appointment of a successor or additional trustee under the Indenture or the change of name of a trustee, if material.
15. Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material.
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

The sale by the Developer of real property within Improvement Area #1 will not constitute a Listed Event for the purposes of paragraph (10) above.

For these purposes, any event described in paragraph (12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Issuer in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

The Issuer intends the words used in paragraphs (15) and (16) above and the definition of Financial Obligation to have the same meanings as when they are used in the Rule, as evidenced by SEC Release No. 34-83885, dated August 20, 2018. For the avoidance of doubt, the incurrence of Other

Obligations without the filing of a corresponding official statement with the MSRB will constitute the incurrence of a material Financial Obligation for which a notice of a Listed Event in accordance with this Section 6 must be filed with the MSRB.

Upon the occurrence of a Listed Event, the Issuer shall promptly notify the Dissemination Agent in writing and the Issuer shall direct the Dissemination Agent in writing to immediately file a notice of such occurrence with the MSRB. The Dissemination Agent shall file such notice no later than the 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 MSRB'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. 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 6. In addition, the Issuer shall have the sole responsibility to ensure that any notice required to be filed under this Section 6 is filed within ten (10) Business Days of the occurrence of the Listed Event.

(b) The Dissemination Agent shall, promptly, and not more than five (5) Business Days after obtaining actual knowledge of the occurrence of any Listed Event with respect to the Bonds, notify the Disclosure Representative in writing 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 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 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 event, notify the Dissemination Agent and the Trustee (if the Dissemination Agent is not the Trustee) in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (b).

SECTION 7. Termination of Reporting Obligations. The obligations of the Issuer, the Administrator and the Dissemination Agent under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds, when the Issuer is no longer an obligated person with respect to the Bonds, or upon delivery by the Disclosure Representative to the Dissemination Agent and the Administrator of an opinion of nationally recognized bond counsel to the effect that continuing disclosure is no longer required. So long as any of the Bonds remain Outstanding, the Administrator and Dissemination Agent may assume that the Issuer is an obligated person with respect to the Bonds until they receive written notice from the Disclosure Representative stating that the Issuer is no longer an obligated person with respect to the Bonds, and the Administrator and 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 the Bonds under Section 6(a).

SECTION 8. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent or successor Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge such Dissemination Agent, with or without appointing a successor Dissemination Agent. If the Issuer discharges the Dissemination Agent without appointing a successor Dissemination Agent, the Issuer shall use best efforts to appoint a successor Dissemination Agent within thirty (30) days of such discharge. 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 BOKF, NA, Houston, Texas. The Issuer will give prompt written notice to the Developer, or any other party responsible for providing quarterly information pursuant to the Disclosure Agreement of Developer, of any change in the identity of the Dissemination Agent under the Disclosure Agreement of Developer. The Dissemination Agent may resign at any time with thirty (30) days' written notice to the Issuer.

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

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

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

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

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

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

SECTION 11. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Agreement, the Dissemination Agent or any Owner or beneficial owner of the Bonds may, and the Trustee (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) shall, take such actions as may be necessary and appropriate to cause the Issuer to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture with respect to the Bonds, and the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer to comply with this Disclosure Agreement shall be an action for mandamus or specific performance. A default under this Disclosure Agreement shall not be deemed a default under the Disclosure Agreement of Developer, and a default under the Disclosure Agreement of Developer shall not be deemed a default under this Disclosure Agreement.

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

(a) Except as otherwise provided 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 from Annual Collection Costs collected from the property owners in Improvement Area #1, 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 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 Developer or the failure of the Developer to provide information to the Dissemination Agent as and when required under the Disclosure Agreement of Developer. The obligations of the Issuer under this Section shall survive 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 Financial Information or Annual Financial Statements in accordance with Section 3(a) and 3(b), respectively, or the Annual Collections Report in accordance with Section 5(a), the Dissemination Agent shall not be responsible for the failure to submit Annual Financial Information, Annual Financial Statements, or the Annual Collections Report, as applicable, to the MSRB. The Dissemination Agent is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder. The fact that the Dissemination Agent may have a banking or other business relationship with the Issuer or any person with whom the Issuer contracts in connection with the transaction described in the Indenture, apart from the relationship created by the Indenture or this Disclosure Agreement, shall not be construed to mean the Dissemination Agent has actual knowledge of any event described in Section 6 above, except as may be provided by written notice to the Dissemination Agent pursuant to this Disclosure Agreement.

The Dissemination Agent 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 shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel.

(b) The Administrator shall not have any duty with respect to the content of any disclosures made pursuant to the terms hereof. The Administrator shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Administrator. To the extent permitted by law, the Issuer agrees to hold harmless the Administrator, its officers, directors, employees and agents, but only from Annual Collection Costs collected from the property owners in Improvement Area #1, 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 failure of any third party to provide information to the Administrator as and when required under this Disclosure Agreement, or the failure of the Developer to provide information to the Administrator as and when required under the Disclosure Agreement of Developer. The obligations of the Issuer under this Section shall survive resignation or removal of the Administrator and payment in full of the Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Administrator is an "obligated person" under the Rule. The Administrator is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder. The Administrator shall not in any event incur any liability with respect to (i) any action taken or omitted to be taken in good faith upon advice of legal counsel given with respect to

any question relating to duties and responsibilities of the Administrator hereunder, or (ii) any action taken or omitted to be taken in reliance upon any document delivered to the Administrator and believed to be genuine and to have been signed or presented by the proper party or parties.

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

(c) UNDER NO CIRCUMSTANCES SHALL THE DISSEMINATION AGENT, THE ADMINISTRATOR, OR THE ISSUER BE LIABLE TO THE OWNER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY ANY PARTY TO THIS DISCLOSURE AGREEMENT WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS DISCLOSURE AGREEMENT, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE. THE DISSEMINATION AGENT AND THE ADMINISTRATOR ARE UNDER NO OBLIGATION NOR ARE THEY REQUIRED TO BRING SUCH AN ACTION.

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

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

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

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

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

SECTION 18. Dissemination Agent and Administrator Compensation. The fees and expenses incurred by the Dissemination Agent and the Administrator for their respective services rendered in accordance with this Disclosure Agreement constitute Annual Collection Costs and will be included in the Annual Installments as provided in the annual updates to the Service and Assessment Plan. The Issuer shall pay or reimburse the Dissemination Agent and the Administrator, but only with funds to be provided from the Annual Collection Costs component of the Annual Installments collected from the property owners in Improvement Area #1, for the fees and expenses for their respective services rendered in accordance with this Disclosure Agreement.

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

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

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

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

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

SECTION 20. Disclosure of Interested Parties. Pursuant to Section 2252.908(c)(4), Texas Government Code, as amended, the Dissemination Agent hereby certifies it is a publicly traded business entity and is not required to file a Certificate of Interested Parties Form 1295 related to this Disclosure Agreement. Submitted herewith is a completed Form 1295 in connection with the Administrator’s participation in the execution of this Disclosure Agreement generated by the Texas Ethics Commission’s (the “TEC”) electronic filing application in accordance with the provisions of Section 2252.908 of the Texas Government Code and the rules promulgated by the TEC (the “Form 1295”). The Issuer hereby confirms receipt of the Form 1295 from the Administrator, and the Issuer agrees to acknowledge such form with the TEC through its electronic filing application not later than the thirtieth (30th) day after the receipt of such form. The Administrator and the Issuer understand and agree that, with the exception of information identifying the Issuer and the contract identification number, neither the Issuer nor its consultants are responsible for the information contained in the Form 1295; that the information contained in the Form 1295 has been provided solely by the Administrator; and, neither the Issuer nor its consultants have verified such information.

SECTION 21. Governing Law and Venue. This Disclosure Agreement shall be governed by the laws of the State of Texas. Venue of any action to enforce the rights and privileges existing under this Disclosure Agreement shall be brought in the State district court of Hays 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. The Issuer, the Administrator, and the Dissemination Agent agree that electronic signatures to this Disclosure Agreement may be regarded as original signatures.

(Signature pages follow)

UHLAND, TEXAS
(as Issuer)

By: _____
Mayor

BOKF, NA
(as Dissemination Agent)

By: _____
Authorized Officer

P3WORKS, LLC
(as Administrator)

By: _____
Authorized Officer

EXHIBIT A

**NOTICE TO MSRB OF FAILURE TO FILE
[ANNUAL FINANCIAL INFORMATION][ANNUAL FINANCIAL
STATEMENTS][ANNUAL COLLECTIONS REPORT]**

Name of Issuer: City of Uhland, Texas
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2024
(Anderson Park Public Improvement District Improvement Area #1
Project) (the “Bonds”)
CUSIP Nos. [insert CUSIP NOs.]
Date of Delivery: _____, 20__

NOTICE IS HEREBY GIVEN that the City of Uhland, Texas, has not provided [Annual Financial Information][[audited][unaudited] Annual Financial Statements][Annual Collections Report] for fiscal year ended _____ with respect to the Bonds as required by the Continuing Disclosure Agreement of Issuer dated as of November 1, 2024, by and among the Issuer, P3Works, LLC, as the “Administrator,” and BOKF, NA, as “Dissemination Agent.” The Issuer anticipates that [Annual Financial Information][[audited][unaudited] Annual Financial Statements][Annual Collections Report] will be filed by _____.

Dated: _____

BOKF, NA,
on behalf of the City of Uhland, Texas
(as Dissemination Agent)

By: _____

Title: _____

cc: Uhland, Texas

EXHIBIT B

**CITY OF UHLAND, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024
(ANDERSON PARK PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #1 PROJECT)**

ANNUAL FINANCIAL INFORMATION¹

Delivery Date: _____, 20__

CUSIP NOSs: [insert CUSIP NOs.]

DISSEMINATION AGENT

Name: BOKF, NA

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

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¹ Excluding Annual Financial Statements of the Issuer.

Section 4(a)(i)(B)**INVESTMENTS**

Fund/ Account Name	Investment Description	Par Value	Book Value	Market Value

Section 4(a)(i)(C)**ASSETS AND LIABILITIES OF TRUST ESTATE**

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

September 30, 20[] Trust Statements: ☐ Audited ☐ Unaudited

Accounting Type: ☐ Cash ☐ Accrual ☐ Modified Accrual

Section 4(a)(ii)

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

Debt Service Requirements on the Bonds

<u>Year Ending</u> <u>(September 30)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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Top [Five] Assessment Payers in Improvement Area #1⁽¹⁾

<u>Property Owner</u>	<u>No. of Parcels/Lots</u>	<u>Percentage of Parcels/Lots</u>	<u>Outstanding Assessments</u>	<u>Percentage of Total Assessments</u>
-----------------------	----------------------------	---------------------------------------	------------------------------------	--

⁽¹⁾ Does not include those owing less than one percent (1%) of total Assessments.

Assessed Value of Improvement Area #1 of the District

The [YEAR] certified total assessed value for the Assessed Property in Improvement Area #1 of the District is approximately \$[AMOUNT] according to the Hays Central Appraisal District.

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

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

[insert any necessary footnotes]

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

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

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

⁽²⁾ [Does/does not] include interest and penalties.

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

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

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

History of Prepayment of Assessments for the Past Five Fiscal Years

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

[insert any necessary footnotes]

ITEMS REQUIRED BY SECTIONS 4(a)(iii) – (v) OF THE CONTINUING DISCLOSURE AGREEMENT OF ISSUER RELATING TO THE CITY OF UHLAND, TEXAS SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024 (ANDERSON PARK PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1 PROJECT)

[Insert a line item for each applicable listing]

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EXHIBIT C

**CITY OF UHLAND, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024
(ANDERSON PARK PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #1 PROJECT)**

ANNUAL COLLECTIONS REPORT

Delivery Date: _____, 20__

CUSIP NOSs: [insert CUSIP Nos.]

DISSEMINATION AGENT

Name: BOKF, NA

Address:

City:

Telephone:

Contact Person: Attn:

**SELECT FINANCIAL INFORMATION AND OPERATING DATA WITH RESPECT TO
COLLECTION OF THE ASSESSMENTS COVERING THE PERIOD BEGINNING WITH
THE FIRST DAY OF THE FISCAL YEAR SUCCEEDING THE REPORTING FISCAL
YEAR THROUGH THE COLLECTIONS REPORTING DATE PROVIDED IN
COMPLIANCE WITH SECTION 5(A) OF THE CONTINUING DISCLOSURE
AGREEMENT OF ISSUER RELATING TO THE CITY OF UHLAND, TEXAS SPECIAL
ASSESSMENT REVENUE BONDS, SERIES 2024 (ANDERSON PARK PUBLIC
IMPROVEMENT DISTRICT IMPROVEMENT AREA #1 PROJECT)**

Foreclosure History Related To The Annual Installments⁽¹⁾

Succeeding	Delinquent Annual	Parcels in	Delinquent Annual	Foreclosure	Foreclosure Proceeds
Fiscal Year	Installment Amount	Foreclosure	Installment Amount	Sales	Received
20	not in Foreclosure <u>Proceedings</u>	<u>Proceedings</u>	in Foreclosure <u>Proceedings</u>	<u>Sales</u>	<u>Received</u>
	\$		\$		\$

(i) Period covered includes October 1, 20__ through March 1, 20__.

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Collection and Delinquency Annual Installments⁽¹⁾

<u>Succeeding</u> <u>Fiscal Year</u> 20__	<u>Total Annual</u> <u>Installment</u> <u>Levied</u> \$	<u>Parcels</u> <u>Levied</u> ⁽²⁾	<u>Delinquent</u> <u>Amount as</u> <u>of 3/1</u> \$	<u>Delinquent</u> <u>% as of 3/1</u> %	<u>Total Annual</u> <u>Installments</u> <u>Collected</u> ⁽³⁾ \$
---	--	--	--	--	---

⁽¹⁾ Period covered includes October 1, 20__ through March 1, 20__.

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

⁽³⁾ [Does/does not] include interest and penalties.

Prepayment of Assessments⁽¹⁾

<u>Succeeding</u> <u>Fiscal Year</u>	<u>Number of</u> <u>Prepayments</u>	<u>Amount of</u> <u>Prepayments</u> \$	<u>Bond Call Date</u>	<u>Amount of</u> <u>Bonds</u> <u>Redeemed</u> \$
---	--	--	-----------------------	---

⁽¹⁾ Period covered includes October 1, 20__ through March 1, 20__.

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EXHIBIT D

BASIC EXPECTED TIMELINE FOR ASSESSMENT COLLECTIONS AND PURSUIT OF DELINQUENCIES¹

<u>Date</u>	<u>Delinquency Clock (Days)</u>	<u>Activity</u>
January 31		Assessments are due.
February 1	1	Assessments delinquent if not received.
February 15	15	Immediately upon receipt, but in no event later than February 15, Issuer forwards payment to Trustee for all collections received, along with detailed breakdown. Subsequent payments and relevant details will follow monthly thereafter.

Issuer and/or Administrator should be aware of actual and specific delinquencies

Administrator should be aware if Reserve Fund needs to be utilized for debt service payments during the corresponding Fiscal Year. **If there is to be a shortfall of any Annual Installments due to be paid that Fiscal Year, the Dissemination Agent should be immediately notified in writing.**

Administrator should determine if previously collected surplus funds, if any, plus actual Annual Installment collections will be fully adequate for debt service in the corresponding March and September.

At this point, if there is adequate funding for March and September payments, no further action is anticipated for collection of Assessments except that the Issuer or Administrator, working with the City Attorney or an appropriate designee, will begin process to cure deficiency. **For properties delinquent by more than one year or if the delinquency exceeds \$10,000 the matter will be referred for commencement of**

¹ Illustrates anticipated dates and procedures for pursuing the collection of delinquent Annual Installments of Assessments, which dates and procedures shall be in accordance with Chapters 31, 32, 33 and 34, Texas Tax Code, as amended (the "Code"), and the Hays County Tax Assessor-Collector's procedures, and are subject to adjustment by the Issuer. If the collection and delinquency procedures under the Code are subsequently modified, whether due to an executive order of the Governor of Texas or an amendment to the Code, such modifications shall control.

foreclosure, in accordance with the Hays County Tax Assessor-Collector's procedures².

If there is insufficient funding in the Pledged Revenue Fund for transfer to the Principal and Interest Account of the Bond Fund of such amounts as shall be required for the full March and September payments, the collection-foreclosure procedure will proceed against all delinquent properties, in accordance with the Hays County Tax Assessor-Collector procedures².

March 15

43/44

Trustee pays Bond interest payments to Owners.

Reserve Fund payment to Bond Fund may be required if Assessments are below approximately 50% collection rate.

Issuer, or the Trustee on behalf of the Issuer, 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 or the Reserve Fund.

Use of Reserve Fund for debt service payment should trigger commencement of foreclosure on delinquent properties.

July 1

152/153

Issuer, or the Administrator on behalf of the Issuer, determines whether or not any Annual Installments 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, in accordance with the Hays County Tax Assessor-Collector procedures².

Preliminary Foreclosure activity commences, in accordance with the Hays County Tax Assessor-Collector procedures², and Issuer to notify Dissemination Agent in writing of the commencement of preliminary foreclosure activity.

If Dissemination Agent has not received Foreclosure Schedule and Plan of Collections, Dissemination Agent to request same from the Issuer.

² If the collection and delinquency procedures under the Code are subsequently modified, whether due to an executive order of the Governor of Texas or an amendment to the Code, such modifications shall control.

If the Issuer has not provided the Dissemination Agent with Foreclosure Schedule and Plan of Collections, and if instructed by the Owners under Section 11.2 of the Indenture, Trustee requests that the Issuer commence foreclosure or provide plan for collection and deliver such plan to the Dissemination Agent.

August 15

197/198

The designated lawyers or law firm will be preparing the formal foreclosure documents and will provide periodic updates to the Dissemination Agent for dissemination to those Owners who have requested to be notified of collections progress. The goal for the foreclosure actions is a filing by no later than August 15 (day 197/198).

Foreclosure action to be filed with the court, in accordance with the Hays County Tax Assessor-Collector procedures³.

Issuer notifies Trustee and Dissemination Agent of Foreclosure filing status in writing. Dissemination Agent notifies Owners.

If Owners and Dissemination Agent have not been notified of a foreclosure action, Dissemination Agent will notify the Issuer that it is appropriate to file action.

³ If the collection and delinquency procedures under the Code are subsequently modified, whether due to an executive order of the Governor of Texas or an amendment to the Code, such modifications shall control.

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APPENDIX D-2

FORM OF DEVELOPER DISCLOSURE AGREEMENT

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**CITY OF UHLAND, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024
(ANDERSON PARK PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #1 PROJECT)**

CONTINUING DISCLOSURE AGREEMENT OF DEVELOPER

This Continuing Disclosure Agreement of Developer dated as of November 1, 2024 (this “Disclosure Agreement”), is executed and delivered by and among Continental Homes of Texas, L.P., a Texas limited partnership (the “Developer”), P3Works, LLC (the “Administrator”), and BOKF, NA, acting solely in its capacity as dissemination agent (the “Dissemination Agent”) with respect to the captioned bonds (the “Bonds”). The Developer, the Administrator, and the Dissemination Agent covenant and agree as follows:

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

SECTION 2. Definitions. In addition to the definitions set forth above and in the Indenture of Trust, dated as of November 1, 2024, relating to the Bonds (the “Indenture”), which apply to any capitalized term used in this Disclosure Agreement, including the Exhibits hereto, the following capitalized terms shall have the following meanings:

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

“Affiliate” shall mean an entity that owns property within Improvement Area #1 of the District and is controlled by, controls, or is under common control with the Developer, including any Homebuilder.

“Amenities” shall mean trails, the linear park, the community park, the amenity center with a splash pad, a pavilion, and the dog park to be constructed within the District.

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

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

“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 Developer or Significant Homebuilder, if any, pursuant to Section 3, in substantially the form attached as Exhibit D.

“Developer” shall mean Continental Homes of Texas, L.P., a Texas limited partnership, its successors and assigns, including any Affiliate of the Developer.

“Developer Listed Events” shall mean any of the events listed in Section 4(a) of this Disclosure Agreement.

“Disclosure Agreement of Issuer” shall mean the Continuing Disclosure Agreement of Issuer with respect to the Bonds dated as of even date herewith executed and delivered by the Issuer, the Administrator, and the Dissemination Agent.

“Dissemination Agent” shall mean BOKF, NA, 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 Anderson Park 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>.

“Homebuilder(s)” shall mean any merchant homebuilder who enters into an Lot Purchase Agreement with the Developer, and the successors and assigns of such homebuilder under such Lot Purchase Agreement.

“Improvement Area #1” shall have the meaning assigned to such term in the Indenture.

“Improvement Area #1 Projects” shall have the meaning assigned to such term in the Indenture.

“Issuer” shall mean the City of Umland, Texas.

“Listed Events” shall mean, collectively, Developer Listed Events and Significant Homebuilder Listed Events.

“Lot Purchase Agreement” shall mean, with respect to lots or land within Improvement Area #1 of the District, any agreement between a Homebuilder and the Developer to purchase lots or to purchase land intended for single family residential development and use.

“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 March 31, 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 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 22 or more of the single family residential lots within Improvement Area #1.

“Significant Homebuilder Listed Events” shall mean any of the events listed in Section 4(b) of this Disclosure Agreement.

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

SECTION 3. Quarterly Reports.

(a) The Developer and any Significant Homebuilder that is a Reporting Party, with respect to its acquired real property, shall, at its cost and expense, provide, or cause to be provided, to the Administrator, not more than ten (10) days after each Quarterly Ending Date, beginning with March 31, 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 Developer elects, the Developer may, but shall not be obligated to, provide any Quarterly Information on behalf of any Significant Homebuilder and (ii) the Developer shall remain obligated with respect to any real property acquired by a Significant Homebuilder until 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 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 necessary changes to the applicable Quarterly Information or (2) provide to the Dissemination Agent the Quarterly Report in accordance with subsection (c) below. If the Administrator advises a Reporting Party as to any necessary changes to their respective Quarterly Information, such Reporting Party shall provide, or cause to be provided, to the Administrator, not more than thirty (30) days after each Quarterly Ending Date, the revised Quarterly Information. The Administrator shall review the revised Quarterly Information within the Quarterly Report and provide the Quarterly Report to the Dissemination Agent in accordance with subsection (c) below.

If Reporting Parties provide the Quarterly information in more than one report to the Administrator, the Administrator shall (i) prepare each Quarterly Report with the Quarterly Information provided by the Reporting Parties pursuant to subsection (a) above, and (ii) provide the Quarterly Report to the Reporting Parties for review no later than twenty (20) days after each Quarterly Ending Date. The Reporting Parties shall review and revise, as necessary, the Quarterly Report and, upon such review, shall promptly, but no later than thirty (30) days after each Quarterly Ending Date, provide the Quarterly Report and Certification Letter(s) to the Administrator and 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. 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 hereof.

SECTION 4. Event Reporting Obligations.

(a) Pursuant to the provisions of this Section 4, each of the following is a Developer Listed Event with respect to the Bonds:

(i) Failure to pay any real property taxes or Assessments levied within Improvement Area #1 on a Parcel owned by the Developer; provided, however, that the exercise of any right of the Developer as a landowner within Improvement Area #1 to exercise legal and/or administrative procedures to dispute the amount or validity of all or any part of any real property taxes shall not be considered a Developer Listed Event under this Section nor a breach or default of this Disclosure Agreement;

(ii) Material damage to or destruction of any development or improvements within Improvement Area #1, including the Improvement Area #1 Projects, and the Amenities;

(iii) Material default by the Developer or any of the Developer's affiliates on any loan with respect to the acquisition, development, or permanent financing of Improvement Area #1 undertaken by the Developer or any of the Developer's Affiliates;

(iv) Material default by the Developer or any of Developer's Affiliates on any loan secured by property within Improvement Area #1 owned by the Developer or any of the Developer's Affiliates;

(v) The bankruptcy, insolvency, or similar filing of the Developer or any of the Developer's Affiliates or any determination that the Developer or any of the Developer's Affiliates is unable to pay its debts as they become due;

(vi) The consummation of a merger, consolidation, or acquisition of the Developer, or the sale of all or substantially all of the assets of the Developer or any of the Developer's Affiliates, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(vii) The filing of any lawsuit with a claim for damages in excess of \$1,000,000 against the Developer or any of the Developer's Affiliates that may materially and adversely affect the completion of development of Improvement Area #1, or litigation that may materially and adversely affect the financial condition of the Developer or any of the Developer's Affiliates;

(viii) Any change in the legal structure, chief executive officer, or controlling ownership of the Developer; 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 #1 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 #1 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 a Reporting Party obtains knowledge of the occurrence of a Listed Event applicable to such Reporting Party, such Reporting Party shall promptly, and not more than five (5) Business Days after such Reporting Party obtains such knowledge, notify the Issuer, the Administrator and the Dissemination Agent in writing and the Reporting Party shall direct the Dissemination Agent to file a notice of such occurrence with the MSRB, in the manner hereinafter described, and provide a copy of such notice to the Issuer and the Participating Underwriter. Any such notice is required to be filed within ten (10) Business Days after the Reporting Party becomes aware of the occurrence of such Listed Event. If the Reporting Party timely notifies the Dissemination Agent of the occurrence of a Listed Event, as described in this Section 4, the failure of the Dissemination Agent to provide such notice to the Participating Underwriter in a timely manner shall not be deemed a default by such Reporting Party under this Disclosure Agreement.

The Developer and each other Reporting Party, if any, shall only be responsible for reporting the occurrence of a Listed Event applicable to such Reporting Party and shall not be responsible for reporting the occurrence of a Listed Event applicable to any other Reporting Party, regardless of if a Reporting Party is providing Quarterly Information on behalf of any other Reporting Party.

Any notice under the preceding paragraphs shall be accompanied with the text of the disclosure that the applicable Reporting Party desires to make, the written authorization of such Reporting Party

for the Dissemination Agent to disseminate such information as provided herein, and the date the Reporting Party desires for the Dissemination Agent to disseminate the information.

In all cases, the applicable Reporting Party shall have the sole responsibility for the content, design and other elements comprising substantive contents of all disclosures. In addition, the applicable Reporting Party shall have the sole responsibility to ensure that any notice required to be filed with the MSRB under this Section 4 is actually filed within ten (10) Business Days after such Reporting Party becomes aware of the Listed Event applicable to such Reporting Party.

(d) The Dissemination Agent shall, promptly, and not more than five (5) Business Days after obtaining actual knowledge of the occurrence of any Listed Event, notify in writing the Administrator and the applicable Reporting Party of such Listed Event. The Dissemination Agent shall not be required to file a notice of the occurrence of such Listed Event with the MSRB unless and until it receives written instructions from the applicable Reporting Party to do so. It is agreed and understood that the duty to make or cause to be made the disclosures herein is that of the Reporting Party and not that of the Trustee or the Dissemination Agent. It is agreed and understood that the Dissemination Agent has agreed to give the foregoing notice to the applicable Reporting Party as an accommodation to assist it in monitoring the occurrence of such event, but is under no obligation to investigate whether any such event has occurred. As used above, “actual knowledge” means the actual fact or statement of knowing, without a duty to make any investigation with respect thereto. In no event shall the Dissemination Agent be liable in damages or in tort to the Participating Underwriter, the Administrator, the Issuer, any Reporting Party or any Owner or beneficial owner of any interests in the Bonds as a result of its failure to give the foregoing notice or to give such notice in a timely fashion.

(e) If the Dissemination Agent has been 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, but no later than two (2) business days after its receipt of such written instructions from such Reporting Party; provided that all such notices must be filed no later than the date specified in subsection (c) of this Section 4 for such Listed Event.

SECTION 5. Assumption of Reporting Obligations of Developer.

The Developer shall cause each Person who, through assignment, assumes the obligations, requirements, or covenants to construct one or more of the Improvement Area #1 Projects or the Amenities to assume and comply with the disclosure obligations of the Developer under this Disclosure Agreement. The 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 #1 Projects 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 Developer shall direct the Dissemination Agent to file a copy of each Developer Acknowledgment with the MSRB, in accordance with Sections 4(c) and 4(e) above. Upon any such transfer to a Person, and such Person’s delivery of written acknowledgement of assumption of Developer’s obligations under this Disclosure Agreement as to the property transferred, the Developer shall have no further obligation or liability for disclosures or other responsibilities under this Disclosure Agreement as to the property transferred or the obligations assigned. Notwithstanding anything to the contrary elsewhere herein, after such transfer of ownership,

the Developer shall not be liable for the acts or omissions of such 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 #1 resulting in such Homebuilder becoming a Significant Homebuilder, the Developer may (i) cause such Significant Homebuilder to comply with the Developer's disclosure obligations under 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 Developer initially elects to provide any or all Quarterly Information on behalf of such Significant Homebuilder, the Developer may elect in the future to cause such Significant Homebuilder to comply with the Developer's disclosure obligations, as described in (i) above.

(b) If the Developer elects to cause a Significant Homebuilder to comply with the Developer's disclosure obligations, as described in (i) above, the Developer shall deliver to the Dissemination Agent, Administrator and the Issuer a written acknowledgement from each Significant Homebuilder, in substantially the form attached as Exhibit E (the "Significant Homebuilder Acknowledgment"), acknowledging and assuming its obligations under this Disclosure Agreement. Pursuant to Section 4(a)(ix) above, the Developer shall direct 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 written acknowledgement of assumption of the Developer's obligations under this Disclosure Agreement as to the property transferred, the Developer shall have no further obligation or liability for disclosures or other responsibilities under this Disclosure Agreement as to the property transferred or the obligations assigned. The Developer shall remain obligated with respect to any real property acquired by a Significant Homebuilder until an acknowledgment of assignment with respect to such real property is delivered to the Dissemination Agent, Administrator, the Issuer and the MSRB, in accordance with this Section 6(b).

(c) Notwithstanding anything to the contrary elsewhere herein, after such transfer of ownership, the Developer shall not be liable for the acts or omissions of such Significant Homebuilder arising from or in connection with such disclosure obligations under this Disclosure Agreement.

SECTION 7. Termination of Reporting Obligations.

(a) The reporting obligations of a Reporting Party under this Disclosure Agreement shall terminate upon the earlier of (i) the date when none of the Bonds remain Outstanding, (ii) when the Reporting Party, including its respective affiliates and/or successors and assigns, no longer owns 22 or more single family residential lots within Improvement Area #1, as of any 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 Reporting Party, including their respective Affiliates and/or successors and assigns, respectively; provided, however, if the 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 Developer under this Disclosure Agreement shall terminate upon the earlier of (i) the date when none of the Bonds remain Outstanding, (ii) when the Developer and such Significant Homebuilder(s) (on

behalf of whom the Developer is reporting), including their respective affiliates and/or successors and assigns, collectively no longer own 22 or more single family residential lots within Improvement Area #1, 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 Developer and such Significant Homebuilder(s) (on behalf of whom the Developer is reporting), including their 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 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 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 BOKF, NA.

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

(a) If the amendment or waiver relates to the provisions of Sections 3 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.

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 Developer. The 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 Developer 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 Developer Listed Event or Significant Homebuilder Listed Event.

SECTION 11. Content of Disclosures. In all cases, the 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 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, 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 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 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 negligence or willful misconduct. The obligations of the 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. 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 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 liabilities due to the Administrator's breach, negligence, or willful misconduct. The obligations of the 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.

(d) UNDER NO CIRCUMSTANCES SHALL THE DISSEMINATION AGENT, THE ADMINISTRATOR, THE 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 Annual Collection Costs and will be included in the Annual Installments as provided in the annual updates to the Service and Assessment Plan. The Issuer shall pay or reimburse the Dissemination Agent,

but only with funds to be provided from the Annual Collection Costs component of the Annual Installments collected from the property owners in Improvement Area #1, for the fees and expenses for its services rendered in accordance with this Disclosure Agreement.

SECTION 18. Administrator Compensation. The fees and expenses incurred by the Administrator for its services rendered in accordance with this Disclosure Agreement constitute Annual Collection Costs and will be included in the Annual Installments as provided in the annual 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 #1, including the payment of the fees and expenses of the Administrator for its services rendered in accordance with this Disclosure Agreement.

SECTION 19. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of 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 Developer:

Continental Homes of Texas, L.P.
Attn: Joel Wixson
10700 Pecan Park Blvd, Suite 400
Austin, Texas 78750
Email: JMWixson@drhorton.com

With a copy to: Metcalfe Wolff Stuart & Williams, LLP
Attn: Talley Williams
221 W. 6th Street, Suite 1300
Austin, Texas 78701
E-mail: twilliams@mwswtexas.com

If to the Dissemination Agent or
Trustee:

BOKF, NA
Attn: Corporate Trust
1401 McKinney Street, Suite 1000
Houston, Texas 77010
Email: rachelroy@bankoftexas.com

If to Administrator:

P3Works, LLC
9284 Huntington Square, Ste 100
North Richland Hills, Texas 76182
E-mail: admin@p3-works.com

If to the Issuer:

City of Uhland, Texas
Attn: City Administrator
15 N. Old Spanish Trail
Uhland, Texas 78640
Email: city@uhlandtx.us

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 Developer, the Administrator, and the Dissemination Agent agree that electronic signatures to this Disclosure Agreement may be regarded as original signatures.

Signature pages follow.

BOKF, NA,
Dissemination Agent

By: _____
Authorized Officer

DEVELOPER:

CONTINENTAL HOMES OF TEXAS, L.P., a
Texas limited partnership

By: CHTEX of Texas, Inc., a Delaware
corporation, its general partner

By: _____

Name: _____

Title: _____

P3Works, LLC,
Administrator

By:_____

Name:_____

Title:_____

EXHIBIT A

**CITY OF UHLAND, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024
(ANDERSON PARK PUBLIC IMPROVEMENT DISTRICT
IMPROVEMENT AREA #1 PROJECT)**

DEVELOPER QUARTERLY REPORT
[INSERT QUARTERLY ENDING DATE]

Delivery Date: _____, 20__

CUSIP Numbers: [Insert CUSIP Numbers]

DISSEMINATION AGENT

Name: BOKF, NA

Address:

City:

Telephone:

Contact Person: Attn:

I. Expenditures Paid from Accounts under Indenture

TOTAL BUDGETED COSTS REQUIRED TO COMPLETE IMPROVEMENT AREA #1
PROJECTS: \$ _____

Of the budgeted costs for Improvement Area #1 Projects shown in the Service and Assessment
Plan:

1. Actual costs drawn from the Improvement Area #1 Improvements Account:
\$ _____
2. Actual costs drawn from the Improvement Area #1 Major Improvements Account:
\$ _____

II. Status of Improvement Area #1 Projects

Projected/actual completion date of the Improvement Area #1 Projects

1. [Actual/Expected] date of completion of the Improvement Area #1 Projects:
[_____]
2. Explanation of any delay/change in projected completion date since last Quarterly
Report was filed: [_____]

III. Unit Mix in Improvement Area #1

Product Type	Number of Units
Single Family _____	
Single Family _____	

IV. Lot Status in Improvement Area #1

Of the 220 lots in Improvement Area #1, what is the status:

1. Planned lots as of the date of issuance of the Bonds: 220
2. If different from (1), 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 #1 (if incomplete):

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

PLANNED LOTS IN IMPROVEMENT AREA #1: 220

Of the 220 lots in Improvement Area #1:

1. Number of lots owned by the Developer: _____
2. Number of lots under contract but not closed to Homebuilder(s): _____
3. Number of lots owned by all Homebuilder(s): _____¹
 - a. Number of lots owned by [insert name of Homebuilder]: _____²
 - b. Number of lots owned by [insert name of Homebuilder]: _____
4. Number of units owned by homeowners: _____

VI. Home Sales Information in Improvement Area #1

PLANNED HOMES IN IMPROVEMENT AREA #1: 220

Of the 220 homes planned for Improvement Area #1:

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**? _____
 - a. Number of homes closed with homebuyers during the current quarter for [insert name of Homebuilder]: _____²

¹ If Developer is using EMMA filing assistance software, a chart containing the Quarterly Information provided under this item will be generated. If Developer is not using EMMA filing assistance software, Developer shall prepare a chart containing such Quarterly Information.

² Include a line item for each individual Homebuilder.

- b. Number of homes closed with homebuyers during the current quarter for [insert name of Homebuilder]: _____³
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. Amenities

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 Developer to any third-party developer/land bank, which was not disclosed in a previously filed Quarterly Report? If so, provide the name of the third-party and indicate whether this third-party developer/land bank has executed a Developer Acknowledgement pursuant to the Disclosure Agreement?
5. **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

³ Include a line item for each individual Homebuilder.

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.

6. **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 Umland, Texas
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2024 (Anderson Park
Public Improvement District Improvement Area #1 Project) (the
“Bonds”)
CUSIP Numbers: [insert CUSIP Numbers]
Date of Delivery: _____, 20__

IS HEREBY GIVEN that _____, a
_____ (the “Reporting Party”) 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
Developer related to such Bonds, by and among Continental Homes of Texas, L.P., a Texas limited
partnership (the “Developer”), P3Works, LLC, as Administrator, and BOKF, NA, as
Dissemination Agent. The Reporting Party anticipates that the [Quarterly Information][Quarterly
Report] will be [provided][filed] by _____.

Dated: _____

BOKF, NA,
on behalf of the Developer,
as Dissemination Agent

By: _____

Title: _____

cc: City of Umland, Texas

EXHIBIT C

TERMINATION NOTICE

[DATE]

Name of Issuer: City of Uhland, Texas
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2024 (Anderson Park Public Improvement District Improvement Area #1 Project) (the “Bonds”)
CUSIP Numbers. [insert CUSIP Numbers]
Date of Delivery: _____, 20__

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

BOKF, NA
Attention: Corporate Trust
1401 McKinney Street, Suite 1000
Houston, Texas 7701

City of Uhland, Texas
15 N. Old Spanish Trail
Uhland, Texas 768640

Continental Homes of Texas, L.P.
Attn: Joel Wixson
10700 Pecan Park Blvd, Suite 400
Austin, Texas 78750

[Significant Homebuilder]

NOTICE IS HEREBY GIVEN that that _____, a _____ (the “Reporting Party”) is no longer responsible for providing [any Quarterly Information][the Quarterly Report] with respect to the Bonds, thereby terminating such party’s reporting obligations under the Continuing Disclosure Agreement of Developer related to such Bonds, by and among Continental Homes of Texas, L.P., a Texas limited partnership (the “Developer”), P3Works, LLC, as Administrator, and BOKF, NA, as Dissemination Agent.

Dated: _____

P3Works, LLC
on behalf of the Reporting Party,
as Administrator)

By: _____

Title: _____

EXHIBIT D

CERTIFICATION LETTER

[DATE]

Name of Issuer: City of Uhland, Texas
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2024 (Anderson Park
Public Improvement District Improvement Area #1 Project)
CUSIP Numbers: [insert CUSIP Numbers]
Quarterly Ending Date: _____, 20__

Re: Quarterly Report for Anderson Park Public Improvement District – Improvement Area #1

To whom it may concern:

Pursuant to the Continuing Disclosure Agreement of Developer related to the captioned Bonds by and among Continental Homes of Texas, L.P., a Texas limited partnership¹ (the “Developer”), P3Works, LLC, as Administrator, and BOKF, NA, as Dissemination Agent, this letter constitutes the certificate stating that the Quarterly Information, provided by [Developer][_____, as a “Significant Homebuilder”], contained in this Quarterly Report herein submitted by the Administrator, on behalf of the [Developer][Significant Homebuilder], constitutes the [portion of the] Quarterly Report required to be furnished by the [Developer][Significant Homebuilder]. Any and all Quarterly Information, provided by the [Developer][Significant Homebuilder], contained in this Quarterly Report for the three month period ending on [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.

Continental Homes of Texas, L.P., a Texas limited
partnership

By: CHTEX of Texas, Inc., a Delaware
corporation, its general partner

By: _____
Name: _____
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 DEVELOPER REPORTING OBLIGATIONS**

[DATE]

[INSERT ASSIGNEE CONTACT INFORMATION]

Re: Anderson Park Public Improvement District – Improvement Area #1 – 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 #1 Projects or Amenities (as those terms are defined in the Disclosure Agreement of Developer (as defined herein) within Improvement Area #1 of the Anderson Park Public Improvement District (the “District”).

Pursuant to Section 2 of the Continuing Disclosure Agreement of Developer (the “Disclosure Agreement of Developer”) by and among Continental Homes of Texas, L.P., a Texas limited partnership (the “Developer”), P3Works, LLC (the “Administrator”), and BOKF, NA (the “Dissemination Agent”), with respect to the “City of Umland, Texas, Special Assessment Revenue Bonds, Series 2024 (Anderson Park Public Improvement District Improvement Area #1 Project),” any person that, through assignment, assumes the obligations, requirements, or covenants to construct one or more of the Improvement Area #1 Projects or Amenities is defined as a Developer.

As a Developer, pursuant to Section 5 of the Disclosure Agreement of Developer, you acknowledge and assume the reporting obligations of the Disclosure Agreement of Developer for the property which is owned as detailed in the Disclosure Agreement of Developer, which is included herewith.

Sincerely,

Continental Homes of Texas, L.P., a Texas limited partnership

By: CHTEX of Texas, Inc., a Delaware corporation, its general partner

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: Anderson Park Public Improvement District – Improvement Area #1 – Continuing Disclosure Obligation

Dear _____,

As of _____, 20____, you own _____ lots within Improvement Area #1 of Anderson Park Public Improvement District (the “District”). Pursuant to Section 2 of the Continuing Disclosure Agreement of Developer related to the captioned Bonds (the “Disclosure Agreement of Developer”) by and among Continental Homes of Texas, L.P., a Texas limited partnership (the “Developer”), P3Works, LLC (the “Administrator”), and BOKF, NA (the “Dissemination Agent”), with respect to the “City of Umland, Texas, Special Assessment Revenue Bonds, Series 2024 (Anderson Park Public Improvement District Improvement Area #1 Project),” any entity that owns 22 or more of the single family residential lots within Improvement Area #1 of the District is defined as a Significant Homebuilder.

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

Sincerely,

Continental Homes of Texas, L.P., a Texas limited partnership

By: CHTEX of Texas, Inc., a Delaware corporation, its general partner

By: _____
Name: _____
Title: _____

Acknowledged by:
[INSERT ASSIGNEE NAME]

By: _____
Title: _____

APPENDIX E
FINANCING AGREEMENT

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ANDERSON PARK PUBLIC IMPROVEMENT DISTRICT
FINANCING AND REIMBURSEMENT AGREEMENT

BETWEEN

WALTON TEXAS, LP, A TEXAS LIMITED PARTNERSHIP

AND

CITY OF UHLAND, TEXAS

**ANDERSON PARK PUBLIC IMPROVEMENT DISTRICT
FINANCING AND REIMBURSEMENT AGREEMENT**

This Anderson Park Public Improvement District Financing and Reimbursement Agreement (this “**Agreement**”), dated as of October 13, 2021 (the “**Effective Date**”), is entered into between Walton Texas, LP, a Texas limited partnership, acting in its capacity as a property owner and as agent, operator and manager for and on behalf of the various other tenant-in-common owners (together, including any Designated Successors and Assigns, the “**Owner**”), and the City of Uhland, Texas (the “**City**”), acting by and through each’s duly authorized representative. The Owner and the City are sometimes collectively referenced in this Agreement as the “**Parties**”, or, each individually, as the “**Party**”. Capitalized terms not defined herein shall have the meanings ascribed thereto in Exhibit “A”, attached hereto.

Recitals:

WHEREAS, Owner owns a total of approximately 77.82 acres of land located within the City (the “**Property**”), which Property is more particularly described in Exhibit “B”, attached hereto;

WHEREAS, Owner and the City entered into a Development Agreement, effective on even date herewith (as may be amended, the “**Development Agreement**”) pertaining to development matters with respect to the Property;

WHEREAS, it is intended that the Property will be developed as a residential development, in accordance with the Development Agreement and the Planned Development District Zoning (as may be further amended, the “**PDD**”), adopted by the City Council of the City (the “**City Council**”) pursuant to Ordinance No. 273 on even date herewith (the “**Project**”);

WHEREAS, the City Council authorized the formation of the Anderson Park Public Improvement District (as amended, the “**District**”) pursuant to a Resolution No. 20211310 adopted by the City Council on even date herewith, in accordance with Chapter 372 of the Texas Local Government Code (the “**PID Act**”);

WHEREAS, pursuant to the terms of this Agreement, the City has agreed to allow financing of certain Authorized Improvements conferring special benefits to the Property;

WHEREAS, the Owner intends to construct certain Authorized Improvements over time to serve property located in the District (or portions thereof) and cause ownership of those improvements to vest with the City in accordance with the terms and provisions of this Agreement;

WHEREAS, from the proceeds of the PID Bonds, the City will, upon satisfaction of the conditions and in accordance with the terms set forth in this Agreement, acquire those certain Authorized Improvements provided for in this Agreement and the Owner will be paid or repaid or reimbursed for the costs of acquisition, construction and improvement of the Segments that are completed from time to time and operative, subject to the terms and limitations set forth herein;

WHEREAS, the City intends to (upon satisfaction of the conditions and in accordance with the terms set forth in this Agreement) adopt the Service and Assessment Plan, approve the Assessment Ordinance and levy Assessments on all or a portion of the property located within the District and issue bonds in one or more series for payment of costs associated with construction and/or acquisition of the Authorized Improvements included in the Service and Assessment Plan, as such plan may be amended from time to time; and

WHEREAS, the City has determined that it is in its best interests to contract with the Owner for the construction of the Authorized Improvements, which will result in the efficient and effective implementation of the Service and Assessment Plan.

NOW, THEREFORE, for and in consideration of the mutual agreements, covenants, and conditions contained herein, and other good and valuable consideration, the parties hereto agree as follows:

ARTICLE I. SCOPE OF AGREEMENT

This Agreement establishes provisions for the apportionment, levying, and collection of Assessments on the Property (Article II), the construction of Authorized Improvements to be acquired by the City (Article III), funding of Authorized Improvements (Article IV), the issuance of bonds for the financing of the Authorized Improvements (Article V), representation and warranties (Article VI), default and remedies (Article VII), and general provisions (Article VIII).

ARTICLE II. APPORTIONMENT, LEVY AND COLLECTION OF ASSESSMENTS

Section 2.01. Preliminary Matters

(a) On even date herewith, the City authorized the formation of the District by Resolution No. 20211310. The District includes all of the Property.

(b) The Property is intended to be developed in phases, with the District being divided, for development planning purposes, into Improvement Area #1 (as more particularly described in Exhibit "B-1" attached hereto) and Improvement Area #2 (as more particularly described in Exhibit "B-1" attached hereto) (Improvement Area #1, and Improvement Area #2 may each be referred to as an "**Improvement Area**"). All Authorized Improvements are intended to benefit one or more specific Improvement Areas. It is intended that the Assessments for Improvement Area #1 will be levied first, followed by the levy of Assessments for Improvement Area #2. Thereafter, it is expected that PID Bonds for Improvement Area #1 (the "**IA #1 PID Bonds**") will be issued. The IA#1 PID Bonds will finance Improvement Area #1's proportionate share of Actual Costs attributable to the construction of, acquisition of or reimbursement for the Major Improvements (as more particularly described in Exhibit "C-1" attached hereto). Likewise, the IA #1 PID Bonds will finance Improvement Area #1's Actual Costs attributable to the construction of, acquisition of or reimbursement for the Improvement Area #1 Improvements (as more particularly described in Exhibit "C-1" attached hereto); and the IA #2 PID Bonds will finance Improvement Area #2's proportionate share of Actual Costs attributable to the construction of, acquisition of or reimbursement for the Major Improvements and finance Improvement Area #2's

Actual Costs attributable to the construction of, acquisition of or reimbursement for the Improvement Area #2 Improvements (as more particularly described in Exhibit "C-1" attached hereto). The proportionate share of Actual Costs of Authorized Improvements will be allocated to each Improvement Area based on the benefit provided by the Authorized Improvements to that Improvement Area (as set forth in the Service and Assessment Plan) so that each Improvement Area's allocated Actual Costs will be funded by the PID Bonds issued for and secured by the Assessments on the particular Improvement Area.

(c) Parity Bonds may be issued to pay for or reimburse Owner for any Actual Costs for Authorized Improvements benefiting an Improvement Area that remain unpaid or unreimbursed after issuance of the initial PID Bonds secured by that Improvement Area.

(d) The Owner may provide written notice to the City requesting the levy of Assessments on an Improvement Area (an "**Assessment Levy Request**"). The Assessment Levy Request must specify the amount of the PID Bonds that the Owner anticipates requesting and an approximate date that Owner desires that PID Bonds be issued and must be accompanied by an Engineer's Report that contains (i) an estimate of probable cost (EOPC), (ii) maps of improvements, (iii) description of any oversizing, (iv) description of each improvement, and (v) description of any cost sharing agreements, impact fee credits, or other funding sources; and also be accompanied by any deliverables required by the City and the Administrator necessary for preparation of the Service and Assessment Plan or any update thereto relating to such Improvement Area. After receipt of an Assessment Levy Request, the City shall use its best efforts to initiate and approve all necessary documents and ordinances required to effectuate this Agreement and to levy Assessments. Upon request by the Owner, the City Council will consider the Service and Assessment Plan for the Property. The Owner acknowledges and agrees that the Service and Assessment Plan must meet the requirements of Texas Local Government Code Sections 372.013 and 372.014 and be presented to the City Council for review and approval prior to Assessments being levied and PID Bonds being issued. Thereafter, the Service and Assessment Plan will be updated and amended by the City or its Administrator at least once per year and submitted for the City Council's review and approval, with a copy provided to the Owner upon submittal. Notwithstanding the above, it is hereby understood and acknowledged by the Parties that the Service and Assessment Plan may need to be amended over time if there are any changes to the Authorized Improvements or property within the District, in accordance with the terms set forth in this Agreement. Nevertheless, the basic terms and methodology described in the Service and Assessment Plan will generally apply to each series of PID Bonds.

(e) Assessments on any portion of the Property will bear a direct proportional relationship to and be less than or equal to the special benefit of the Authorized Improvements accruing to such portion of the Property.

(g) Assessments on any portion of the Property may be adjusted in connection with PID Bond issues or otherwise so long as the Assessments are determined in accordance with the Service and Assessment Plan and the PID Act.

(h) The Property may also be subject to an Owner's Association assessment.

(i) If PID Bonds will not be issued concurrently with the City's levy of Assessments, the City and Owner will enter into an Acquisition and Reimbursement Agreement in the amount of the Reimbursement Obligation specified in the Service and Assessment Plan or update thereto for the Improvement Area. At a later date, Owner may provide written notice to the City requesting that PID Bonds be issued (a "**Bond Issuance Request**") to refinance such Reimbursement Obligation.

(j) Prior to the issuance of any series of PID Bonds (except for Parity Bonds or any refunding bonds), the Owner shall provide an Appraisal to the City for the City's review and approval covering the portion of the Property that is subject to the Assessments. The City shall select the appraiser, in consultation with the Owner and the Underwriter, and all reasonable fees of the Appraisal shall be paid by the Owner.

Section 2.02. Apportionment and Levy of Assessments

The City will levy Assessments on the Property in accordance with the terms of this Agreement and with the Service and Assessment Plan at such time as an Assessment Ordinance is approved by the City Council. The City's apportionment and levy of Assessments will be made in accordance with the PID Act.

Section 2.03. Collection of Assessments

(a) Subject to the terms and conditions of this Agreement, the City covenants and agrees that it shall, as authorized by the PID Act and other applicable law, continuously collect or cause to be collected Assessments levied pursuant to an Assessment Ordinance in accordance with the Service and Assessment Plan during the term of this Agreement in the manner and to the maximum extent permitted by applicable law. The City covenants and agrees that to the extent permitted by applicable law, it will not permit a reduction, abatement, or exemption in the Assessments due on any portion of the Property until (i) the PID Bonds related to that particular portion of the Property are no longer outstanding, whether as a result of payment in full, defeasance, or otherwise, or (ii) the Owner has been reimbursed for the unreimbursed Actual Costs eligible to be paid from the Assessment Revenues in accordance with the applicable Acquisition and Reimbursement Agreement. The City shall use best efforts to collect the Assessments consistent with the City's policies and standard practices applicable to the collection of City taxes and assessments.

(b) It is hereby acknowledged that Assessments can be used, to the extent any such Assessments are remaining after payments are made on the PID Bonds, to pay or reimburse Owner for any Actual Costs not paid or reimbursed under Section 4.02, Section 4.03, or Section 4.04 of this Agreement. Any reimbursement obligation to Owner under an Acquisition and Reimbursement Agreement or as provided above will be subordinate to payment of the applicable PID Bonds.

(c) Notwithstanding anything to the contrary contained herein or in the Service and Assessment Plan, once PID Bonds have been issued for an Improvement Area, the Assessment Revenues collected annually from the Property within such Improvement Area will be deposited

in the applicable Pledged Revenue Fund and thereafter transferred in the priority as set forth in the applicable Indenture.

(d) Further notwithstanding anything to the contrary contained herein, the City covenants and agrees to use best efforts to contract with the Hays County Tax Assessor for the collection of the Assessments such that the Assessments will be included on the ad valorem tax bill(s) for the Property and will be collected as part of and in the same manner as ad valorem taxes.

Section 2.04. Landowner Consent and Recordation of Assessments

(a) Concurrently with the levy of the Assessments, the Owner shall execute (and shall cause any other owner of any of the Assessed Property to execute) a landowner consent certificate (the “**Landowner Certificate**”) in which the Owner shall approve and accept the apportionment of Assessments in the Service and Assessment Plan and the levy of the Assessments by the City. The Landowner Certificate further shall (a) evidence the Owner’s intent that the Assessments be covenants running with the land that (i) will bind any and all current and successor owners of the Assessed Property to the Assessments, including applicable interest thereon, as and when due and payable thereunder and (ii) provide that subsequent purchasers of such land take their title subject to and expressly assume the terms and provisions of the Assessments; and (b) provide that the liens created by the levy of the Assessments are a first and prior lien on the Assessed Property, subject only to liens for ad valorem taxes of the State, County, City, or school district. A form of the Landowner Certificate is attached hereto as Exhibit “F”.

(b) After the City Council approves a Service and Assessment Plan and any subsequent updates or amendments thereto, the City shall file a copy of the Service and Assessment Plan or the updates and amendments thereto with the County Clerk of Hays County, Texas (the “**County Clerk**”) in accordance with the PID Act. The Service and Assessment Plan, including any annual update thereto, will include the notice form required by Section 5.014 of the Texas Property Code (the “**Section 5.014 Notice**”). Any fees or other costs associated with the filing of the original Service and Assessment Plan and any amendment or updated thereto in connection with the issuance of PID bonds with the County Clerk shall be paid by Owner. Any fees or other costs associated with the filing of all other amendments or updates to the Service and Assessment Plan with the County Clerk will be paid as an Annual Collection Cost.

(c) The Owner shall execute and provide to any potential purchaser of Assessed Property the Section 5.014 Notice in accordance with Subchapter A of Chapter 5 of the Texas Property Code and, upon closing of the purchase and sale of such Assessed Property execute a copy of the Section 5.014 Notice in recordable form and file or cause to be filed such notice in the deed records of the County in accordance with Subchapter A of Chapter 5 of the Texas Property Code.

(d) If foregoing procedures set forth in this Section 2.04 are later amended by the Texas Legislature, the amended provisions of the PID Act or Subchapter A of Chapter 5 of the Texas Property Code shall be deemed to amend this Section 2.04 without any further actions by the City or the Owner.

Section 2.05 Assignment of Right to Payment of Unreimbursed Actual Costs.

Owner's right, title and interest to the payments of unreimbursed Actual Costs shall be the sole and exclusive property of Owner (or its Transferee) and no other third party (including but not limited to the Consenting Party) shall have any claim or right to such funds unless Owner transfers its rights to its unreimbursed Actual Costs to a Transferee in writing and otherwise in accordance with the requirements set forth herein. Owner has the right to convey, transfer, assign, mortgage, pledge, or otherwise encumber, in whole or in part without the consent of (but with notice to) the City, all or any portion of Owner's right, title, or interest under this Agreement to receive payment of its unreimbursed Actual Costs, including either Bond Proceeds or Assessment Revenues (a "**Transfer**," and the person or entity to whom the transfer is made, a "**Transferee**"). Notwithstanding the foregoing, no Transfer shall be effective until written notice of the Transfer, including the name and address of the Transferee, is provided to the City. The City may rely conclusively on any written notice of a Transfer provided by Owner without any obligation to investigate or confirm the Transfer. A Transferee shall be responsible for all continuing disclosure requirements and obligations as agreed to by the Owner and the City in the Disclosure Agreement of Owner.

Section 2.06. Obligations Secured by Pledged Revenues

THE PID BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE CITY SECURED SOLELY BY ASSESSMENT REVENUES (AS PROVIDED IN THE INDENTURE) AND ANY OTHER FUNDS HELD UNDER THE INDENTURE, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. THE PID BONDS DO NOT GIVE RISE TO A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWERS OF THE CITY AND ARE NOT SECURED EXCEPT AS PROVIDED IN THE INDENTURE. THE OWNERS OF THE BONDS SHALL NEVER HAVE THE RIGHT TO DEMAND PAYMENT THEREOF OUT OF ANY FUNDS OF THE CITY OTHER THAN THE ASSESSMENT REVENUES AND ANY OTHER FUNDS HELD UNDER THE INDENTURE, AS AND TO THE EXTENT PROVIDED IN THE INDENTURE. THE CITY SHALL HAVE NO LEGAL OR MORAL OBLIGATION TO THE OWNERS OF THE BONDS TO PAY THE BONDS OUT OF ANY FUNDS OF THE CITY OTHER THAN THE ASSESSMENT REVENUES.

Section 2.07 PID True-Up

(a) If the subdivision of any Assessed Property by a recorded subdivision plat causes the Assessment per Lot included with that subdivision plat to exceed the Maximum Assessment, then prior to the City approving the plat, the Owner must partially prepay the Assessment for each Lot included with that subdivision plat that exceeds the Maximum Assessment in an amount sufficient to reduce the Assessment to the Maximum Assessment.

(b) At the time PID Bonds are issued, if the Assessment per Lot for any Lot classification identified in the Service and Assessment Plan exceeds the Maximum Assessment, then prior to the issuance of PID Bonds the Assessment on the applicable parcel shall be reduced until the Assessment equals the Maximum Assessment.