

PRELIMINARY LIMITED OFFERING MEMORANDUM DATED FEBRUARY 20, 2025

NEW ISSUE

NOT RATED

THE BONDS ARE INITIALLY OFFERED 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). SEE “LIMITATIONS APPLICABLE TO INITIAL PURCHASERS.”

In the opinion of Bond Counsel, defined below, under existing law, interest on the Bonds (i) is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended, and (ii) is not an item of tax preference for purposes of the alternative minimum tax on individuals. See “TAX MATTERS” herein, including information regarding potential alternative minimum tax consequences for corporations.



\$31,570,000*
CITY OF AUBREY, TEXAS,
(a municipal corporation of the State of Texas located in Denton County)
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025
(DUCK POINT PUBLIC IMPROVEMENT DISTRICT)

Dated Date: February 15, 2025

Due: December 31, as shown on the inside cover

Interest to Accrue from Closing Date

The City of Aubrey, Texas, Special Assessment Revenue Bonds, Series 2025 (Duck Point Public Improvement District) (the “Bonds”), are being issued by the City of Aubrey, 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 June 30 and December 31, commencing December 31, 2025, until maturity or earlier redemption. The Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York. No physical delivery of the Bonds will be made to the beneficial owners thereof. For so long as the book-entry-only system is maintained, the principal of and interest on the Bonds will be paid from the sources described herein by Wilmington Trust, National Association, Dallas, Texas as trustee (the “Trustee”), to Cede & Co. 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 (the “Bond Ordinance”) expected to be adopted by the City Council of the City (the “City Council”) on February 27, 2025 and an Indenture of Trust, dated as of February 15, 2025 (the “Indenture”), entered into by and between the City and the Trustee.

Proceeds of the Bonds will be used to provide funds for (i) paying or reimbursing a portion of the Authorized Improvements Project Costs (as defined herein), (ii) funding the Bond Reserve Account of the Reserve Fund, (iii) paying capitalized 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 AUTHORIZED IMPROVEMENTS” and “APPENDIX B — Form of Indenture.” Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Indenture.

The Bonds, when issued and delivered, will constitute valid and binding special, limited obligations of the City payable solely from and secured by the Pledged Revenues, consisting primarily of the Assessments (as defined herein) expected to be levied against assessable property in the District in accordance with the Assessment Ordinance (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 price more fully described herein under the subcaption “DESCRIPTION OF THE BONDS — Redemption Provisions.”

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

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

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

The Bonds are offered for delivery when, as, and if issued by the City and accepted by the Underwriter, subject to, among other things, the approval of the Bonds by the Attorney General of Texas and the receipt of the opinion of Bracewell LLP, Bond Counsel, as to the validity of the Bonds and the excludability of interest thereon from gross income for federal income tax purposes. See “APPENDIX D — Form of Opinion of Bond Counsel.” Certain legal matters will be passed upon for the Underwriter by its counsel, Greenberg Traurig, LLP, for the City by its counsel, Messer Fort, PLLC, and for the Developer (as defined herein) by its counsel, Boghetich Law. It is expected that the Bonds will be delivered in book-entry form through the facilities of DTC on or about March 27, 2025 (“Closing Date”).

FMSbonds, Inc.

* Preliminary; subject to change.

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

CUSIP Prefix: _____^(a)

\$31,570,000*
CITY OF AUBREY, TEXAS,
(a municipal corporation of the State of Texas located in Denton County)
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025
(DUCK POINT PUBLIC IMPROVEMENT DISTRICT)

\$ _____% Term Bonds, Due December 31, 20 __, Priced to Yield _____%; CUSIP Suffix _____^{(a) (c)}

\$ _____% Term Bonds, Due December 31, 20 __, Priced to Yield _____%; CUSIP Suffix _____^{(a) (b) (c)}

\$ _____% Term Bonds, Due December 31, 20 __, Priced to Yield _____%; CUSIP Suffix _____^{(a) (b) (c)}

\$ _____% Term Bonds, Due December 31, 20 __, Priced to Yield _____%; CUSIP Suffix _____^{(a) (b) (c)}

* Preliminary; subject to change.

- (a) CUSIP numbers are included solely for the convenience of owners of the Bonds. CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services (“CGS”), managed by FactSet Research Systems, Inc. on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the service provided by CGS. CUSIP numbers are provided for convenience of reference only. The City, the City’s Financial Advisor and the Underwriter do not take any responsibility for the accuracy of such numbers.
- (b) The Bonds 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 December 31, 20 __, at the redemption prices set forth 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 AUBREY, TEXAS CITY COUNCIL

<u>Name</u>	<u>Place</u>	Term Expires <u>(May)</u>
Chris Rich	Mayor	2025
Jeff Perry	Place 1	2026
Matt Jones	Place 2	2027
Erin Allen	Place 3	2025
Randy Jones	Place 4	2026
Chuck Fikes	Place 5	2027

FINANCE DIRECTOR
Mike English

CITY MANAGER
Charles Kreidler

CITY SECRETARY
Jenny Hicks

ADMINISTRATOR
MuniCap, Inc.

FINANCIAL ADVISOR TO THE CITY
Hilltop Securities Inc.

BOND COUNSEL
Bracewell LLP

UNDERWRITER'S COUNSEL
Greenberg Traurig, LLP

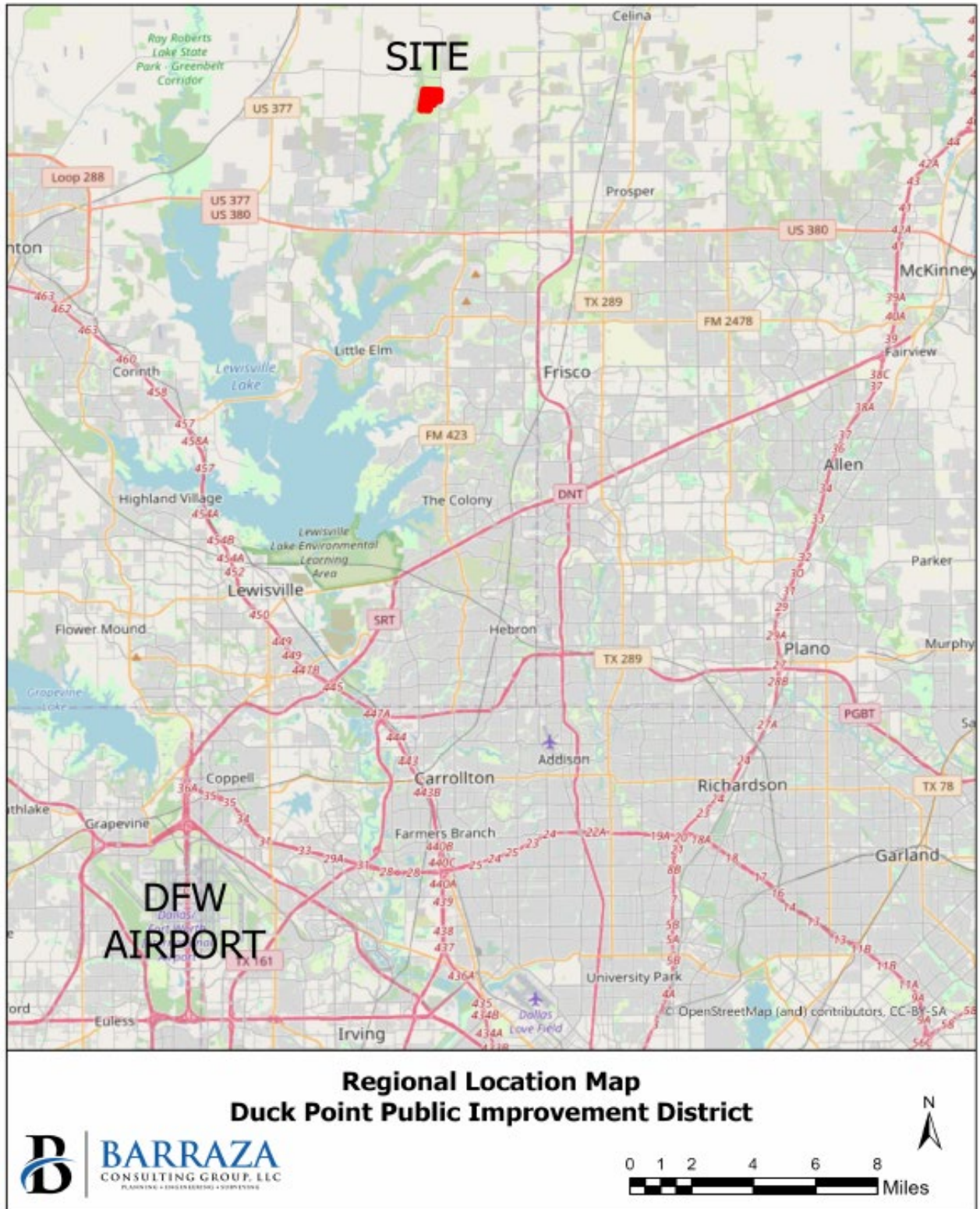
For additional information regarding the City, please contact:

Mike English
Finance Director
City of Aubrey, Texas
107 S. Main Street
Aubrey, Texas 76227
(940) 440-9343 ext. 105
menglish@aubreytx.gov

Jim Sabonis
Managing Director
Hilltop Securities Inc.
717 N. Harwood Street, Suite 3400
Dallas, Texas 75201
(214) 953-4000
jim.sabonis@hilltopsecurities.com

Andre Ayala
Managing Director
Hilltop Securities Inc.
717 N. Harwood St., Suite 3400
Dallas, Texas 75201
(214) 953-4000
andre.ayala@hilltopsecurities.com

REGIONAL LOCATION MAP OF THE DISTRICT



AREA LOCATION MAP AND MAP SHOWING BOUNDARIES OF THE DISTRICT



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

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 INITIAL PURCHASERS ARE 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, AS AMENDED (THE "SECURITIES ACT OF 1933") AND "QUALIFIED INSTITUTIONAL BUYERS" AS DEFINED IN RULE 144A PROMULGATED UNDER THE SECURITIES ACT OF 1933. SEE "LIMITATIONS APPLICABLE TO INITIAL PURCHASERS" HEREIN. EACH PROSPECTIVE INITIAL 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 INITIAL 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."

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 NOR THE UNDERWRITER MAKE ANY REPRESENTATION AS TO THE ACCURACY, COMPLETENESS, OR ADEQUACY OF THE INFORMATION SUPPLIED BY THE DEPOSITORY TRUST COMPANY FOR USE IN THIS LIMITED OFFERING MEMORANDUM.

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

CERTAIN STATEMENTS INCLUDED OR INCORPORATED BY REFERENCE IN THIS LIMITED OFFERING MEMORANDUM CONSTITUTE "FORWARD-LOOKING STATEMENTS" WITHIN THE MEANING OF THE UNITED STATES PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995, SECTION 21E OF THE UNITED STATES EXCHANGE ACT OF 1934, AS AMENDED, AND SECTION 27A OF THE SECURITIES ACT. 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.

(REMAINDER OF PAGE IS INTENTIONALLY LEFT BLANK.)

TABLE OF CONTENTS

<p>INTRODUCTION 1</p> <p>PLAN OF FINANCE 2</p> <p style="padding-left: 20px;">The District..... 2</p> <p style="padding-left: 20px;">Development Plan and Plan of Finance..... 2</p> <p style="padding-left: 20px;">The Bonds 3</p> <p>LIMITATIONS APPLICABLE TO INITIAL PURCHASERS 3</p> <p>DESCRIPTION OF THE BONDS 4</p> <p style="padding-left: 20px;">General Description..... 4</p> <p style="padding-left: 20px;">Redemption Provisions..... 4</p> <p>BOOK-ENTRY-ONLY SYSTEM 6</p> <p>SECURITY FOR THE BONDS..... 9</p> <p style="padding-left: 20px;">General 9</p> <p style="padding-left: 20px;">Pledged Revenues..... 10</p> <p style="padding-left: 20px;">TIRZ Revenues May Reduce</p> <p style="padding-left: 40px;">Assessments 10</p> <p style="padding-left: 20px;">Collection and Enforcement of</p> <p style="padding-left: 40px;">Assessments 11</p> <p style="padding-left: 20px;">Unconditional Levy of Assessments 11</p> <p style="padding-left: 20px;">Perfected Security Interest..... 12</p> <p style="padding-left: 20px;">Pledged Revenue Fund..... 12</p> <p style="padding-left: 20px;">Bond Fund 14</p> <p style="padding-left: 20px;">Project Fund 14</p> <p style="padding-left: 20px;">Bond Reserve Account of the Reserve</p> <p style="padding-left: 40px;">Fund 15</p> <p style="padding-left: 20px;">Delinquency and Prepayment Reserve</p> <p style="padding-left: 40px;">Account of the Reserve Fund 16</p> <p style="padding-left: 20px;">Administrative Fund..... 17</p> <p style="padding-left: 20px;">Bonds Deemed Paid 17</p> <p style="padding-left: 20px;">Events of Default..... 18</p> <p style="padding-left: 20px;">Immediate Remedies in Event of</p> <p style="padding-left: 40px;">Default..... 18</p> <p style="padding-left: 20px;">Restriction on Owner’s Actions 19</p> <p style="padding-left: 20px;">Application of Revenues and Other</p> <p style="padding-left: 40px;">Moneys after Event of Default 19</p> <p style="padding-left: 20px;">Investment of Funds 20</p> <p style="padding-left: 20px;">Against Encumbrances 20</p> <p style="padding-left: 20px;">Additional Obligations; Other</p> <p style="padding-left: 40px;">Obligations or Other Liens 20</p> <p>SOURCES AND USES OF FUNDS..... 22</p> <p>DEBT SERVICE REQUIREMENTS 23</p> <p>OVERLAPPING TAXES AND DEBT..... 24</p> <p style="padding-left: 20px;">Overlapping Taxes and Debt 24</p> <p style="padding-left: 20px;">Homeowner’s Association..... 25</p> <p>ASSESSMENT PROCEDURES..... 26</p> <p style="padding-left: 20px;">General 26</p> <p style="padding-left: 20px;">Assessment Methodology..... 26</p> <p style="padding-left: 20px;">Collection and Enforcement of</p> <p style="padding-left: 40px;">Assessment Amounts 27</p>	<p style="padding-left: 20px;">Assessment Amounts..... 28</p> <p style="padding-left: 20px;">Prepayment of Assessments 30</p> <p style="padding-left: 20px;">Priority of Lien 31</p> <p style="padding-left: 20px;">Foreclosure Proceedings..... 31</p> <p>THE CITY 32</p> <p style="padding-left: 20px;">Background 32</p> <p style="padding-left: 20px;">City Government 32</p> <p>THE DISTRICT 32</p> <p style="padding-left: 20px;">General 32</p> <p style="padding-left: 20px;">Powers and Authority of the City 32</p> <p>THE AUTHORIZED IMPROVEMENTS 33</p> <p style="padding-left: 20px;">General 33</p> <p style="padding-left: 20px;">Ownership and Maintenance of</p> <p style="padding-left: 40px;">Authorized Improvements 34</p> <p>THE DEVELOPMENT 34</p> <p style="padding-left: 20px;">Overview 34</p> <p style="padding-left: 20px;">Development Plan 35</p> <p style="padding-left: 20px;">Concept Plan..... 35</p> <p style="padding-left: 20px;">Builder Purchase and Sale Agreements..... 37</p> <p style="padding-left: 20px;">Expected Build-Out and Home Prices in</p> <p style="padding-left: 40px;">the Development 38</p> <p style="padding-left: 20px;">Amenities and Private Improvements..... 39</p> <p style="padding-left: 20px;">The Development Agreement..... 39</p> <p style="padding-left: 20px;">Zoning 40</p> <p style="padding-left: 20px;">Education..... 40</p> <p style="padding-left: 20px;">Geotechnical Report 40</p> <p style="padding-left: 20px;">Environmental 40</p> <p style="padding-left: 20px;">Flood Plain Designation 40</p> <p style="padding-left: 20px;">Mineral Rights 41</p> <p style="padding-left: 20px;">Utilities 41</p> <p>THE DEVELOPER 41</p> <p style="padding-left: 20px;">General 41</p> <p style="padding-left: 20px;">Description of the Developer..... 42</p> <p style="padding-left: 20px;">Executive Biography 45</p> <p style="padding-left: 20px;">General Development Financing by</p> <p style="padding-left: 40px;">Centurion..... 46</p> <p style="padding-left: 20px;">History and Financing of the District 46</p> <p>THE ADMINISTRATOR 47</p> <p>APPRAISAL 47</p> <p>BONDHOLDERS’ RISKS 48</p> <p style="padding-left: 20px;">General 48</p> <p style="padding-left: 20px;">Deemed Representations and</p> <p style="padding-left: 40px;">Acknowledgment by Investors 49</p> <p style="padding-left: 20px;">Assessment Limitations 49</p> <p style="padding-left: 20px;">Exceedance of Maximum Assessment</p> <p style="padding-left: 40px;">Could Trigger Assessment</p> <p style="padding-left: 40px;">Prepayment and Optional</p> <p style="padding-left: 40px;">Redemption 50</p> <p style="padding-left: 20px;">Competition 50</p>
--	---

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	51	Additional Federal Income Tax Considerations	60
Completion of Homes.....	51	LEGAL MATTERS	62
Absorption Rate.....	51	Legal Proceedings	62
Risks Related to Current Increase in Costs of Building Materials.....	51	Legal Opinions	62
TIRZ Annual Credit Amount and Marketing of the Development.....	52	Litigation — The City	63
Loss of Tax Exemption	52	Litigation — The Developer.....	63
Bankruptcy	52	SUITABILITY FOR INVESTMENT	63
Direct and Overlapping Indebtedness, Assessments and Taxes	52	ENFORCEABILITY OF REMEDIES	63
Depletion of Bond Reserve Account of the Reserve Fund.....	52	NO RATING	64
Hazardous Substances	53	CONTINUING DISCLOSURE.....	64
Exercise of Third Party Property Rights.....	53	The City	64
Regulation	53	The City’s Compliance with Prior Undertakings	64
Bondholders’ Remedies and Bankruptcy	53	The Developer	64
No Acceleration.....	55	The Developer’s Compliance with Prior Undertakings	65
Bankruptcy Limitation to Bondholders’ Rights	55	UNDERWRITING	65
Tax-Exempt Status of the Bonds	55	REGISTRATION AND QUALIFICATION OF BONDS FOR SALE.....	65
Management and Ownership	56	LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS.....	65
General Risks of Real Estate Investment and Development.....	56	INVESTMENTS	65
Availability of Utilities.....	56	INFORMATION RELATING TO THE TRUSTEE	68
Dependence Upon Developer.....	57	SOURCES OF INFORMATION	68
Potential Future Changes in State Law Regarding Public Improvement Districts	57	General	68
Developer Principal Financial Relationships	57	Experts.....	69
Agricultural Use Valuation and Redemption Rights.....	58	Updating of Limited Offering Memorandum	69
Use of Appraisal	58	FORWARD-LOOKING STATEMENTS	69
Risk from Weather Events.....	58	AUTHORIZATION AND APPROVAL.....	70
100-Year Flood Plain	58	APPENDIX A	General Information Regarding the City and Surrounding Area
Judicial Foreclosures	59	APPENDIX B	Form of Indenture
No Credit Rating	59	APPENDIX C	Form of Service and Assessment Plan
Limited Secondary Market for the Bonds.....	59	APPENDIX D	Form of Opinion of Bond Counsel
TAX MATTERS	59	APPENDIX E-1	Form of Disclosure Agreement of the Issuer
Tax Exemption	59	APPENDIX E-2	Form of Disclosure Agreement of Developer
		APPENDIX F	Appraisal

(THIS PAGE IS INTENTIONALLY LEFT BLANK)

PRELIMINARY LIMITED OFFERING MEMORANDUM

\$31,570,000*
CITY OF AUBREY, TEXAS,
(a municipal corporation of the State of Texas located in Denton County)
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025
(DUCK POINT PUBLIC IMPROVEMENT DISTRICT)

INTRODUCTION

The purpose of this Limited Offering Memorandum, including the cover page, the inside cover and appendices hereto, is to provide certain information in connection with the issuance and sale by the City of Aubrey, Texas (the “City”), of its \$31,570,000* aggregate principal amount of Special Assessment Revenue Bonds, Series 2025 (Duck Point Public Improvement District) (the “Bonds”).

INITIAL PURCHASERS ARE ADVISED THAT THE BONDS BEING OFFERED PURSUANT TO THIS LIMITED OFFERING MEMORANDUM ARE BEING OFFERED INITIALLY TO AND ARE BEING SOLD ONLY TO “ACCREDITED INVESTORS” AS DEFINED IN RULE 501 OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT OF 1933”) AND “QUALIFIED INSTITUTIONAL BUYERS” AS DEFINED IN RULE 144A PROMULGATED UNDER THE SECURITIES ACT OF 1933. PROSPECTIVE INVESTORS SHOULD BE AWARE OF CERTAIN RISK FACTORS, ANY OF WHICH, IF MATERIALIZED TO A SUFFICIENT DEGREE, COULD DELAY OR PREVENT PAYMENT OF PRINCIPAL OF, 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,” “BONDHOLDERS’ RISKS,” AND “SUITABILITY FOR INVESTMENT.”

The Bonds are being issued by the City pursuant to the Public Improvement District Assessment Act, Subchapter A of Chapter 372, Texas Local Government Code, as amended (the “PID Act”), the ordinance authorizing the issuance of the Bonds expected to be adopted by the City Council of the City (the “City Council”) on February 27, 2025 (the “Bond Ordinance”), and an Indenture of Trust, dated as of February 15, 2025 (the “Indenture”), entered into by and between the City and Wilmington Trust, National Association, as trustee (the “Trustee”). The Bonds will be secured by a pledge and lien upon the Trust Estate (as defined in the Indenture) consisting primarily of revenues from special assessments (the “Assessments”) levied against assessable property (the “Assessed Property”) located within the Duck Point Public Improvement District (the “District”) pursuant to a separate ordinance expected to be adopted by the City Council on February 27, 2025 (the “Assessment Ordinance”). See “SECURITY FOR THE BONDS” and “ASSESSMENT PROCEDURES.”

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 B — Form of Indenture.”

Set forth herein are brief descriptions of the City, the District, the Authorized Improvements (as defined herein), the Assessment Ordinance, the Bond Ordinance, the Service and Assessment Plan (as defined herein), the TIRZ Ordinance (as defined herein), the Development Agreement between the City and MM Aubrey 160, LLC (the “Developer”), and MuniCap, Inc. (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, telephone number (214) 302-2246. The Form of Indenture appears in APPENDIX B and the form of Service and Assessment Plan appears as APPENDIX C. The information provided under this caption “INTRODUCTION” is intended to provide a brief overview of the information provided

* Preliminary; subject to change.

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

PLAN OF FINANCE

The District

The PID Act authorizes municipalities, such as the City, to create public improvement districts within their boundaries and 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 the Authorized Improvements within the District, authorized by the PID Act and approved by the City Council, that confer a special benefit on the Assessed Property within the District. The District is not a separate political entity from the City but rather reflects an area within the City that City Council has designated and within which the City is authorized to levy assessments for public improvements. The District is located entirely within the corporate limits of the City. See “THE DISTRICT — Powers and Authority of the City.”

Development Plan and Plan of Finance

The District is composed of approximately 159 acres which are being developed as a master-planned single family residential development. The Developer’s plans consist of the development of the District in a single phase with 448 single family residential units on 50’ lots (the “Development”). See “THE DEVELOPMENT — Development Plan.” The boundaries of the District are shown in the “AREA LOCATION MAP AND MAP SHOWING BOUNDARIES OF THE DISTRICT” on page iv.

The Developer purchased the land comprising the District in September 2021 from Grandscape Acquisitions LLC (“Grandscape”) at a purchase price of \$5,000,000. The acquisition of the land was funded by a loan from TREZ Capital (2015) Corporation (“TREZ”) in the amount of \$4,000,000 (the “TREZ Loan”) and Developer equity. The Developer refinanced the TREZ Loan with a loan from b1Bank (“b1Bank”) in the amount of \$5,000,000 (the “b1 Loan”) in March 2024.

The Developer subsequently refinanced the b1 Loan with a loan (the “Liberty Loan”) from Liberty Bankers Life Insurance Company (“Liberty”) in October 2024, which has a maximum borrowing amount of \$26,000,000. The Liberty Loan is currently in the name of the Developer and an additional Centurion (as defined herein) affiliated entity, MM Mantua 100 TH, LLC (“MM Mantua”), and pursuant to the Loan Agreement, may provide funds for the development of both the District and approximately 100.244 acres of land owned by MM Mantua located in the City of Van Alstyne, Texas (the “MM Mantua Property”). The property in the District and the MM Mantua Property both currently serve as security for the Liberty Loan; however, the Developer expects to modify the Liberty Loan to release the MM Mantua Property in connection with the release of earnest money from Brightland and D.R. Horton (each as defined herein) and resulting reduction in balance of the Liberty Loan. See “THE DEVELOPMENT – Builder Purchase and Sale Agreements.” Such modification and release are expected to occur on or about February 28, 2025. As of January 31, 2025, the Liberty Loan has an outstanding balance of \$12,029,562.50. See “THE DEVELOPER – History and Financing of the District.”

The Developer is the owner of all property in the District. The Developer will construct improvements consisting of certain roadway improvements, water improvements, sanitary sewer improvements, storm drainage improvements, and landscaping improvements that will benefit the District (the “Authorized Improvements”). Construction of the Authorized Improvements is expected to begin in Q1 2025. Construction of the Authorized Improvements is expected to be completed in Q4 2026. Construction of the Authorized Improvements is expected to be funded by the Liberty Loan and Developer equity.

The total costs of the Authorized Improvements (exclusive of costs of issuance relating to the Bonds) are expected to be approximately \$23,200,749*. The City will pay or reimburse a portion of the project costs for the Authorized Improvements as set forth in the Service and Assessment Plan (the “Authorized Improvements Project

* Preliminary; subject to change.

Costs”) from proceeds of the Bonds. See “THE AUTHORIZED IMPROVEMENTS,” “THE DEVELOPMENT – Development Plan” and “APPENDIX C – Form of Service and Assessment Plan.”

All 448 lots in the District are under contract with Brightland and D.R. Horton. See “THE DEVELOPMENT – Builder Purchase and Sale Agreements.”

The Bonds

Proceeds of the Bonds will be used primarily to provide funds for (i) paying or reimbursing a portion of the Authorized Improvements Project Costs, (ii) funding the Bond Reserve Account of the Reserve Fund, (iii) paying capitalized interest on the Bonds, (iv) paying a portion of the costs incidental to the organization and administration of the District, and (v) paying the costs of issuance of the Bonds. See “THE AUTHORIZED IMPROVEMENTS,” “APPENDIX B — Form of Indenture” and “SOURCES AND USES OF FUNDS.”

Payment of the Bonds is secured by a pledge of and a lien upon the Pledged Revenues (as defined herein) and other funds comprising the Trust Estate, consisting primarily of the Assessments to be levied against the Assessed Property, all to the extent and upon the conditions described herein and in the Indenture. See “SECURITY FOR THE BONDS” and “ASSESSMENT PROCEDURES.” **The Bonds shall never constitute an indebtedness or general obligation of the City, the State of Texas (the “State”) or any other political subdivision of the State, within the meaning of any constitutional provision or statutory limitation whatsoever, but the Bonds are limited and special obligations of the City payable solely from the Trust Estate as provided in the Indenture. Neither the faith and credit nor the taxing power of the City, the State or any other political subdivision of the State is pledged to the payment of the Bonds.**

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 Authorized Improvements, the Bonds, the security therefor, and such other information as the Investor

- has deemed necessary or desirable in connection with its decision to purchase the Bonds (collectively, the “Investor Information”). The Investor has received a copy of this Limited Offering Memorandum relating to the Bonds. The Investor acknowledges that it has assumed responsibility for its review of the Investor Information and it has not relied upon any advice, counsel, representation or information from the City in connection with the Investor’s purchase of the Bonds. The Investor agrees that none of the City, its councilmembers, officers, or employees shall have any liability to the Investor whatsoever for or in connection with the Investor’s decision to purchase the Bonds except for gross negligence, fraud or willful misconduct. For the avoidance of doubt, it is acknowledged that the Underwriter is not deemed an officer or employee of the City.
- 6) The Investor acknowledges that the obligations of the City under the Indenture are special, limited obligations payable solely from amounts paid by the City pursuant to the terms of the Indenture and the City shall not be directly or indirectly or contingently or morally obligated to use any other moneys or assets of the City for amounts due under the Indenture. The Investor understands that the Bonds are not secured by any pledge of any moneys received or to be received from taxation by the City, the State or any political subdivision or taxing district thereof; that the Bonds will never represent or constitute a general obligation or a pledge of the faith and credit of the City, the State or any political subdivision thereof; that no right will exist to have taxes levied by the State or any political subdivision thereof for the payment of principal and interest on the Bonds; and that the liability of the City and the State with respect to the Bonds is subject to further limitations as set forth in the 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.

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, will be computed on the basis of a 360-day year of twelve 30-day months and will be payable on each June 30 and December 31, commencing December 31, 2025 (each an “Interest Payment Date”), until maturity or prior redemption. Wilmington Trust, National Association, Dallas, 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 and any integral multiple of \$1,000 in excess thereof (“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 option to redeem Bonds maturing on or after December 31, 20__ in whole or any part, before their respective scheduled maturity dates, on December 31, 20__, or on any date thereafter such redemption date or dates to be fixed by the City, at a Redemption Price equal to the principal amount of the Bonds called for redemption plus accrued and unpaid interest to the date fixed for redemption. At least forty-five (45) days before the redemption date (unless a shorter period shall be satisfactory to the Paying Agent/Registrar), the City shall notify the Paying Agent/Registrar of such redemption date and of the principal amount of Bonds to be redeemed.

Extraordinary Optional Redemption. Notwithstanding any provision in the Indenture to the contrary, the City reserves the right and option to redeem Bonds before their respective scheduled maturity dates, in whole or in part, on any Business Day, at a Redemption Price of 100% of the principal amount of such Bonds, or portions thereof, to be redeemed plus accrued and unpaid 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 or any other transfers to the Redemption Fund under the terms of the Indenture, including from transfers of Foreclosure Proceeds and transfers from the Project Fund and transfers as described under “SECURITY FOR THE BONDS – Pledged Revenue Fund” and “– Project Fund.” The City direction for such redemption shall include details with regard to a corresponding reduction in the Bond Reserve Account Requirement, as contemplated by the definition thereof. Notwithstanding the foregoing, the Trustee will not be required to make an extraordinary optional redemption pursuant to the above unless it has at least \$1,000 available in the Redemption Fund with which to redeem the Bonds. See “ASSESSMENT PROCEDURES — Prepayment of Assessments” for the definition and description of Prepayments.

Mandatory Sinking Fund Redemption. The Bonds (referred to as “Term Bonds” below) are subject to mandatory sinking fund redemption prior to their respective maturities and will be redeemed by the City in part at a Redemption Price equal to the principal amount thereof plus accrued and unpaid interest thereon to the date set for redemption from moneys for such purpose in the Principal and Interest Account of the Bond Fund, on the dates and in the Sinking Fund Installment amounts as set forth in the following schedule:

\$ Term Bonds due December 31, 20

<u>Redemption Date</u>	<u>Sinking Fund Installment</u>
December 31, 20__	\$
December 31, 20__	
December 31, 20__	
December 31, 20__	
December 31, 20__	
December 31, 20__†	

† Stated maturity.

\$ Term Bonds due December 31, 20

<u>Redemption Date</u>	<u>Sinking Fund Installment</u>
December 31, 20__	\$
December 31, 20__	
December 31, 20__	
December 31, 20__	
December 31, 20__	
December 31, 20__†	

† Stated maturity.

At least forty-five (45) days prior to each scheduled mandatory redemption date, the Paying Agent/Registrar shall select for redemption by lot, or by any other customary method that results in a random selection, a principal amount of Term Bonds equal to the aggregate principal amount of such Term Bonds to be redeemed, shall call such Term Bonds for redemption on such scheduled mandatory redemption date, and shall give notice of such redemption, as provided in the Indenture.

The principal amount of the Term Bonds required to be redeemed on any redemption date pursuant to the Indenture shall be reduced, at the option of the City, by the principal amount of any Term Bonds which, at least 45 days prior to the mandatory sinking fund redemption date (i) shall have been acquired by the City delivered to the Paying Agent/Registrar for cancellation, or (ii) shall have been redeemed pursuant to the optional or extraordinary optional redemption provisions hereof and not previously credited to a mandatory sinking fund redemption.

Notice of Redemption. The Trustee shall give notice of any redemption of Bonds by sending notice by first class United States mail, postage prepaid, not less than thirty (30) days before the date fixed for redemption, to the Owner of each Bond or portion thereof to be redeemed, at the address shown in the Register. The notice shall state the redemption date, the Redemption Price, the place at which the Bonds are to be surrendered for payment, and, if less than all the Outstanding Bonds are to be redeemed, and subject to the terms of the Indenture, an identification of the Bonds or portions thereof to be redeemed, any conditions to such redemption and that on the redemption date, if all conditions, if any, to such redemption have been satisfied, such Bond shall become due and payable. Any notice given as provided in this paragraph shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice.

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

In the Indenture, the City reserves the right in the case of an optional or extraordinary optional redemption, to give notice of its election or direction to redeem Bonds conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date, or (ii) that the City retains the right to rescind such notice at any time on or prior to the scheduled redemption date if the City delivers a certificate of the City to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice and such notice and redemption shall be of no effect if such moneys and/or authorized securities are not so deposited or if the notice is rescinded. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owners. Any Bonds subject to conditional redemption and such redemption has been rescinded shall remain Outstanding and the rescission of such redemption shall not constitute an event of default. Further, in the case of a conditional redemption, the failure of the City to make moneys and or authorized securities available in part or in whole on or before the redemption date shall not constitute an event of default.

Additional Provisions with Respect to Redemption. If less than all of the Bonds are to be redeemed pursuant to optional or extraordinary optional redemption, such redemption shall be effected by redeeming Bonds in such manner as may be specified by the City in a City Certificate; provided, however that in the absence of such instruction from the City by the date required for the sending of notice of redemption pursuant to the Indenture, the Bonds shall be redeemed by any method selected by the Trustee that results in a pro rata reduction of the Outstanding maturities, treating each date on which a Sinking Fund Installment is due as a separate maturity for such purpose.

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

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

BOOK-ENTRY-ONLY SYSTEM

This section describes how ownership of the Bonds is to be transferred and how the principal of premium, if any, and interest on the Bonds are to be paid to and credited by DTC while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Limited Offering Memorandum. The 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 Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

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

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

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

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

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

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

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

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

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

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

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

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

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

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 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. SEE “APPENDIX B — FORM OF INDENTURE.”

NOTWITHSTANDING THE FOREGOING, THE CITY HAS CREATED “REINVESTMENT ZONE NUMBER 4, CITY OF AUBREY, TEXAS” (THE “TIRZ”) THE BOUNDARIES OF WHICH ARE COTERMINOUS WITH THE BOUNDARIES OF THE DISTRICT AND INTENDS TO USE ANNUAL TAX INCREMENT REVENUES COLLECTED, WHICH TAX INCREMENT WILL CONSIST OF AN AMOUNT EQUAL TO 48% OF ALL REAL PROPERTY TAXES LEVIED, ASSESSED AND COLLECTED WITHIN THE TIRZ ON ALL REAL PROPERTY IN THE TIRZ TAXABLE BY THE CITY THEREIN, TO PAY A PORTION OF THE COSTS OF THE INFRASTRUCTURE BENEFITTING THE DISTRICT ON A PARCEL-BY-PARCEL BASIS. SUCH TAX INCREMENT REVENUE, TO THE EXTENT AVAILABLE, IS EXPECTED TO BE USED BY THE CITY TO OFFSET ASSESSMENTS USED TO PAY PRINCIPAL OF AND INTEREST ON THE BONDS. ANY AMOUNT OF SUCH TAX INCREMENT REVENUE USED TO PAY PRINCIPAL OF AND INTEREST ON THE BONDS WILL RESULT IN A REDUCTION IN ANNUAL INSTALLMENTS OF ASSESSMENTS RELATED TO SUCH THE BONDS BY A CORRESPONDING AMOUNT. SUCH TAX INCREMENT REVENUE IS NOT PLEDGED TO THE BONDS UNDER THE INDENTURE. SEE “TIRZ REVENUES MAY REDUCE ASSESSMENTS” BELOW.

The 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.”

The principal of, premium, if any, and interest on the Bonds are secured by a pledge of and a lien upon the pledged revenues (the “Pledged Revenues”), consisting primarily of the Assessments expected to be levied against the assessable parcels or lots within the District and other funds comprising the Trust Estate, all to the extent and upon the conditions described herein and in the Indenture. In accordance with the PID Act, the City has caused the preparation of a Service and Assessment Plan (as may be amended and supplemented, the “Service and Assessment Plan”), which describes the special benefit received by the property within the District, provides the basis and justification for the determination of special benefit on such property, establishes the methodology for the levy of Assessments and provides for the allocation of Pledged Revenues for payment of principal of, premium, if any, and interest on the Bonds. The Service and Assessment Plan is reviewed and updated annually for the purpose of determining the annual budget for improvements and the Annual Installments (as defined below) of Assessments due in a given year. The determination by the City of the assessment methodology set forth in the Service and Assessment Plan is the result of the discretionary exercise by the City Council of its legislative authority and governmental powers

and is conclusive and binding on all current and future landowners within the District. See “APPENDIX C — Form of Service and Assessment Plan.”

Pledged Revenues

The City is authorized by the PID Act, the Assessment Ordinance and other provisions of law to finance the Authorized Improvements by levying the Assessments upon the Assessed Property of the District benefitted thereby. For a description of the assessment methodology and the amounts of assessments anticipated to be levied in the District, see “ASSESSMENT PROCEDURES” and “APPENDIX C — Form of Service and Assessment Plan.”

Pursuant to the Indenture, the following terms are assigned the following meanings:

“Pledged Revenues” are the sum of (i) Annual Installments (excluding the portion of the Annual Installments collected for the payment of Administrative Expenses and Delinquent Collection Costs), (ii) the moneys held in any of the Pledged Funds and Accounts, and (iii) any additional revenues that the City may pledge to the payment of Bonds.

“Annual Installments” are, collectively, with respect to each Assessed Property, each annual payment of the Assessments as shown on the Assessment Roll and related to the Bonds and the Authorized Improvements, including (i) principal; (ii) interest (iii) Administrative Expenses and (iv) Additional Interest collected pursuant to the Service and Assessment Plan and deposited to the Delinquency and Prepayment Reserve Account, as described in the Indenture.

“Additional Interest” is the 0.50% additional interest charged on the Assessments pursuant to Section 372.018 of the PID Act. In the Indenture, the City will covenant that it will take all actions permissible under Applicable Laws to cause the Assessments to be collected and the liens thereof to be enforced continuously. See “— Pledged Revenue Fund,” “APPENDIX B — Form of Indenture” and “APPENDIX C — Form of Service and Assessment Plan.”

The PID Act provides that the Assessments (including any reassessment, with interest, the expense of collection and reasonable attorney’s fees, if incurred) are a first and prior lien (the “Assessment Lien”) against the property assessed, superior to all other liens or claims, except liens and claims by the State, counties, school districts, or municipalities 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 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.

TIRZ Revenues May Reduce Assessments

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

Pursuant to Chapter 311 of the Texas Tax Code (the “TIRZ Act”), on October 23, 2024, the City held a public hearing on the creation of the TIRZ and the preliminary project and financing plan. Pursuant to Ordinance No. 884-24 (the “TIRZ Ordinance”), the City created the TIRZ and was presented with the Reinvestment Zone Number 4, City of Aubrey Preliminary Project and Finance Plan (“Preliminary TIRZ Project and Finance Plan”).

The City Council expects to approve a final Project and Finance Plan for the TIRZ (the “TIRZ Project and Finance Plan”) on February 27, 2025 with the adoption of an ordinance which authorizes the use of TIRZ Revenues (defined below) for project costs under the TIRZ Act, relating to the Authorized Improvements as provided for in the TIRZ Project and Finance Plan (including amendments or supplements thereto).

Pursuant to the TIRZ Act, the tax increment base of the TIRZ is the total taxable value of all real property taxable by the City located in the TIRZ as of January 1 in the year in which the TIRZ was designated as a reinvestment zone (the “Tax Increment Base”). Pursuant to the TIRZ Act, the TIRZ Ordinance, the TIRZ Project and Finance Plan and the Development Agreement, the City is expected to set the amount of the “Tax Increment” for a year as Tax

Increment revenues in the amount equal to 48% of the ad valorem tax increment collected on all real property in the TIRZ taxable by the City. Consistent with Section 311.012(b) of the TIRZ Act, the Captured Appraised Value of real property taxable by the City for a year is the total appraised value of all real property taxable by the City and located in the TIRZ for that year less the Tax Increment Base (the “Captured Appraised Value”). Currently, there are no other taxing units participating in the TIRZ.

The City expects to use annual Tax Increment revenues (the “TIRZ Revenues”) collected, on a parcel-by-parcel basis, to offset the costs of the Authorized Improvements benefitting the District. The City will agree to transfer from the tax increment fund a portion of TIRZ Revenues collected each year to the Principal and Interest Account of the Bond Fund for the payment of debt service on the Bonds. Such tax increment revenue, if and when collected and transferred by the City, with respect to the Bonds will result in a reduction in Annual Installments of Assessments by a corresponding amount. The City intends to dedicate and deposit tax increment revenues collected in the TIRZ for a period of thirty-two years. On an annual basis, any remaining tax increment fund balance after paying all items included in the TIRZ Project and Finance Plan for the TIRZ is expected to be released to the City for use as permitted by applicable law.

The County is also participating in the TIRZ to provide additional reimbursement for costs of a public safety facility. Such County TIRZ funds are not part of the “Tax Increment” or “TIRZ Revenues” as defined herein, will not be applied to the offset of Assessments.

THE TIRZ REVENUES, IF AVAILABLE, WILL NOT BE PLEDGED TO THE PAYMENT OF THE BONDS, AND THERE IS NO GUARANTEE THAT THERE WILL EVER BE SUFFICIENT TIRZ REVENUES TO GENERATE A TIRZ ANNUAL CREDIT AMOUNT (AS DEFINED HEREIN). THE TIRZ ANNUAL CREDIT AMOUNT WILL NOT BE APPLIED IN ANY MANNER THAT WOULD AFFECT THE COLLECTION AND CONTINUOUS ENFORCEMENT OF ASSESSMENTS COLLECTED FOR THE PAYMENT OF DEBT SERVICE ON THE BONDS AND ADMINISTRATIVE EXPENSES AND THE FUNDING OF THE DELINQUENCY AND PREPAYMENT RESERVE REQUIREMENT, IN THE MANNER AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAWS. SUCH TIRZ ANNUAL CREDIT AMOUNT IS NOT EXPECTED TO BE AVAILABLE TO REDUCE THE ANNUAL INSTALLMENT FOR ANY ASSESSED PARCELS UNTIL THE SECOND YEAR THAT A HOME ON SUCH PARCEL IS ASSESSED. TIRZ REVENUES GENERATED FROM THE CAPTURED APPRAISED VALUE FOR EACH PARCEL IN THE DISTRICT DURING THE DEVELOPMENT OF SUCH PARCELS WILL NOT BE SUFFICIENT TO ACHIEVE THE TARGET NET ANNUAL INSTALLMENT PER UNIT (AS DEFINED IN THE SERVICE AND ASSESSMENT PLAN). THE TIRZ ANNUAL CREDIT AMOUNT IS NOT EXPECTED TO BE SUFFICIENT TO PROVIDE FOR THE TARGET NET ANNUAL INSTALLMENT PER UNIT UNTIL THE SECOND YEAR THAT A HOME ON SUCH PARCEL IS ASSESSED. SEE “OVERLAPPING TAXES AND DEBT.”

Collection and Enforcement of Assessments

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

The City will determine or cause to be determined, no later than April 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 on the corresponding Assessed Property.

Unconditional Levy of Assessments

The City will impose Assessments on the property within the District and such Assessments shall pay the principal of and interest on the Bonds scheduled for payment from Pledged Revenues as described in the Indenture

and in the Service and Assessment Plan and coming due during each fiscal year. The Assessments shall be effective on the date of, and strictly in accordance with the terms of, the Assessment Ordinance. Each Assessment may be paid immediately in full or in periodic Annual Installments over a period of time equal to the term of the Bonds, which installments shall include interest on the Assessments. Pursuant to the Assessment Ordinance, upon the issuance of Bonds, interest on the Assessments will be calculated at the rate of interest on the Bonds plus the Additional Interest calculated on the basis of a 360-day year of twelve 30-day months. Such rate may be adjusted as described in the Service and Assessment Plan. Each Annual Installment, including the interest on the unpaid amount of an Assessment, shall be calculated in September and shall be due when billed each year. Each Annual Installment together with interest thereon shall be delinquent if not paid prior to February 1 of the following year. The initial Annual Installments will be billed on or about October 1, 2026, and will be delinquent if not paid prior to February 1, 2027.

As authorized by Section 372.018(b) of the PID Act, the City will calculate and collect each year while the Bonds are Outstanding and unpaid, an Assessment to pay the annual costs incurred by the City in the administration and operation of the District. The portion of each Annual Installment of an Assessment used to pay such annual administrative costs shall remain in effect from year to year until all Bonds are finally paid or until the City adjusts the amount of the levy after an annual review in any year pursuant to Section 372.013 of the PID Act. The Assessments to pay annual Administrative Expenses shall be due in the manner set forth in the Assessment Ordinance when billed each year and shall be delinquent if not paid by February 1 of the following year. The portion of the Assessments to pay Administrative Expenses does not secure repayment of the Bonds and does not constitute Pledged Revenues for payment of the Bonds.

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

The Assessment Lien for the Assessments and penalties and interest begins on the effective date of the Assessment Ordinance and will remain in place until the Assessments are paid or until all Bonds are finally 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.

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

Perfected Security Interest

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

Pledged Revenue Fund

The City will create under the Indenture a Pledged Revenue Fund to be held by the Trustee. On or before February 1 (provided that Pledged Revenues have been received by the City, or if not, then as soon available) while the Bonds are Outstanding, beginning February 1, 2027, the City shall deposit or cause to be deposited the Pledged Revenues (which excludes, for the avoidance of doubt that portion of the Annual Installments collected for the payment of Administrative Expenses and Delinquent Collection Costs, which shall be deposited pursuant to the Indenture) into the Pledged Revenue Fund which deposit shall be directed by the City to the Trustee pursuant to a City Certificate. Specifically, the Pledged Revenues shall be deposited to the Pledged Revenue Fund to be used in the following order of priority:

(i) first, to the Bond Fund amounts sufficient to pay debt service on the Bonds coming due in the next Bond Year,

(ii) second, to the Bond Reserve Account in an amount to cause the amount in the Bond Reserve Account to equal the Bond Reserve Account Requirement,

(iii) third, amounts representing Additional Interest to the Delinquency and Prepayment Reserve Account of the Reserve Fund in an amount equal to the Delinquency and Prepayment Reserve Requirement, and

(iv) fourth, in accordance with the written direction of the City, to pay other costs permitted by the PID Act.

Notwithstanding the foregoing, if any funds remain on deposit in the Pledged Revenue Fund after the transfers required by clauses (i) through (iii) above are made, the City shall have the option, in its sole and absolute discretion, to transfer such excess funds into the Redemption Fund to redeem Bonds as provided in the Indenture.

The City or the Administrator on behalf of the City shall direct the Trustee in writing with respect to the portions of the Pledged Revenues to be deposited pursuant to the Indenture as Additional Interest, Prepayments or Foreclosure Proceeds. For the avoidance of doubt, all portions of the Annual Installment collected as Additional Interest shall be deposited pursuant only to (iii) above.

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

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

Notwithstanding the paragraphs above: (i) Pursuant to the Service and Assessment Plan so long as there are Outstanding Bonds, the Trustee shall deposit Additional Interest to the Pledged Revenue Fund and shall transfer all or a portion of such Additional Interest to the Delinquency and Prepayment Reserve Account as set forth above and as otherwise directed by the Indenture; (ii) 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; and (iii) the Trustee shall deposit Foreclosure Proceeds to the Pledged Revenue Fund and as soon as practicable after such deposit shall transfer Foreclosure Proceeds first to the Reserve Fund, to restore any transfers from the applicable account of the Reserve Fund made with respect to the Assessed Property to which the Foreclosure Proceeds relate, and second, to the Redemption Fund.

Notwithstanding the foregoing, any portion of Foreclosure Proceeds that are attributable to Administrative Expenses (as identified to the Trustee in writing) shall be deposited to the Administrative Fund, and any portion of Foreclosure Proceeds attributable to Delinquent Penalties and Interest (as identified to the Trustee in writing) shall be deposited to the Delinquency and Prepayment Reserve Account of the Reserve Fund until the Delinquency and Prepayment Reserve Requirement is met and then to the Administrative Fund.

After satisfaction of the requirements to (i) provide for the payment of the principal and interest on the Bonds and (ii) to fund any deficiency that may exist in the Reserve Fund (including the funding of the Delinquency and Prepayment Reserve Account), the City may direct the Trustee by City Certificate to apply the Assessments for any lawful purposes permitted by the PID Act for which the Assessments may be paid.

The Assessments representing Delinquent Penalties and Interest (as identified to the Trustee in writing) shall be deposited first to the Delinquency and Prepayment Reserve Account of the Reserve Fund until the Delinquency and Prepayment Reserve Account Reserve Requirement is met and then to the Administrative Fund.

Any Assessments remaining after satisfying the foregoing payments may be used for any lawful purpose for which the Assessments may be used under the PID Act and such payments shall be applied in accordance with written direction from a City Representative to the Trustee.

Bond Fund

No later than 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 interest then due and payable on the Bonds, less any amount to be used to pay interest on the Bonds on such Interest Payment Date from the Capitalized Interest Account as provided in the Indenture.

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

Moneys in the Capitalized Interest Account shall be used for the payment of all interest due on the Bonds on December 31, 2025, June 30, 2026, and December 31, 2026. Any amounts on deposit in the Capitalized Interest Account after the payment of the foregoing shall be transferred, at the direction of the City, to the Improvement Account of the Project Fund, or to the Redemption Fund to be used to redeem Bonds and the Capitalized Interest Account shall be closed.

Project Fund

Money on deposit in the Improvement Account and Costs of Issuance Account of the Project Fund shall be used for the purposes specified in the Indenture. Disbursements from the Costs of Issuance Account of the Project Fund shall be made by the Trustee to pay costs of issuance of the Bonds pursuant to one or more City Certificates or pursuant to a closing memorandum drafted by the City's financial advisor prior to closing on the Bonds. Moneys disbursed at closing to pay for the costs of creating the District shall be paid pursuant to a Closing Disbursement Request or pursuant to a closing memo drafted by the City's financial advisor for distribution at closing of the Bonds.

Except as otherwise provided in the Indenture, money on deposit in the Improvement Account of the Project Fund, shall be used solely to pay the costs of the Authorized Improvements. Upon receipt of a reviewed and approved Certificate for Payment for any Authorized Improvements Project Costs, the Trustee shall make payment from the Improvement Account of the Project Fund.

If the City Representative determines in his or her sole discretion that amounts then on deposit in the Improvement Account are not expected to be expended for purposes thereof due to the abandonment, or constructive abandonment, of the Authorized Improvements, such that, in the opinion of the City Representative, it is unlikely that the amounts in the Improvement Account will ever be expended for the purposes thereof, the City Representative shall file a City Certificate with the Trustee which identifies the amounts then on deposit in the Improvement Account that are not expected to be used for purposes thereof. If such City Certificate is so filed, the amounts identified on the City Certificate currently on deposit in the Improvement Account shall be transferred to the Redemption Fund to redeem Bonds on the earliest practicable date after notice of redemption has been provided in accordance with the Indenture. In making a determination, the City Representative may conclusively rely upon a certificate of an Independent Financial Consultant.

Upon the filing of a City Certificate stating that all Authorized Improvements have been completed and that all Authorized Improvements Project Costs have been paid, or that any such costs are not required to be paid from the Improvement Account pursuant to a Certificate for Payment, the Trustee shall transfer the amount, if any, remaining within the Improvement Account to the Principal and Interest Account or to the Redemption Fund as directed by the

City Representative in a City Certificate filed with the Trustee and shall close the Improvement Account of the Project Fund.

Upon a determination by the City Representative that all costs of issuance of the Bonds have been paid, any amounts remaining in the Costs of Issuance Account shall be transferred to the Bond Fund and used to pay interest on the Bonds, as directed by the City in a City Certificate filed with the Trustee, and the Costs of Issuance Account shall be closed.

Bond Reserve Account of the Reserve Fund

Pursuant to the Indenture, a Bond Reserve Account will be created within the Reserve Fund for the benefit of the Bonds and held by the Trustee. The Bond Reserve Account of the Reserve Fund will be funded with proceeds of the Bonds in the amount of the Bond Reserve Account Requirement. Pursuant to the Indenture, the "Bond Reserve Account Requirement" for the Bonds shall be Average Annual Debt Service calculated as: Total principal and interest (net of any principal and interest to be paid from the Capitalized Interest Account as set forth in the Indenture) due on the Bonds divided by the number of Bond Years remaining; such Bond Reserve Account Requirement shall be recalculated for compliance with the above upon (a) any transfers made pursuant as described in the third paragraph of this section, (b) an optional redemption pursuant to the terms of the Indenture or (c) an extraordinary optional redemption pursuant to the terms of a the Indenture. "Average Annual Debt Service" means the average of the Annual Debt Service due on the Bonds through the final maturity date of any Outstanding Bonds. "Annual Debt Service" means, for each Bond Year, the sum of (i) the interest due on the Bonds in such Bond Year, assuming that the Outstanding Bonds are retired as scheduled (including by reason of Sinking Fund Installments), and (ii) the principal amount of the Outstanding Bonds due in such Bond Year (including any Sinking Fund Installments due in such Bond Year). As of the date of delivery of the Bonds, the Bond Reserve Account Requirement is \$ _____.

The City agrees with the Owners of the Bonds to maintain in the Bond Reserve Account an amount equal to not less than the Bond Reserve Account Requirement. Subject to the subsequent paragraph below, all amounts deposited in the Bond 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 in the event of any deficiency in such Principal and Interest Account on any Interest Payment Date or any date on which principal of the Bonds is due. Whenever a transfer is made from the Bond Reserve Account to the Principal and Interest Account of the Bond Fund due to a deficiency in the Principal and Interest Account, the Trustee shall provide written notice thereof to the City, specifying the amount withdrawn.

Whenever, on any Interest Payment Date, or on any other date at the request of a City Representative, the amount in the Bond Reserve Account exceeds the Bond Reserve Account Requirement, the Trustee shall provide written notice to the City Representative and the Administrator of the amount of the excess. Upon receipt of a City Certificate, the Trustee shall transfer such excess to (i) the Principal and Interest Account, (ii) the Redemption Fund or (iii) the Administrative Fund, as set forth in the City Certificate. The excess amounts transferred from the Bond Reserve Account to the Administrative Fund will be presumed to have been transferred, first, from sources other than Bond proceeds (including investment earnings on such proceeds) and, second, from amounts that are Bond proceeds (including investment earnings on such proceeds).

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

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

If the amount held in the Bond Reserve Account, together with the amounts held in the Pledged Revenue Fund and the Principal and Interest Account and Redemption Fund, is sufficient to pay the principal amount of all Outstanding Bonds on the next Interest Payment Date, together with the unpaid interest accrued on such Bonds as of

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

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

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

The cumulative amount of any Bond proceeds (including investment earnings on such proceeds) that are transferred to the Administrative Fund and subsequently used for the payment of operating costs directly relating to the Authorized Improvements will not exceed 5% of sale proceeds of the Bonds. The Trustee shall have no liability or responsibility for compliance with this section so long as it follows the written instructions from the City.

Delinquency and Prepayment Reserve Account of the Reserve Fund

Pursuant to the Indenture, a Delinquency and Prepayment Reserve Account will be created within the Reserve Fund and held by the Trustee for the benefit of the Bonds. For so long as there are Outstanding Bonds, Additional Interest shall be deposited to the Delinquency and Prepayment Reserve Account of the Reserve Fund pursuant to the provisions of the Indenture until such time that the amount on deposit in the Delinquency and Prepayment Reserve Account is at least equal to the Delinquency and Prepayment Reserve Requirement. Whenever, at the written request of the City Representative, on any Interest Payment Date or on any other date, the amount in the Delinquency and Prepayment Reserve Account exceeds the Delinquency and Prepayment Reserve Requirement, the Trustee shall provide written notice to the City of the amount of the excess. The City shall direct the Trustee in writing to transfer the amounts of such excess in the Delinquency and Prepayment Reserve Account to (i) the Bond Reserve Account to restore any deficiency in the Bond Reserve Account up to the Bond Reserve Account Requirement, (ii) the Administrative Fund for payment of Administrative Expenses, or (iii) to the Redemption Fund to be used to redeem Bonds pursuant to the Indenture. The excess amounts transferred from the Delinquency and Prepayment Reserve Account of the Reserve Fund to the Administrative Fund will be presumed to have been transferred, first, from sources other than Bond proceeds (including investment earnings on such proceeds) and, second, from amounts that are Bond proceeds (including investment earnings on such proceeds). In the event that the Trustee does not receive a City Certificate directing the transfer of the excess Delinquency and Prepayment Reserve funds within forty-five (45) days of providing notice to the City of such excess Delinquency and Prepayment Reserve amount, the Trustee shall transfer the excess Delinquency and Prepayment Reserve amount to the Redemption Fund and provide the City with written notification of the transfer.

Whenever Bonds are to be redeemed with the proceeds of Prepayments pursuant to the provisions of the Indenture, if there are insufficient funds in the Redemption Fund from such Prepayments to redeem the Bonds on their redemption date, the Trustee shall transfer funds from the Delinquency and Prepayment Reserve Account to the Redemption Fund in the amount of the deficiency and such funds shall be used to redeem Bonds pursuant to the Indenture.

Administrative Fund

The City will create under the Indenture an Administrative Fund held by the Trustee. The City shall deposit or cause to be deposited to the Administrative Fund the amounts collected each year to pay Administrative Expenses and Delinquent Collection Costs. The City or the Administrator, on behalf of the City, shall direct the Trustee pursuant to the City Certificate with respect to the portions of the Annual Installments collected for the payment of Administrative Expenses and Delinquent Collection Costs to be deposited pursuant to the Indenture.

Moneys in the Administrative Fund shall be held by the Trustee separate and apart from the other Funds created and administered pursuant to the Indenture and used as directed by a City Certificate solely for the purposes set forth in the Service and Assessment Plan, including payment of Administrative Expenses and Delinquent Collection Costs.

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

Bonds Deemed Paid

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

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

governing body of the City adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent.

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

Events of Default

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

- (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 Assessments including the prosecution of foreclosure proceedings;
- (iii) the failure to make payment of the principal of or interest on any of the Bonds when the same becomes due and payable and such failure is not remedied within thirty (30) days; 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 at least 25% of the aggregate outstanding principal of the Bonds with a copy to the Trustee, specifying such default by the Owners of at least 25% of the aggregate outstanding principal amount of the Bonds at the time Outstanding requesting that the failure be remedied.

Immediate Remedies in Event of Default

Upon the happening and continuance of any Event of Default, the Owners of at least 25% the aggregate outstanding principal of the Bonds then Outstanding, may 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 PRINCIPAL OF THE BONDS SHALL NOT BE SUBJECT TO ACCELERATION UNDER ANY CIRCUMSTANCES.

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

Whenever moneys are to be applied pursuant to the Indenture, irrespective of and whether other remedies authorized under the Indenture shall have been pursued in whole or in part, the Trustee may cause any or all of the assets of the Trust Estate, including Investment Securities, to be sold. The Trustee may so sell the assets of the Trust Estate and all right, title, interest, claim and demand thereto and the right of redemption thereof, in one or more parts, at any such place or places, and at such time or times and upon such notice and terms as the Trustee may deem appropriate and as may be required by Applicable Laws and apply the proceeds thereof in accordance with the provisions of the Indenture. Upon such sale, the Trustee may make and deliver to the purchaser or purchasers a good

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

Restriction on Owner's Actions

No Owner shall have any right to institute any action, suit or proceeding at law or in equity for the enforcement of the Indenture or for the execution of any trust thereof or any other remedy thereunder, unless (i) a default has occurred and is continuing of which the Trustee has been notified in writing, (ii) such default has become an Event of Default and the Owners of 25% of the aggregate principal amount of the Bonds then Outstanding have made written request to the Trustee and offered it reasonable opportunity either to proceed to exercise the powers granted or to institute such action, suit or proceeding in its own name, (iii) the Owners have furnished to the Trustee written evidence of 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, 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 registered owners of a majority of the aggregate principal amount of the Bonds then Outstanding, and (vi) notice of such action, suit, or proceeding is given to the Trustee; however, no one or more Owners of the Bonds shall have any right in any manner whatsoever to affect, disturb, or prejudice the Indenture by its, his or their action or to enforce any right under the Indenture except in the manner provided 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 registered owners of all Bonds then Outstanding. The notification, request and furnishing of indemnity set forth above shall be conditions precedent to the execution of the powers and trusts of the Indenture and to any action or cause of action for the enforcement of the Indenture or for any other remedy under the Indenture.

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 at and after the maturity thereof, or on the date fixed for redemption or the obligation of the City to pay each Bond issued thereunder to the respective Owners thereof at the time and place, from the source and in the manner expressed therein and in the Bonds.

In case the Trustee or any registered owners of Bonds 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 registered owners of Bonds, then and in every such case the City, the Trustee and the registered owners of Bonds shall be restored to their former positions and rights thereunder, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

Application of Revenues and Other Moneys after Event of Default

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

(i) FIRST: To the payment to the registered 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 registered owners entitled thereto, without any discrimination or preference; and

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

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

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

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 registered owners of Bonds.

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

Investment of Funds

Money in any Fund 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) Business Days in advance of the making of such investment in time deposits, other bank deposit products, 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 Chapter 2256 Texas Government Code, 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 set forth in the Indenture. Such investments shall be valued each year in terms of current market value as of September 30. For purposes of maximizing investment returns, to the extent permitted by law, money in such Funds may be invested in common investments of the kind described above, or in a common pool of such investments 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. In the absence of investment instructions from the City, the Trustee shall hold monies held by it uninvested and shall have no obligation to invest or reinvest such monies.

Against Encumbrances

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

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

Additional Obligations; Other Obligations or Other Liens

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

So long as Bonds are Outstanding, the City shall not issue any bonds, notes or other evidences of indebtedness, other than the Bonds, secured by any pledge of or other lien or charge on the Pledged Revenues or other

property pledged under the Indenture other than (i) a lien or pledge subordinate to the lien and pledge of such property related to the Bonds, and (ii) a lien for refunding bonds to refund all or a portion of the Bonds (the “Refunding Bonds”).

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

(REMAINDER OF PAGE IS INTENTIONALLY LEFT BLANK.)

SOURCES AND USES OF FUNDS

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

Sources of Funds:	
Principal Amount	\$
Total Sources	\$
Use of Funds:	
Deposit to the Improvement Account of the Project Fund	\$
Deposit to Bond Reserve Account of the Reserve Fund	
Deposit to Capitalized Interest Account of the Bond Fund	
Deposit to Costs of Issuance Account of the Project Fund	
Deposit to Administrative Fund	
Underwriter's Discount ⁽¹⁾	
Total Uses	\$

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

(REMAINDER OF PAGE IS INTENTIONALLY LEFT BLANK)

DEBT SERVICE REQUIREMENTS

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

Year Ending (December 31)	Principal	Interest	Total
2025	\$	\$	\$
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
2051			
2052			
2053			
2054			
2055			
Total	<u>\$</u>	<u>\$</u>	<u>\$</u>

(REMAINDER OF PAGE IS INTENTIONALLY LEFT BLANK)

OVERLAPPING TAXES AND DEBT

Overlapping Taxes and Debt

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

In addition to the City, Denton County and the Aubrey Independent School District may each levy ad valorem taxes upon land in the District for payment of debt incurred by such governmental entities and/or for payment of maintenance and operations expenses. The City has no control over the level of ad valorem taxes or special assessments levied by such other taxing authorities. The District is located within the city limits of the City and within Denton County, Texas.

The following table reflects the overlapping ad valorem tax rates currently levied on property located in the District.

OVERLAPPING TAX RATES

<u>Taxing Entity</u>	<u>Tax Year 2024 Ad Valorem Tax Rate⁽¹⁾</u>
The City	\$0.464000
Denton County, Texas	0.187869
Aubrey Independent School District	<u>1.255200</u>
Total Existing Tax Rate	<u>\$1.907069</u>
 Estimated Average Annual Installment in the District as tax rate equivalent per Unit ⁽²⁾	 <u>\$1.266465</u>
 Less Projected TIRZ Annual Credit Amount as tax rate equivalent	 <u>(\$0.222720)</u>
 Target Net Annual Installment Per Unit as tax rate equivalent ⁽²⁾	 <u>\$1.043745</u>
 Net Estimated Total Tax Rate and Average Annual Installment in the District as tax rate equivalent per Unit	 <u>\$2.950814</u>

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

⁽²⁾ Source: Municap. Derived from information presented in the Service and Assessment Plan. The Service and Assessment Plan also establishes a Target Net Annual Installment per Unit at \$4,697 (preliminary, subject to change). See "ASSESSMENT PROCEDURES – Assessment Amounts." See also "SECURITY FOR THE BONDS — TIRZ Revenues May Reduce Assessments." *Preliminary, subject to change.*

Source: Denton Central Appraisal District and the City.

(REMAINDER OF PAGE IS INTENTIONALLY LEFT BLANK)

As noted above, 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 property within the District and City debt to be secured by the Assessments:

OVERLAPPING DEBT

<u>Taxing or Assessing Entity</u>	<u>Total Outstanding Debt as of 2/15/2025</u>	<u>Estimated % Applicable⁽¹⁾</u>	<u>Estimated Overlapping Debt⁽¹⁾</u>
The City (The Bonds) ⁽²⁾	\$ 31,570,000	100.000%	\$31,570,000
The City (Ad Valorem Taxes)	79,558,000	3.702%	2,944,879
Denton County	673,670,000	0.023%	152,887
Aubrey Independent School District	<u>344,876,976</u>	1.332%	<u>4,592,669</u>
Total	<u>\$1,129,674,976</u>		<u>\$39,260,435</u>

⁽¹⁾ Based on the Appraisal for the District and on the Tax Year 2024 Net Taxable Assessed Valuations for the taxing entities See “APPRAISAL.”

⁽²⁾ Preliminary; subject to change.

Sources: Denton Central Appraisal District, the Service and Assessment Plan and Municipal Advisory Council of Texas.

All of the property in the District is currently subject to an agricultural use valuation with respect to its ad valorem taxes. Agricultural use includes production of crops or livestock. It also can include leaving the land idle for a government program or for normal crop or livestock rotation. The property in the District is subject to hay and/or grazing leases. These leases and lessees’ operations on the property allow the property to maintain its agricultural valuation. The Developer expects to terminate these leases as construction of the Authorized Improvements commences. The Developer expects to terminate the agricultural valuation in the District by the end of 2025.

If land is devoted principally to agricultural use, a landowner can apply for an agricultural valuation on the property and pay ad valorem taxes based on the land’s agricultural value. If land qualified for an agricultural valuation but the land use changes to a non-agricultural use, “rollback taxes” are assessed for each of the previous 3 years in which the land received the lower agricultural valuation. The rollback tax is the difference between taxes paid on land’s agricultural value and the taxes that the land owner would have paid if the land had been taxed on a higher market value plus interest charged for each year from the date on which taxes would have been due.

If the land use changes to a non-agricultural use on only a portion of a larger tract, the land owner can fence off the remaining land and maintain the agricultural valuation on the remaining land. In this scenario, the land owner would only be responsible for rollback taxes on that portion of the land for which use changed and not for the entire tract.

Under Texas law, an owner of land that is entitled to an agricultural valuation has the right to redeem such property after a tax sale for delinquent ad valorem property taxes for a period of two years after the tax sale by paying to the tax sale purchaser a 25% premium, if redeemed during the first year, or a 50% premium, if redeemed during the second year, over the purchase price paid at the tax sale and certain qualifying costs incurred by the purchaser.

It is expected that rollback taxes will be paid by the Developer or purchasers of land from the Developer during development of the District and prior to purchase of parcels or lots by homeowners.

Homeowner’s Association

In addition to the Assessments described above, each lot owner in the District is expected to pay a maintenance and operation fee and a property owner’s association fee to the Homeowner’s Association (the “HOA”) expected to be approximately \$900 annually. The HOA is expected to be formed by the Developer after delivery of the Bonds.

ASSESSMENT PROCEDURES

General

Capitalized terms used under this caption and not otherwise defined in this Limited Offering Memorandum shall have the meanings given in the Service and Assessment Plan. As required by the PID Act, when the City determines to defray a portion of the costs of the Authorized Improvements through the Assessments, it must adopt a resolution generally describing the Authorized Improvements and the land within the District to be subject to the Assessments to pay the costs therefor. The City has caused an assessment roll to be prepared (the “Assessment Roll”), which Assessment Roll shows the land within 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 was filed with the City Secretary and made available for public inspection. Statutory notice was given to the owners of the property to be assessed and a public hearing will be conducted to hear testimony from affected property owners as to the propriety and advisability of undertaking the Authorized Improvements and funding the same with the Assessments. The City expects to levy the Assessments and adopt the Assessment Ordinance immediately prior to adopting the Bond Ordinance. After such adoption, the Assessments will become legal, valid and binding liens upon the property against which the Assessments have been made.

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

Assessment Methodology

The Service and Assessment Plan describes the special benefit to be received by each parcel of assessable property as a result of the Authorized Improvements, provides the basis and justification for the determination that such special benefit exceeds the Assessments being levied, and establishes the methodology by which the City allocates the special benefit of the Authorized Improvements to parcels in a manner that results in equal shares of costs being apportioned to parcels similarly benefited. As described in the Service and Assessment Plan, a portion of the costs of the Authorized Improvements are being funded with proceeds of the Bonds, which are payable from and secured by Pledged Revenues, including the Assessments.

As further set forth in the Service and Assessment Plan, the benefits received by the Authorized Improvements are currently spread among the Assessed Property based on the ratio of the units expected to be built on each Assessed Property to the estimated number of units for all Parcels or Lots within the District. As the existing parcels are subsequently divided, the Assessments will be further apportioned pro rata based on the units of the newly created parcels.

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 and the Appraisal. See “APPENDIX C — Service and Assessment Plan” and “APPENDIX F — APPRAISAL.”

(REMAINDER OF PAGE IS INTENTIONALLY LEFT BLANK)

**LIEN TO VALUE ANALYSIS, ASSESSMENT ALLOCATION, EQUIVALENT TAX RATE AND LEVERAGE PER UNIT IN
THE DISTRICT**

Lot Type	No. of Units	Estimated Finished Lot Value per unit ⁽¹⁾	Projected Average Home Value per Unit	Assessment per Unit	Average Annual Installment per unit ⁽²⁾	Tax Rate Equivalent of Average Annual Installment (per \$100 Lot Value)	Tax Rate Equivalent of Average Annual Installment (per \$100 Home Value) ⁽²⁾	Ratio of Lot Value to Assessments	Ratio of Average Home Value to Assessments
50'	448	\$97,612	\$450,000	\$70,468.75	\$5,699	\$5.84	\$1.27	1.39	6.39

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

⁽¹⁾ Amounts are based on the Appraisal (as defined herein) and differ from the contract price for lots under the Brightland PSA and D.R. Horton PSA (each as defined herein). See “THE DEVELOPMENT— Builder Purchase and Sale Agreements.”

⁽²⁾ Does not include any applicable TIRZ Annual Credit Amount, if any. See “SECURITY FOR THE BONDS – TIRZ Revenues May Reduce Assessments.”

The estimated aggregate retail value of the assessable property in the District, as provided in the Appraisal (as defined herein) and subject to the limiting conditions therein, including the hypothetical condition that the Authorized Improvements are completed, is approximately \$43,730,000. See “THE DEVELOPMENT — Development Plan” for further information regarding the expected completion of the development within the District and “APPRAISAL.”

The City has created the TIRZ and will adopt the TIRZ Project and Finance Plan providing for the TIRZ Annual Credit Amount to offset a portion of the Annual Installment attributable to the costs of Authorized Improvements within the District on any Parcel within the District. The Annual Installment for each Assessed Property shall be calculated by taking into consideration any TIRZ Annual Credit Amount applicable to the Assessed Property.

The City has determined that such method of allocation will result in the imposition of equal shares of the Assessments on parcels similarly situated within 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, all other current owners of property within the District and all future owners and within the District. See “APPENDIX C — 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 regular ad valorem taxes of the City. The Assessments may be enforced by the City in the same manner that an ad valorem tax lien against real property is enforced. Delinquent installments of the Assessments incur interest, penalties and attorney’s fees in the same manner as delinquent ad valorem taxes. Under the PID Act, the Assessment Lien is a first and prior lien against the property assessed, superior to all other liens and claims except liens or claims for State, county, school district or municipality ad valorem taxes. See “BONDHOLDERS’ RISKS — Assessment Limitations” herein.

In the Indenture, the City will covenant to collect, or cause to be collected, the 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 Parcel. The Assessments for Administrative Expenses shall be allocated among all Parcels in proportion to the amount of the Annual Installments for the Parcels.

In the Indenture, the City will covenant, agree and warrant that, for so long as any Bonds are Outstanding, that it will take and pursue all actions permissible under Applicable Laws to cause the Assessments to be collected and the liens thereof enforced continuously, in the manner and to the maximum extent permitted by Applicable Laws,

and, to the extent permitted by Applicable Laws, to cause no reduction, abatement or exemption in the Assessments. Notwithstanding the foregoing, the City shall be permitted to reduce the Assessments by the TIRZ Annual Credit Amount pursuant to the Development Agreement, the TIRZ Project and Finance Plan and the Service and Assessment Plan; provided, however, that no such reduction shall operate to reduce the amounts levied for the payment of the Administrative Expenses.

To the extent permitted by law and to the extent possible, 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 April 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 on the corresponding Assessed Property.

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

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

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

<u>Date Payment Received</u>	<u>Cumulative Penalty</u>	<u>Cumulative 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 as updated to reflect the issuance of the Bonds, shall set forth for each year the Annual Installment for each Parcel consisting of (i) the Assessments for each Parcel, (ii) interest on the Assessments (including the 0.5% additional interest amount to be collected for the prepayment and

delinquency reserve) and (iii) the component of the Annual Installment allocable to Administrative Expenses. The Annual Installments for the District may not exceed the amounts shown on the Assessment Roll. The Assessments will be levied against the parcels comprising the Assessed Property as indicated on the Assessment Roll. See “APPENDIX C — Form of Service and Assessment Plan.”

The Annual Installments shown on the Assessment Roll will be reduced to equal the actual costs of repaying the Bonds (which amount will include Additional Interest Component of the interest costs) and actual Administrative Expenses (as provided for in the definition of such term), taking into consideration any other available funds for these costs, such as interest income on account balances. The Annual Installments shall be further reduced by any offset or credit of the applicable TIRZ Annual Credit Amount.

TIRZ Annual Credit Amount. The City has agreed to use TIRZ Revenues generated from each Assessed Property to offset a portion of the Assessments due as part of the Annual Installment on a parcel-by-parcel basis (the “TIRZ Annual Credit Amount”). The Annual Installment for each Parcel shall be calculated by taking into consideration any lawfully available funds, capitalized interest and TIRZ Annual Credit Amount applicable to the Parcel. The TIRZ Annual Credit Amount applicable to each Parcel shall be calculated as described under “SECURITY FOR THE BONDS — TIRZ Revenues May Reduce Assessments” and in “APPENDIX C — Form of Service and Assessment Plan.” The Service and Assessment Plan establishes a Target Net Annual Installment per Unit (the “Target Net Annual Installment Per Unit”) at \$4,697 after the application of the TIRZ Annual Credit Amount for each Parcel.

The Annual Installment for each Parcel shall receive a TIRZ Annual Credit Amount equal to the TIRZ Revenue generated by the Parcel for the previous tax year. In no event should the TIRZ Annual Credit Amount for a Parcel for a given year exceed the amount sufficient to result in the applicable Target Net Annual Installment Per Unit for each Lot Type unless otherwise approved by the City. The City may adjust the applicable Target Net Annual Installment Per Unit from time to time as set forth in an Annual Service Plan Update, provided that the City’s tax increment amount shall not be changed except through an amendment to the TIRZ Project and Financing Plan.

The TIRZ Revenues are generated only from ad valorem taxes levied and collected by the City on the Captured Appraised Value in the TIRZ in any year. Consequently, TIRZ Revenues are generated only if the appraised value of real property in the TIRZ in any year is greater than the base value. Any delay or failure of Developer to develop the District may result in a reduced amount of the TIRZ Revenue being available to credit the Assessments. **TIRZ Revenues generated from the Captured Appraised Value for each Parcel in the District during the development of such Parcel will result in a TIRZ Annual Credit Amount which is not sufficient to achieve the Target Net Annual Installment. The TIRZ Annual Credit Amount is not expected to be sufficient to provide for the Target Net Annual Installment until the second year that a home on such Parcel is assessed. See “OVERLAPPING TAXES AND DEBT.” Such TIRZ Revenues, if available, are not pledged as security for the Bonds under the Indenture.**

Method of Apportionment of Assessments. For purposes of the Service and Assessment Plan, the City Council has determined that the Assessments shall be initially allocated to the Assessed Property based on the ratio of the units on each Parcel to the total units within the District. As the existing Parcels are subsequently divided, the Assessments will be further apportioned pro rata based on the units of the newly created Parcels. See “APPENDIX C — Form of Service and Assessment Plan.” See “ASSESSMENT PROCEDURES — Assessment Methodology.”

Subdivision. Upon the subdivision of any Parcel, the Assessment for the Parcel prior to the subdivision shall be reallocated among the new subdivided Parcels according to the following formula:

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

Where the terms have the following meanings:

A = the Assessment for each new subdivided Parcel

B = the Assessment for the Parcel prior to subdivision

C = the estimated number of units to be built on each new subdivided Parcel

D = the sum of the estimated number of units to be built on all of the new subdivided Parcels

The calculation of the estimated number of units to be built on a Parcel shall be performed by the Administrator and confirmed by the City Council based on the information available regarding the use of the Parcel. The estimate as confirmed shall be conclusive. The number of units to be built on a Parcel shall be determined by a final plat or if not platted on a Parcel may be estimated by net land area and reasonable density ratios.

The sum of the Assessments for all newly subdivided Parcels shall equal the Assessment for the Parcel prior to subdivision. The calculation shall be made separately for each newly subdivided Parcel. The reallocation of an Assessment for a Parcel that is a homestead under Texas law may not exceed the Assessment prior to the reallocation and to the extent the reallocation would exceed such amount, it shall be prepaid by such amount by the party requesting the subdivision of the Parcels. Any reallocation pursuant to this section shall be reflected in an Annual Service Plan Update approved by the City Council.

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

Maximum Assessments. The Service and Assessment Plan establishes that the Maximum Assessment per 50' Lot is \$70,468.75* . See "ASSESSMENT PROCEDURES — Assessment Methodology." The Bonds are secured by a first lien on and pledge of Pledged Revenues, including the Assessments. See "SECURITY FOR THE BONDS" and "APPENDIX C — Form of Service and Assessment Plan."

Prepayment of Assessments

The Indenture and the Service and Assessment Plan provide for certain optional and mandatory prepayments as described below (each, a "Prepayment"). To the extent that any 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.

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

Mandatory Prepayment. If a Parcel subject to Assessments is transferred to a party that is exempt from the payment of the Assessment under then applicable law, or if an owner causes a Parcel subject to Assessments to become Non-Benefited Property, the owner of such Parcel shall pay to the City the full amount of the principal portion of the Assessment on such Parcel, plus all Prepayment Costs, prior to any such transfer or act.

If at any time the Assessment per unit on a Parcel exceeds the Maximum Assessment Per Unit calculated in the Service and Assessment Plan as a result of any changes in land use, subdivision, consolidation or reallocation of the Assessment authorized by the Service and Assessment Plan and initiated by the owner of the Parcel, then such owner shall pay to the City prior to the recordation of the document subdividing the Parcel the amount calculated by the Administrator by which the Assessment per unit for the Parcel exceeds the Maximum Assessment Per Unit calculated in the Service and Assessment Plan.

* Preliminary; subject to change.

The payments required above shall be treated the same as any Assessment that is due and owing under the PID Act, the Assessment Ordinance, and the Service and Assessment Plan, including the same lien priority, penalties, procedures, and foreclosure specified by the PID Act.

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 and will continue 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 or make payment for the purchase of the delinquent Assessment on the corresponding Assessed Property.

In the Indenture, the City will covenant to take and pursue all actions permissible under Applicable Laws to cause the Assessments to be collected and the liens thereof enforced continuously, in the manner and to the maximum extent permitted by Applicable Laws, and to cause no reduction, abatement or exemption of the Assessments, provided that the City is not required to expend any funds for collection and enforcement of the Assessments other than funds on deposit in the Administrative Fund. Pursuant to the Indenture, Foreclosure Proceeds (excluding Delinquent Collection Costs) constitute Pledged Revenues to be deposited into the Pledged Revenue Fund upon receipt by the City and distributed in accordance with the Indenture. See "APPENDIX B — Form of Indenture." See also "APPENDIX E-1 — Form of Disclosure Agreement of the Issuer" 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 Reserve Account of the Reserve Fund and the Delinquency and Prepayment Account of the Reserve Fund, and the City 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 amounts on deposit in the Administrative Fund are insufficient to pay foreclosure costs, the owners of the Bonds may be required to pay amounts necessary to continue foreclosure proceedings. See "SECURITY FOR THE BONDS — Bond Reserve Account of the Reserve Fund," "— Delinquency and Prepayment Account of the Reserve Fund," "APPENDIX B — Form of Indenture" and "APPENDIX C — Form of Service and Assessment Plan."

THE CITY

Background

The City is located at the intersection of FM 428 and US Hwy 377, in northeast Denton County. The City contains a total land area of approximately 3.01 square miles. The City is approximately 10 miles north of U.S. Highway 380 and 20 miles west of IH 35 on the outskirts of the Dallas-Fort Worth Metroplex. The City is located approximately 21 miles northwest of Frisco, Texas, the nearest major employment center, and approximately 49 miles north of Dallas. The City is approximately 39 miles north of Dallas-Fort Worth International Airport and approximately 43 miles north of Dallas Love Field. The City's 2020 census population was 5,380. The City's estimated current population is 9,187.

City Government

The City is a political subdivision and municipal corporation of the State located in Denton County, duly organized and existing under the laws of the State, including the City's Home Rule Charter. The City operates under the Council/City Manager form of government with a City Council comprised of the Mayor and five Councilmembers. The term of office is three years with the terms of Mayor and the Councilmembers expiring annually in staggered succession. The City Manager is the chief administrative officer for the City. Some of the services that the City provides are public safety (police, EMS and fire protection), streets, water and sanitary sewer utilities, library, public improvements, planning and zoning, and general administrative services. The City held its home rule charter election in November 2022 to establish the City as a home rule city pursuant to Chapter 9 of the Texas Local Government Code, as amended. At the election, residents of the City voted to approve a home rule charter. Home rule charters are authorized by Article XI, Section 5, of the Texas Constitution. Under Texas law, cities operating pursuant to a home rule charter have additional authority pursuant to their adopted home rule charters.

The current members of the City Council and their respective expiration of terms of office as well as the principal administrators of the City are shown on page ii hereof.

General information regarding the City and the surrounding area can be found in "APPENDIX A - General Information Regarding the City and Surrounding Area."

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 Resolution No. 963-24 of the City and adopted on May 23, 2024 (the "Creation Resolution") for the purpose of undertaking and financing the cost of the Authorized Improvements, authorized by the PID Act and approved by the City Council that confer a special benefit on the District property. 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 iv hereof.

Powers and Authority of the City

Pursuant to the PID Act, the City may establish and create the District and undertake, or reimburse 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 PID Act provides that the City may levy and collect assessments on property in the District, or portions thereof, payable in full or 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 reimburse a developer for the costs of, the financing, acquisition, construction or improvement of the Authorized Improvements. See "THE AUTHORIZED IMPROVEMENTS." Pursuant to the authority granted by the PID Act and the Creation Resolution, the City has determined to undertake the construction, acquisition or purchase of certain roadway, water,

sanitary sewer, storm drainage, and landscaping improvements within the District comprising the Authorized Improvements 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 C — Form of Service and Assessment Plan.”

THE AUTHORIZED IMPROVEMENTS

General

The Authorized Improvements consist of costs of certain roadway, water, sanitary sewer, storm drainage, and landscaping improvements benefitting the District. The City will reimburse the Developer for a portion of project costs for the Authorized Improvements from proceeds of the Bonds. The Developer will be paid for costs actually incurred in developing and constructing the Authorized Improvements within the District upon completion of such projects and dedication to, and acceptance by, the City of such projects. See “SECURITY FOR THE BONDS – Project Fund.” The Developer is responsible for the completion of the construction, acquisition or purchase of the Authorized Improvements, and the Developer or its designees will act as construction manager.

Set forth below are descriptions of the Authorized Improvements.

Roadway Improvements. The roadway improvements within the District include the construction of road and thoroughfare improvements, including related paving, drainage, bridges, curbs, gutters, sidewalks, retaining walls, signage, and traffic control devices, which benefit the District. All roadway improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

Wet Utilities:

The wet utilities include water improvements, sanitary sewer improvements, and storm drainage improvements as further described below.

Water Improvements. The water improvements within the District consist of construction and installation of a looped water main network, waterlines, mains, pipes, valves and appurtenances, necessary for the portion of the water distribution system that will service the District. The water improvements will be designed and constructed in accordance with Mustang Special Utility District (“MSUD”) standards and specifications and will be owned and operated by the MSUD.

Sanitary Sewer Improvements. The sanitary sewer improvements within the District consist of construction and installation of pipes, service lines, manholes, encasements, and appurtenances necessary to provide sanitary sewer service within the District. The sanitary sewer improvements will be designed and constructed in accordance with MSUD standards and specifications and will be owned and operated by the MSUD.

Storm Drainage Improvements. The storm drainage improvements within the District consist of reinforced concrete pipes, reinforced concrete boxes, multi-reinforced box culverts, and floodplain excavation which benefit the PID. The storm drainage improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

Landscaping. The landscaping improvements within the District consist of certain public landscaping and amenities for the benefit of the District. All landscaping and amenities will be designed and constructed according to City standards.

Other Soft and Miscellaneous Costs. The other soft and miscellaneous costs within the District consists of engineering and surveying, project management fees, City inspection fees, contingency, appraisal fees, district formation costs, and other soft and miscellaneous costs.

The following table reflects the budgeted costs as reflected in the Service and Assessment plan, as well as the total expected costs of the Authorized Improvements (inclusive of Bond Issuance Costs).

<u>Authorized Improvements</u>	<u>Costs*</u>
Roadway improvements	\$8,946,509
<u>Wet Utilities</u>	
Water improvements	3,066,829
Sanitary Sewer improvements	3,002,715
Storm Drainage improvements	2,240,000
Landscaping	59,000
Other soft and miscellaneous costs ¹	<u>5,885,696</u>
<i>Sub Total</i>	<u>\$23,200,749</u>
Bond issuance costs	<u>\$8,369,251</u>
<i>Total</i>	<u>\$31,570,000</u>

¹ Includes \$1,300,000 in District formation costs.

The costs of the Authorized Improvements (exclusive of Bond Issuance Costs) are expected to be approximately \$23,200,749*. The cost of the Authorized Improvements is expected to be paid with proceeds of the Bonds.

Ownership and Maintenance of Authorized Improvements

A portion of the Authorized Improvements, including the road improvements, storm drainage improvements and landscaping improvements, will be dedicated to the City, and the City will provide for the ongoing operation, maintenance and repair of such improvements constructed and conveyed, as outlined in the Service and Assessment Plan. The remaining Authorized Improvements, including the water improvements and sewer system improvements, will be dedicated to MSUD, and MSUD will provide for the ongoing operation, maintenance and repair of such improvements.

Maintenance and operation of open spaces, trails, common areas, right-of-way irrigation systems, right-of-way landscaping, screening walls, an amenity center, and any other common improvements or appurtenances shall be maintained and operated by the HOA. The HOA will provide for the ongoing operation, maintenance and repair of such improvements through the administration of a maintenance and operation fee and/or a property owner's association fee to be paid by each lot owner within the District.

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 as a development to be known as "Duck Point" (the "Development"). The Development is an approximately 159-acre master planned project located in the corporate limits of the City, west of FM 1385 near the intersection of FM 428 West and FM 1385. The Development sits approximately 16 miles northwest of the City of Frisco, Texas and 20 miles northeast of the City of Denton, Texas. The Development is approximately 12 miles from the Star in Frisco, 6 miles from PGA Frisco and 15 miles from the Grandscape in the Colony. The Development is approximately 39 miles northeast of Dallas-Fort Worth International Airport and 43 miles north of Dallas Love Field. The Development is exclusively located in the Aubrey Independent School District. The City, located in the north-central region of the Dallas-Fort Worth-Arlington, Texas Metropolitan Statistical Area (the "DFW MSA"), is poised for significant growth as the overall DFW MSA continues its growth trajectory.

* Preliminary; subject to change.

Development Plan

The Development is expected to consist of 448 single family residential lots located on 50' lots. The current development plan consists of the development of the Authorized Improvements to serve the entire District in one phase. The Developer will construct the Authorized Improvements. Construction of the Authorized Improvements is expected to begin in Q1 2025. Construction of the Authorized Improvements is expected to be completed in Q4 2026. See "THE DEVELOPMENT — Concept Plan," "THE AUTHORIZED IMPROVEMENTS" and "APPENDIX C — Form of Service and Assessment Plan." The cost of the Authorized Improvements is expected to be approximately \$23,200,749* (exclusive of Bond Issuance Costs). Construction of the Authorized Improvements is expected to be funded by the Liberty Loan and Developer equity.

Concept Plan

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

(REMAINDER OF PAGE IS INTENTIONALLY LEFT BLANK)

* *Preliminary; subject to change.*



Builder Purchase and Sale Agreements

The Developer executed a Lot Purchase and Sale Agreement (as amended, the “Brightland PSA”) with Brightland Homes, Ltd. (previously known as Gehan Homes, Ltd.) (“Brightland”), for 224 lots in the District which consists of 50’ lots at the base lot price shown in the table below. Brightland deposited \$4,000,000 in earnest money (the “Brightland Earnest Money”) pursuant to the Brightland PSA which is hard and non-refundable, and is expected to be released on February 28, 2025 in connection with the loan modification. The Developer expects to execute an earnest money deed of trust upon the release of the Brightland Earnest Money which will constitute a second lien upon the land within the District, subordinate to the deed of trust securing the Liberty Loan. The Brightland Earnest Money will be used to reduce the principal balance of the Liberty Loan.

Under the Brightland PSA, the Developer has agreed to use reasonable efforts to complete development of all lots within 20 months following the release of the earnest money (which date is expected to be in October 2026 if the release of the earnest money occurs on February 28, 2025), but in no case shall completion of the lots occur later than 23 months after release of the earnest money (which date is expected to be in January 2027 if the release of the earnest money occurs on February 28, 2025) (the “Outside Completion Date”). In the event the Developer fails to complete the development of the lots by the Outside Completion Date, Brightland shall have the right to terminate the Brightland PSA. In addition, the Developer has agreed to complete construction of an amenity center within 450 days following the initial closing date of lots under the Brightland PSA and certain common area improvements and landscaping improvements within 120 days of substantial completion of the lots.

The Developer executed a Lot Purchase and Sale Agreement (the “D.R. Horton PSA”) with D.R. Horton – Texas, Ltd. (“D.R. Horton”), for 224 lots in the District which consists of 50’ lots at the base lot price shown in the table below. The feasibility period under the D.R. Horton PSA expires on March 1, 2025.

Notwithstanding the expiration of the feasibility on March 1, 2025, D.R. Horton is expected to deposit \$4,000,000 in earnest money on February 28, 2025 (the “D.R. Horton Earnest Money”) pursuant to the D.R. Horton PSA. Such earnest money is also expected to be released on February 28, 2025, in connection with the loan modification. The Developer expects to execute an earnest money deed of trust upon the release of the D.R. Horton Earnest Money which will constitute a second lien upon the land within the District, subordinate to the deed of trust securing the Liberty Loan. The D.R. Horton Earnest Money will be used to reduce the principal balance of the Liberty Loan.

Under the D.R. Horton PSA, the Developer has agreed to use reasonable efforts to complete development of all lots within 20 months following the release of the earnest money (which date is expected to be in October 2026 if the release of the earnest money occurs on February 28, 2025), but in no case shall completion of the lots occur later than 23 months after release of the earnest money (which date is expected to be in January 2027 if the release of the earnest money occurs on February 28, 2025) (the “Outside Completion Date”). In the event the Developer fails to complete the development of the lots by the Outside Completion Date, D.R. Horton shall have the right to terminate the D.R. Horton PSA. In addition, the Developer has agreed to complete construction of an amenity center 24 months of substantial completion of the lots and certain common area improvements and landscaping improvements within 120 days of substantial completion of the lots.

In addition, under the D.R. Horton PSA, the Developer has agreed that (i) the Assessments shall not exceed \$85,000 per lot, (ii) the projected annual installment for such levy of assessment per lot will not exceed \$6,300.00 in any given year after the date the levy of assessment is made, and (iii) the overall tax rate equivalent for each Lot, after taking into account assessments and providing for any TIRZ credits, shall not exceed \$3.09 per \$100 of assessed value on the date of such levy of the Assessments.

The following table sets forth certain terms of the lot purchase and sale agreements.

(REMAINDER OF PAGE IS INTENTIONALLY LEFT BLANK)

LOT PURCHASE AND SALE AGREEMENT

<u>Builder</u>	<u>Lot Type</u>	<u>Total Lots</u>	<u>Base Price Per Front Foot/Lot*</u>	<u>Additional Fees</u>	<u>Lots per Takedown</u>
Brightland	50'	224	\$1,900/FF	<u>Amenity Fee</u> \$2,500 per lot <u>Marketing Fee</u> \$500 per lot	Initial closing - 22 lots within fifteen (15) days of substantial completion Subsequent closings – minimum of 22 lots within 90 days of initial closing and a minimum of 22 lots every 90 days thereafter until all lots have been purchased
D.R. Horton	50'	224	\$95,000/lot	<u>Amenity Fee</u> \$2,500 per lot <u>Marketing Fee</u> \$500 per lot	Initial closing - 22 lots within fifteen (15) days of substantial completion Subsequent closings – minimum of 22 lots within 90 days of initial closing and a minimum of 22 lots every 90 days thereafter until all lots have been purchased

448

* Excludes annual escalator of 8% applicable to all lots after initial closing.

Expected Build-Out and Home Prices in the Development

The Developer’s current expectations regarding estimated home prices in the District are as follows:

ESTIMATED HOME PRICES

<u>Lot Size (Width in Ft.)</u>	<u>Quantity</u>	<u>Base Lot Price*</u>	<u>Estimated Base Home Price**</u>
50'	448	\$95,000	\$450,000

* Differs from estimated finished lot values utilized in the Service and Assessment Plan, which values are based on the Appraisal (as defined herein). See “ASSESSMENT PROCEDURES – Assessment Methodology,” “APPRAISAL” and APPENDIX F.

** Developer estimates

The Developer expects to complete the Lots in the Development in one phase which is expected to be completed in Q4 2026. The following tables provide the Developer’s expected build-out schedule of the District and absorption schedule of lots for the District.

<u>Single-Family Lots</u>	<u>Infrastructure Start Date</u>	<u>Expected Infrastructure Completion Date</u>	<u>Expected Final Lot Sale Date</u>
448	Q1 2025	Q4 2026	Q1 2029

EXPECTED ABSORPTION OF LOTS IN THE DISTRICT

<u>Expected Final Sale Date</u>	<u>Total Lots</u>
Q4 2026	44
Q1 2027	44
Q2 2027	44
Q3 2027	44
Q4 2027	44
Q1 2028	44
Q2 2028	44

<u>Expected Final</u>	
<u>Sale Date</u>	<u>Total Lots</u>
Q3 2028	44
Q4 2028	44
Q1 2029	44
Q2 2029	<u>8</u>
TOTAL	448

Amenities and Private Improvements

The Developer will construct certain private improvements and amenities in the District. The Developer expects to construct private improvements including certain franchise utilities, retaining walls, screening, landscaping and irrigation (the “Private Improvements”). The total expected costs to construct the Private Improvements is approximately \$4.93 million. The Developer expects to finance the costs to construct the Private Improvements with the Liberty Loan.

The Developer expects to construct certain amenities in the Development including an amenity center with a clubhouse building a pool and playground equipment and an approximately 23-acre City park that will contain trails, benches, shade structure, play area, and two sports fields. The expected cost to construct the amenity center is \$1.1 million. The cost to construct the remaining amenities are still being estimated as they are in the design and engineering phase. All of such costs are expected to be financed with the Liberty Loan.

Construction of the amenity center is expected to begin after recordation of a final plat and be completed within 450 days after the release of the Brightland Earnest Money, which is expected to be consistent with the requirements of the Development Agreement. In addition, the Development Agreement requires construction and dedication of the City park. See “— The Development Agreement.”

The amenity center and landscaping and irrigation will be owned and maintained by the HOA and the park will be dedicated to and maintained by the City.

The Development Agreement

The City and the Developer entered into the Development Agreement (the “Development Agreement”) which provides certain rules and regulations for the design, construction and process for the development of all property within the District, including the construction of the Authorized Improvements.

Under the Development Agreement, the City has agreed to issue up to \$40,000,000 in public improvement district bonds for the District. The Development Agreement also sets forth the City’s commitment with respect to the use of funds generated by the TIRZ. Pursuant to the Development Agreement, the City intends to dedicate a portion of the City’s tax increment attributable to the TIRZ, based on the City’s tax rate each year, which funds will be used to off-set or pay a portion of the Assessments levied on the property within the TIRZ for the costs of capital improvements that are Authorized Improvements and qualify as projects under the TIRZ Act. The Development Agreement provides that, the City shall use forty-eight percent (48%) of the City’s ad valorem tax increment attributable to the TIRZ, as based upon the City’s tax rate each year and as authorized by law (the “Available TIRZ Revenue”) for a period consistent with the term of the Bonds or the Reimbursement Agreement (as such term is defined in the Development Agreement). The TIRZ Revenue shall be deposited to a TIRZ fund with such deposits continuing until the earlier of (i) the payment of the Bonds or (ii) the expiration of the TIRZ. The Development Agreement provides that the maximum tax rate in the District shall not exceed \$3.09 per \$100 assessed value, including after application of the TIRZ Annual Credit Amount.

Under the Development Agreement, the City has agreed to acquire certain property to be used as an entry way and access road for the District for which the Developer has agreed to reimburse the City for any costs to acquire such property. In addition, the Developer has agreed to dedicate to the City approximately 23 acres of land to be used as a city park within 24 months following recordation of a final plat. The Developer has agreed to construct within the city park a parking lot sufficient to accommodate at least 15 standard parking spots, an 8’ walking trail with

benches, a shade structure, and 2 sports fields. In consideration of the Developer constructing such improvements within the park land, the City has agreed to reduce the park development fees applicable to the property to \$2,500 per lot.

Under the Development Agreement, the Developer has also agreed to dedicate to the City any land within a floodplain or floodway for which the Developer has not initiated reclamation efforts within 24 months of the recordation of a final plat and any land for which reclamation efforts were initiated within 24 months of filing the final plat but for which such efforts were unsuccessful within a reasonable time after the Developer's determination of the same.

The Development Agreement requires the Developer to complete construction of an amenity center in the District within 18 months of recordation of a final plat.

Zoning

The property within the District is currently zoned as Planned Development #862-24 pursuant to ordinance O-862-24 enacted on July 25, 2024 (the "PD Ordinance"). The PD Ordinance allows certain residential uses and establishes guidelines pertaining to purpose, height, area, and setbacks for specific single-family residential lots. The PD Ordinance also regulates design and development standards. Because the District lies within the city limits of the City, the City's zoning and subdivision regulations control all aspects of development not specifically set forth in the PD Ordinance.

Education

The District is located within the Aubrey Independent School District ("AISD"). AISD serves the communities of Aubrey, Providence Village, Krugerville and Cross Roads in Denton County. AISD serves over 4,100 students spread across six campuses including four elementary schools, one middle school, and one high school. Students in the District desiring to attend public school will attend Jackie Fuller Elementary School (approximately 3.5 miles from the District), Aubrey Middle School (approximately 6 miles from the District), and Aubrey High School (approximately 4.5 miles from the District). According to the Texas Education Agency ("TEA"), AISD, Jackie Fuller Elementary School and Aubrey High School received an "Accountability Rating" of "B" and Aubrey Middle School received an "Accountability Rating" of "C" from the TEA for the 2021-2022 school year, the latest year for which such ratings are available. Greatschools.org rates Jackie Fuller Elementary School a 6/10, Aubrey Middle School a 5/10, and Aubrey High School a 7/10.

Geotechnical Report

A Geotechnical Engineering Study was prepared for the property within the District in July 2021, by Rone Engineering (the "Geotech Study"). The Geotech Study made recommendations for subgrade and foundation soil preparation, pavement thickness and soil moisture conditioning for all lots in the District. The Developer expects to follow all such recommendations.

Environmental

A Phase One Environmental Site Assessment of the property within the District was completed by Rone Engineering in July 2021 (the "Phase One ESA"). Based on the information presented in the Phase One ESA, there was no evidence of recognized environmental conditions involving the site.

Flood Plain Designation

Approximately 94.7 acres within the District are located within an official FEMA 100-year flood plain as shown on Federal Emergency Management Agency ("FEMA") Flood Insurance Rate Map ("FIRM") No. 48121C0270G, dated April 18, 2011. Approximately 26.4 acres of the land within the flood plain is expected to be reclaimed for lot development (the "Reclaimed Land"). The remaining approximately 68.3 acres of undeveloped floodplain will be dedicated to the City as park land. The Developer expects to apply for a letter of map revision ("LOMR") after completion of construction of the improvements.

The property in the District is also adjacent to a regulatory floodway for Mustang Creek on the east, south, and western sides of the District.

Mineral 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.”

Utilities

Water and Wastewater. It is expected that MSUD will provide both retail water and wastewater to the District, and all water improvements and wastewater improvements will be dedicated to, and owned and operated by MSUD. Wastewater treatment services will be provided by MSUD through a contract with the Upper Trinity River Water District (“UTRWD”) to treat MSUD wastewater at the UTRWD wastewater treatment plant. MSUD provides water and wastewater service to an area of approximately 120 square miles in Northeast Denton County. MSUD’s fresh water supplies are obtained through both groundwater wells and surface water treatment. MSUD has 18 ground storage tanks and 7 elevated storage tanks. Treated surface water pumping is provided through the Temple Dane Pump Station located on FM 720 just south of US Highway 380. Wastewater treatment is provided through a subscription through water reclamation plants operated by the UTRWD.

The District lies in MSUD’s certificated service area, and MSUD will have sufficient water and sewer capacity to provide service to all lots within the District.

Other Utilities. The Developer anticipates the additional utilities for the District to be provided by: (1) Phone/Data - AT&T/Nextlink; (2) Electric – CoServ; (3) Cable – AT&T/Nextlink; and (4) Gas – Atmos.

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 the Developer

The Developer is an affiliate of Centurion and was created by Centurion for the purpose of managing and ultimately conveying property in the District to third parties, as described under the caption "THE DEVELOPMENT." The Developer is a nominally capitalized limited liability company, the primary asset of which is unsold property within the District. The Developer will have no source of funds with which to pay Assessments or taxes levied by the City or any other taxing entity other than funds resulting from the sale of property within the District or funds advanced to the Developer by an affiliated party. The Developer's ability to make full and timely payments of Assessments or taxes will directly affect the City's ability to meet its obligation to make payments on the Bonds.

Since 1990, Centurion has developed over 100,000 single-family lots in dozens of communities surrounding North Texas. It has worked closely with investors, land-owners, financial institutions, and vendors to acquire over 50,000 acres of land inventory for a diverse mix of developments in size and scope. Centurion's communities include amenities such as parks, golf courses, water park themes, and hiking and biking trails. Over the past thirty years, Centurion has demonstrated the ability to successfully deliver master-planned communities that have been recognized in the real estate industry.

Mr. Mehrdad Moayedi has ultimate control of Centurion and its affiliates. Centurion maintains a staff of approximately 50 employees. Centurion creates single-asset limited liability companies to own development sites and contracts with developers and other professionals in the delivery of its communities.

In addition, Centurion works closely with local municipalities, commercial developers, and public school systems as part of its overall master plan. Centurion works with North Texas' top builders to deliver the latest concepts ranging from upscale, luxury homes in secluded neighborhoods to affordable housing communities for first-time home buyers. Centurion purchases and develops land in prime locations with the right mix of natural land settings, strong job growth, good school systems and access to local community shopping. A snapshot of some of the communities Centurion has developed is presented below.

<u>Name</u>	<u>County</u>	<u>Property Type</u>	<u>Starting Home Price</u>	<u>Status of Development</u>
Alpha Ranch	Wise/Denton	Single-family	\$400,000	Pre-development process.
Anna Hurricane Creek*	Collin	Single-family	\$390,000	PID Bonds issued; Phase 1: Started 9/2018, Currently Being Developed
Anna Hurricane North*	Collin	Single-family	\$390,000	Development Ongoing - HB Building
Arboretum Estates*	Kaufman	Mixed-use	\$390,000	Pre-development process.
Bear Creek	Dallas	Single-family	\$280,000	Development Ongoing - HB Building
Bryson Ranch*	Denton	Mixed-use	\$390,000	Pre-development process.
Cartwright Ranch*	Kaufman	Single-family	\$290,000	Development Ongoing - HB Building
Chalk Hill*	Collin	Single-family	\$390,000	Development Ongoing - HB Building
City Point*	Tarrant	Mixed-use	\$390,000	Development Ongoing - HB Building
Collin Creek Redevelopment*	Collin	Mixed-use	\$515,000	Development Ongoing - HB Building
Cottonwood*	Grayson	Mixed-use	\$400,000	Pre-development process
Creekside of Crowley	Tarrant	Single-family	\$350,000	Development Ongoing - Mattamy Building

Creekview Meadows*	Denton	Single-family	\$420,000	Development Ongoing - HB Building
Duck Point*	Denton	Single-family	\$390,000	Pre-development process.
Edgewood Creek*	Denton	Single-family	\$670,000	Development Ongoing - HB Building
Enchanted Creek	Collin	Single-family	\$1,000,000	Phase 3; Under Development
Entrada at Westlake	Tarrant	Mixed-use	\$1,100,000	Development Ongoing - HB Building
Erwin Farms	Collin	Single-family	\$529,000	Development Ongoing - HB Building
"Faith Ranch* (Taylor Ranch)"	Grayson	Single-family	\$400,000	Pre-development process
Frisco Hills	Denton	Single-family	\$720,000	Development Complete / HB Finishing Up
Harper Estates*	Collin	Single-family	\$1,280,000	PID Bonds issued; Development Ongoing
"Highpoint Village* (Mantua Tract)"				
(Mantua Tract)"	Grayson	Single-family	\$380,000	Pre-development process
Iron Horse Village*	Dallas	Mixed-use	\$250,000	Development Ongoing / HB Complete
Kensington Gardens	Dallas	Single-family	\$750,000	Development Ongoing / HB Building
Lakeside Crossing*	Denton	Townhome/Multi-family	\$365,000	PID Bonds issued; Development Ongoing
Lily Estates at Sutton Fields*	Collin	Single-family	\$500,000	PID Bonds issued; Development Ongoing
Mercer Crossing*	Dallas	Mixed-use	\$590,000	Last Phase Going - HB Building
Mobberly Farms*	Denton	Single-family	\$278,000	Development Ongoing - HB Building
Montalcino Estates	Denton	Single-family	\$1,500,000	Development Ongoing - HB Building
Northlake Estates*	Denton	Single-family	\$570,000	Development Ongoing - HB Building
Polo Ridge*	Kaufman	Single-family	\$480,000	Development Ongoing - HB Building
Saddlebrook Estates	Ellis	Single-family	\$320,000	Next Phase Going Through Engineering
Spiritas Ranch East*	Denton	Single-family	\$390,000	Development Ongoing - HB Building
Spiritas Ranch*	Denton	Single-family	\$460,000	Development Ongoing - HB Building
Sutton Fields East*	Collin	Single-family	\$490,000	PID Bonds issued; Development Ongoing
Sutton Fields*	Denton	Single-family	\$480,000	Development Ongoing - HB Building
Swan Lake Estates	Dallas	Single-family	\$850,000	Pre-development process
Tenison Village at Buckner Terrace	Dallas	Single-family	\$450,000	Development Complete - Builders Finishing Up
The Bridges at Preston Crossings	Grayson	Single-family	\$700,000	Development Ongoing; New Phase Being Developed
"The Estates at Eagle Mountain* (Sheelin)"				
(Sheelin)"	Tarrant	Single-family	\$490,000	Pre-development process.
The Resort on Eagle Mountain Lake	Tarrant	Single	\$550,000	Development Ongoing - Builder Doing Takedowns
Thunder Rock*	Burnet	Mixed-use	\$320,000	Development Ongoing - HB Building
Travis Ranch	Kaufman	Single-family	\$290,000	Development Ongoing - HB Building
University Hills	Dallas	Single-family	\$390,000	Pre-development process

Valencia on the Lake*	Denton	Single-family	\$500,000	Next Phase Going Through Engineering
Verandah	Rockwall	Single-family	\$250,000	Development Ongoing - HB Building
Wade Settlement	Collin	Single-family	\$600,000	Last Phase Going - Mattamy Building
Walden Pond	Kaufman	Single/Multi-family	\$320,000	Development Ongoing - HB Building
Water's Edge	Denton	Single/Multi-family	\$450,000	Development Ongoing - HB Building
Waterfront at Enchanted Bay	Tarrant	Single-family	\$400,000	Phase 1: Started 5/2005 * Phase 1: Delivered 2/2007 Phase 2: Being Engineered
Whitewing Trails*	Collin	Single-family/Multi-family	\$400,000	Development Ongoing - HB Building
Barcelona	Collin	Single-family	\$450,000	Development Complete / HB Complete
Bloomridge	Collin	Single-family	\$400,000	Development Complete / HB Complete
Bonds Ranch	Tarrant	Single-family	\$250,000	Purchased all Finished Lots / All Lots sold in Q4 2017
Brookfield	Denton	Single-family	\$280,000	Sold Land
Carter Ranch	Collin	Single-family	\$250,000	Development Complete / HB Complete
Chateaus of Coppell	Dallas	Single-family	\$1,300,000	Development Ongoing - HB Building
Creeks of Legacy	Denton/Collin	Single-family	\$450,000	Development Complete / HB Complete
Crestview at Prosper Creek	Collin	Single-family	\$350,000	Complete - Megatel Finishing Construction
Crown Valley	Parker	Single-family	\$350,000	Development Complete / Sold Phase / Pod Sale
Deer Creek North	Tarrant	Single-family	\$225,000	Development Complete / HB Complete
Dominion Estates	Tarrant	Single-family	\$225,000	Development Complete / HB Complete
Dove Creek	Collin	Single-family	\$450,000	Development Complete / HB Complete
Estancia	Tarrant	Single-family	\$550,000	Development Complete / HB Complete
Estancia Estates	Denton	Single-family	\$500,000	Development Complete / HB Complete
Falls of Prosper	Collin	Single-family	\$500,000	Development Complete / HB Complete
Founders Parc	Tarrant	Single/Multi-family	480,000	Development Complete / HB Complete
Frisco Ranch	Denton	Single-family	\$350,000	Development Complete / HB Complete
Garden Springs	Tarrant	Single-family	\$300,000	Development Complete / HB Complete
Hickory Farms*	Dallas	Single-family	TBD	Development Complete / HB Complete
Highlands Glen	Denton	Single-family	\$400,000	Development Complete / HB Complete
Hills of Lake Country	Tarrant	Single-family	\$250,000	Development Complete / HB Complete
Hillstone Pointe*	Denton	Single-family	\$350,000	Phase 1: Delivered 12/2017, Remainder Raw Land Sold to Horton & Lennar
Kings Ridge (Denton)	Denton	Single/Multi-family	\$250,000	Sold Land to DR Horton
Knox Ranch	Hood	Mixed-use	\$550,000	HB Complete
Lakewood Hills	Denton	Single-family	\$550,000	Development Complete / HB Complete
Lexington Parke	Travis	Single-family	\$250,000	Development Complete / HB Complete
Llano Springs	Tarrant	Single-family	\$250,000	Development Complete / HB Complete
McKinney Greens	Collin	Single-family	\$250,000	Development Complete / HB Complete

Mountain Creek	Dallas	Multi-family	\$325,000	Development Complete / HB Complete
Northpointe Crossing	Collin	Single-family	\$200,000	Development Complete / HB Complete
Oak Hollow	Collin	Single-family	\$200,000	Development Complete / HB Complete
Ownsby Farms	Collin	Single-family	\$400,000	Development Complete / HB Complete
Palomar Estates	Tarrant	Single-family	\$850,000	Development Complete / HB Complete
Preston Hills	Collin	Single-family	\$400,000	Development Complete / HB Complete
Prestwyck	Collin	Mixed-use	\$390,000	Development Complete / HB Complete
Residences at the Stoneleigh	Dallas	Condo	\$750,000	Development Complete
Rolling Meadows	Tarrant	Single-family	\$300,000	Phase 1: Completed * Phase 2A2 & 3 HB Completed
Rosemary Ridge	Tarrant	Single-family	\$300,000	Development Complete / HB Complete
Rough Hollow	Travis	Single-family	\$600,000	Development Complete / HB Complete
Sendera Ranch	Tarrant	Single-family	\$300,000	Centurion Owns Future Land / Banking Land
Shahan Prairie	Denton	Single-family	\$250,000	Sold Land
Shale Creek	Wise	Single-family	\$250,000	Development Complete / HB Complete
Silver Ridge	Tarrant	Single-family	\$300,000	Development Complete / HB Complete
Spring Creek	Tarrant	Single-family	\$300,000	Development Complete / HB Complete
Steeplechase	Denton	Single-family	\$500,000	Development Complete / HB Complete
Sweetwater Crossing	Collin	Single-family	\$250,000	Development Complete / HB Complete
Terracina	Denton	Single-family	\$500,000	Completed
The Dominion	Dallas	Single-family	\$350,000	Development Complete / HB Complete
The Highlands at Trophy Club	Denton	Single-family	\$350,000	Development Complete / HB Complete
The Villas at Twin Creeks	Collin	Single-family	\$400,000	Completed
The Villas of Indian Creek	Denton	Single-family	\$300,000	Development Complete / HB Complete
Thornbury	Travis	Single-family	\$300,000	Development Complete / HB Complete
University Place	Dallas	Single-family	\$500,000	Development Complete / HB Complete
Villages of Woodland Springs	Tarrant	Single-family	\$250,000	Development Complete / HB Complete
Water's Edge at Hogan's Glen	Denton	Single-family	\$580,000	Completed/Ashton Finishing Construction
Windmill Farms	Kaufman	Single-family	\$300,000	HB Complete
Williamsburg	Rockwall	Single-family	\$350,000	Development Complete / HB Complete
Winn Ridge*	Denton	Single-family	\$350,000	Development Complete / HB Complete

* — developments utilizing public improvement districts

Executive Biography

Mehrdad Moayed is the President and Chief Executive Officer of Centurion. Mr. Moayed has more than thirty years of direct experience in the development industry. With a background in construction and real estate, Mr. Moayed employs a comprehensive approach to each Centurion development. Mr. Moayed has extensive knowledge of the interconnection of all parts of residential real estate development, which provides Centurion with a unique advantage over other residential developers.

Before forming Centurion in 1990, Mr. Moayed completed several construction and fee development projects in Northeast Tarrant County, Texas subdivisions as well as various construction and remodeling projects.

Centurion has become broadly diversified, with residential developments ranging from upscale high-rise residential towers to affordable housing communities for first-time home buyers.

General Development Financing by Centurion

Centurion and its various affiliated special purpose entities, including the Developer, utilize a variety of funding sources for the purchase of land and subsequent development or redevelopment thereof. Typically, the applicable Centurion affiliate will obtain an acquisition loan from a lender to fund the acquisition of land. To fund horizontal development of such land, Centurion affiliates use a combination of developer equity, builder earnest money, builder payments under lot contracts, development loans from lending institutions, incentives from local governments (including tax increment grants), public/private partnerships, funds from tax-exempt bonds issued by local governments and backed by special assessments on the developable land and other sources of capital.

In 2021, Centurion completed a financing (the “Financing”) under which acquisition loans relating to certain projects (the “Financing Projects”) owned by various Centurion affiliates were refinanced with the proceeds of securities issued by an unaffiliated newly-formed limited liability company created for the purpose of (i) acquiring the property relating to such Financing Projects, (ii) providing funds for limited infrastructure development by the Centurion affiliates related to such Financing Projects and (iii) issuing the bonds secured by inter alia, the property relating to such Financing Projects and certain proceeds derived from lot contracts relating to such Financing Projects. The Financing was completed for the purpose of refinancing loans related to the Financing Projects at a lower rate and achieving debt service savings, terminating certain covenants and freeing up certain collateral related to the refinanced loans, and providing additional funds for development of a portion of the Financing Projects, which funds are expected to be provided at a lower interest rate than development loans typically available relating to the Financing Projects from traditional lenders. Property relating to the Financing Projects is cross-collateralized under the Financing.

History and Financing of the District

The Developer purchased the land comprising the District in September 2021 from Grandscape at a purchase price of \$5,000,000. The acquisition of the land comprising the District was funded by the TREZ Loan and Developer equity. The Developer refinanced the TREZ Loan with the b1 Loan in March 2024.

The Developer subsequently refinanced the b1 Loan with the Liberty Loan in October 2024. The Liberty Loan is currently in the name of the Developer and an additional Centurion affiliated entity, MM Mantua, and pursuant to the Loan Agreement, currently may provide funds for the development of both the District and the MM Mantua Property. The Liberty Loan allows advances up to \$26,000,000. As of January 31, 2025, the Liberty Loan has an outstanding balance of \$12,029,562.50.

The property in the District and the MM Mantua Property both currently serve as security for the Liberty Loan; however, the Developer expects to modify the Liberty Loan to release the MM Mantua Property as collateral for the Liberty Loan in connection with the release of the Brightland Earnest Money and D.R. Horton Earnest Money and remove MM Mantua as a borrower under the Liberty Loan leaving the full remaining amounts available for use in the District. Such modification and release are expected to occur on or about February 28, 2025. See “THE DEVELOPMENT – Builder Purchase and Sale Agreements.” It is expected that the Brightland Earnest Money and the D.R. Horton Earnest Money (which will collectively equal \$8,000,000) will be used to reduce the principal balance of the Liberty Loan upon the release of such earnest money.

The Liberty Loan bears interest at 8% per annum. Interest payments are due monthly, with the full principal of the Liberty Loan payable at maturity. The Liberty Loan matures on November 1, 2026; however, the Developer may elect to extend the maturity date to November 1, 2027 upon written notice to Liberty and a payment of 1% of the outstanding principal balance of the Liberty Loan. The Liberty Loan is also guaranteed by Mehrdad Moayedi.

The PID Act provides that the Assessment Lien is a first and prior lien against the assessed property within the District, and is superior to all other liens and claims except liens or claims for State, county, school district, or municipality ad valorem taxes. Additionally, at or prior to delivery of the Bonds, Liberty shall consent to and acknowledge the creation of the District, the levy of the Assessments and the subordination of the lien securing the

Liberty Loan to the assessment liens on property within the District securing payment of the Assessments. As a result, the lien on the property within the District securing the Assessments will have priority over the liens on the property within the District securing the Liberty Loan and the lien securing the earnest money deed of trusts.

THE ADMINISTRATOR

The following information has been provided by MuniCap, Inc., as the Administrator. Certain of the following information is beyond the direct knowledge of the City and the Underwriter, and neither the City nor the Underwriter have any way of guaranteeing the accuracy of such information.

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

MuniCap is a public finance consulting firm with a specialized consulting practice providing services related to the formation and administration of special tax and special assessment districts. MuniCap currently acts as the administrator for over 275 special assessment and taxing districts in 26 states, including Texas. MuniCap periodically donates to certain charitable or public events hosted by the City.

APPRAISAL

General. Integra Realty Resources - Dallas (the “Appraiser”) prepared an appraisal report (the “Appraisal”) for the District at the request of the City dated January 13, 2025, based upon a physical inspection of the District conducted on November 26, 2024. 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.”

Value Estimates. The Appraiser estimated the prospective market value at completion of the Authorized Improvements of the fee simple interest in the property located in the District.

The Appraiser estimated the prospective market value at completion of the fee simple interest in the tracts of land comprising the District under certain extraordinary assumptions described therein. The Appraisal does not reflect the value of the District as if sold to a single purchaser in a single transaction. See “THE AUTHORIZED IMPROVEMENTS” and “THE DEVELOPMENT — Development Plan.” The Appraisal does not reflect the as-is condition of the District. See “APPENDIX F — Appraisal.”

The value estimate for the 448 single family residential lots within the District using the methodologies described in the Appraisal and subject to the limiting conditions and assumptions set forth in the Appraisal as of October 1, 2026, is \$43,730,000.

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

BONDHOLDERS' RISKS

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

General

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

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

The rate of development of the property in the District is directly related to the vitality of the residential housing industry. In the event that the sale of the lands within 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 the Assessments are billed to property owners in 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 and the Administrative Expenses for such year. See “ASSESSMENT PROCEDURES” herein. The unwillingness or inability of a property owner to pay regular property tax bills as evidenced by property tax delinquencies may also indicate an unwillingness or inability to make regular property tax payments and Annual Installments of Assessment payments in the future.

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

Upon an ad valorem tax lien foreclosure event of a property within the 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 the 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, the 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 Texas law whether or not Pre-existing Homestead Rights would prevent the Assessment Lien from attaching to such homestead property or instead cause the Assessment Lien to attach, but remain subject to, the Pre-existing Homestead Rights.

Under Texas law, in order to establish homestead rights, the claimant must show a combination of both overt acts of homestead usage and intention on the part of the owner to claim the land as a homestead. Mere ownership of the property alone is insufficient and the intent to use the property as a homestead must be a present one, not an intention to make the property a homestead at some indefinite time in the future. As of the date of adoption of the Assessment Ordinance, no such homestead rights will have been claimed. Furthermore, the Developer is not eligible to claim homestead rights and the Developer has represented that it will own all property within 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 Liens may be foreclosed upon by the City.

Failure by owners of the parcels to pay Annual Installments when due, depletion of the Reserve Fund, delay in foreclosure proceedings, or inability of the City to sell parcels which have been subject to foreclosure proceedings for amounts sufficient to cover the delinquent installments of 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 THE DISTRICT.

Exceedance of Maximum Assessment Could Trigger Assessment Prepayment and Optional Redemption

The Service and Assessment Plan establishes a “Maximum Assessment” for each 50’ lot type in District, which Maximum Assessment is currently calculated at \$70,468.75*. See “APPENDIX C — Form of Service and Assessment Plan.”

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

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

Competition

The housing industry in the Dallas-Fort Worth area is very competitive, and none of the 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</u>	<u>Prices</u>
Bryson Ranch	3,173	2.5	CADG	Starting at \$405,000
Creekview Meadows	2,227	2	CADG	Starting at \$380,000
Mobberly Farms	2,028	1.5	CADG	Starting at \$250,000
Sandbrock Ranch	2,760	6.0	Horizon/Deer Creek Development	\$450,000-\$950,000
High Pointe Ranch	1,450	1.0	Lennar	\$300,000-\$450,000

* Preliminary; subject to change.

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 the District do not provide the required notice and prospective purchasers of property within 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 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 C – 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 the District to pay the Assessments.

Risks Related to Current Increase in Costs of Building Materials

As a result of low supply, high demand, and the ongoing trade war, there have been substantial increases in the cost of materials, causing many homebuilders and general contractors to experience budget overruns. If the construction costs associated with completing homes in the District are substantially higher than the estimated costs or if the homebuilders within the District are unable to access building materials in a timely manner, it may affect the ability of such homebuilders in 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 the District.

TIRZ Annual Credit Amount and Marketing of the Development

The TIRZ Revenues are generated only from ad valorem taxes levied and collected by the City on the captured appraisal value in the TIRZ in any year. Any delay or failure by the Developer to develop the District may result in a reduced amount of the TIRZ Revenues being available to credit the Assessments. TIRZ Revenues generated from the captured appraised value for each parcel in the TIRZ during the development of such parcel will result in a TIRZ Annual Credit Amount which is not sufficient to achieve the Target Net Annual Installment for each Assessed Property. The TIRZ Annual Credit Amount will likely not provide for the Target Net Annual Installment until the second year that a home on such parcel is assessed. See “OVERLAPPING TAXES AND DEBT.”

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

Loss of Tax Exemption

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

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

Bankruptcy

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

Depletion of Bond Reserve Account of the Reserve Fund

Failure of the owners of property within the District to pay the Assessments when due could result in the rapid, total depletion of the Bond 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 Bond Reserve Account of the Reserve Fund. The Indenture provides that if, after a withdrawal from the Bond Reserve Account of the Reserve Fund, the amount in the Bond Reserve Account of the Reserve Fund is less than the Bond Reserve Account Requirement, the Trustee shall transfer an amount from the Pledged Revenue Fund to the Bond

Reserve Account of the Reserve Fund sufficient to cure such deficiency, as described under “SECURITY FOR THE BONDS — Bond Reserve Account of the Reserve Fund” herein.

Hazardous Substances

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

The value of the land within the District does not take into account the possible liability of the Developer for the remediation of a hazardous substance condition on the property in 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 the District resulting from the existence, currently, of a substance presently classified as hazardous but which has not been released or the release of which is not presently threatened, or may arise in the future resulting from the existence, currently, on the parcel of a substance not presently classified as hazardous but which may in the future be so classified. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling it. The actual occurrence of any of these possibilities could significantly negatively affect the value of a parcel that is realizable upon a foreclosure.

See “THE DEVELOPMENT – Environmental” for discussion of the Phase One ESA performed on property within the District.

Exercise of Third Party Property Rights

As described herein under “THE DEVELOPMENT –Mineral Rights,” there are certain Third Party Property Rights reservations located within the District and not owned by the Developer. 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 Denton 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 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 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 25% of the owners of the Bonds then Outstanding, the Trustee shall proceed to protect and enforce its rights and the rights of the owners of

the Bonds under the Indenture by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, either for mandamus or the specific performance of any covenant or agreement contained therein or in aid or execution of any power granted or for the enforcement of any proper legal or equitable remedy, as the Trustee shall deem most effectual to protect and enforce such rights. The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the City's obligations under the Bonds or the Indenture and such obligations are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles, so rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The owners of the Bonds cannot themselves foreclose on property within the District or sell property within the District in order to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the owners of the Bonds further may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the City. In this regard, should the City file a petition for protection from creditors under federal bankruptcy laws, the remedy of mandamus or the right of the City to seek judicial foreclosure of its Assessment Lien would be automatically stayed and could not be pursued unless authorized by a federal bankruptcy judge. See "BONDHOLDERS' RISKS — Bankruptcy Limitation to Bondholders' Rights" herein.

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

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

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 State's immunity is not an efficient way to ensure efficient allocation of State 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 the event of a payment default or other default under the terms of the Bonds or the Indenture.

Bankruptcy Limitation to Bondholders' Rights

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

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

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. It cannot be predicted if the IRS could audit the Bonds or what the result would be of any such audit. If an audit of the Bonds is commenced, under current procedures parties other than the City would have little, if any, right to participate in the audit process. Moreover, because achieving judicial review in connection with an audit of tax-exempt obligations is difficult, obtaining an independent review of IRS positions with which the City legitimately disagree, may not be practicable. Any action of the IRS, regardless of the outcome, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of obligations presenting similar tax issues, may affect the market price for, or the marketability of, the Bonds. Finally, if the IRS ultimately determines that the interest on the Bonds is not excluded from the gross income of Bondholders for federal income tax purposes, the City may not have

the resources to settle with the IRS, the Bonds are not required to be redeemed, and the interest rate on the Bonds will not increase.

Management and Ownership

The management and ownership of the 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

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 allows the applicable lot purchaser to terminate its obligation to purchase lots from the Developer and obtain its earnest money deposit back. See "THE DEVELOPMENT – Builder Purchase and Sale Agreements" 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.

Availability of Utilities

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

Dependence Upon Developer

The Developer, as the owner of all property in 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.

Moreover, the City will pay the Developer, or the Developer's designee, from proceeds of the Bonds for project costs actually incurred in developing and constructing the Authorized Improvements within the District. See "THE AUTHORIZED IMPROVEMENTS – General" and "THE DEVELOPMENT – Development Plan." There can be no assurances given as to the financial ability of the Developer to complete such improvements.

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 prior sessions and interim business of the Texas legislature, various proposals and reports have been presented by committees of the Texas Senate and the Texas House of Representatives which suggest or recommend changes to the PID Act relating oversight of bonds secured by special assessments including adopting requirements relating to levels of build out or adding state level oversight in connection with the issuance of bonds secured by special assessments under the PID Act. The 89th Legislative Session of the State began on January 14, 2025. To date, no legislation has been introduced to act on such recommendations; however, it is impossible to predict what new proposals may be presented regarding the PID Act and the issuance of special assessment bonds during any upcoming legislative sessions, whether such new proposals or any previous proposals regarding the same will be adopted by the Texas Senate and House of Representatives and signed by the Governor, and, if adopted, the form thereof. It is impossible to predict with certainty the impact that any such future legislation will or may have on the security for the Bonds.

Developer Principal Financial Relationships

No assurances can be given as to the result of the following lawsuits or any charges related thereto or the impact, if any, of such result on one or more of Mehrdad Moayedi ("Moayedi"), the operations of Centurion, and the Developer's ability to continue funding the Development.

Investigation of United Development Funding. Subsidiaries of Centurion American are involved in the development of master planned residential community and mixed-use projects. Some of these projects have previously been developed using funding provided by various entities associated with United Development Funding ("UDF"), including United Development Funding IV, a publicly traded real estate investment trust ("UDF IV"). In connection with governmental investigations of UDF (the "UDF Investigations"), Centurion and some of its employees were contacted in mid-2016 to provide certain information to such governmental fact-finders as part of an information gathering process on the UDF Investigations. Centurion and its employees fully complied with the information gathering process. Neither Centurion nor any of its employees or affiliates have received any information indicating that they are either targets or subjects of any governmental investigation.

Megatel Homes III, LLC v. Wilbow-Windhaven Development Corporation v. Centurion Windhaven, LP, et al.: in Denton County Texas. Plaintiff Megatel Homes III, LLC ("Megatel") brought claims against both Defendant Wilbow Windhaven Development Corp. ("Wilbow"), Defendant Centurion Acquisitions, LP ("CA"), and Defendant CADG Windhaven, LLC ("CADG," collectively with CA, "Centurion Defendants"). Megatel's claims against Wilbow consist of request for Declaratory Judgment; Breach of Contract; and Indemnity. Megatel's claims against CA and CADG consist of Breach of Contract; Fraud; and Indemnity. A Motion to Expunge Lis Pendens was granted by court on October 2, 2020. Megatel re-filed the Lis Pendens and Wilbow filed a Motion to Expunge. The court granted the Motion to Expunge the Lis Pendens on May 19, 2021. A trial date is for June 9, 2025.

Megatel Claims. Megatel has brought additional causes of action against Moayedi, Centurion (and certain of its affiliates) and UDF as listed below. Megatel has asserted various allegations of fraud, RICO violations,

conspiracy, breach of fiduciary duty, and others in what Centurion believes to be an attempt to force Moayed, Centurion and UDF to settle with Megatel. In addition to the filing of the below lawsuits, Megatel has also filed Lis Pendens against property owned by third-parties, has sent letters to Megatel's competitors attempting to interfere with their relationship with Centurion and has possibly partnered with parties believed to be adversarial to Moayed, Centurion and UDF. Centurion continues to aggressively fight against these actions and against what it believes to be the baseless claims made in the lawsuits.

1. *Cause No. 3:20-CV-00688-L: Megatel Homes, LLC, et al. v. Mehrdad Moayed, et al., in U.S. District Court, Northern District of Texas.*

Agricultural Use Valuation and Redemption Rights

The majority of the property within the District is currently entitled to valuation for ad valorem tax purposes based upon its agricultural use. Under Texas law, an owner of land that is entitled to an agricultural valuation has the right to redeem such property after a tax sale for a period of two years after the tax sale by paying to the tax sale purchaser a 25% premium, if redeemed during the first year, or a 50% premium, if redeemed during the second year, over the purchase price paid at the tax sale and certain qualifying costs incurred by the purchaser. Although Assessments are not considered a tax under Texas law, the PID Act provides that the lien for Assessments may be enforced in the same manner as a lien for ad valorem taxes. This shared enforcement mechanism raises a possibility that the right to redeem agricultural valuation property may be available following a foreclosure of a lien for Assessments, though there is no indication in Texas law that such redemption rights would be available in such a case.

The Developer expects that the agricultural use valuation within the District will terminate in 2025.

Use of Appraisal

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

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

Risk from Weather Events

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

100-Year Flood Plain

Approximately 94.7 acres within the District are located within an official FEMA 100-year flood plain as shown on FEMA FIRM No. 48121C0270G, dated April 18, 2011. The Reclaimed Land, consisting of approximately 26.4 acres of the land within the flood plain, is expected to be reclaimed for lot development. The remaining

approximately 68.3 acres of undeveloped floodplain will be dedicated to the City as park land. The Developer expects to apply for a LOMR after completion of construction of the improvements.

The property in the District is also adjacent to a regulatory floodway for Mustang Creek on the east, south, and western sides of the District.

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 has covenanted (subject to provisions set forth in the Indenture) to order and cause such actions to be commenced. In the event a foreclosure is necessary, there could be a delay in payments to owners of the Bonds pending prosecution of the foreclosure proceedings and receipt by the City of the proceeds of the foreclosure sale. It is possible that no bid would be received at the foreclosure sale, and, in such event, there could be an additional delay in payment of the principal of and interest on the Bonds or such payment may not be made in full. Moreover, in filing a suit to foreclose, the City must join other taxing units that have claims for delinquent taxes against all or part of the same property; the proceeds of any sale of property within the 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 foreclose 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 the District subject to the Assessments, existing real estate and financial market conditions and other factors.

TAX MATTERS

The following discussion of certain federal income tax considerations is for general information only and is not tax advice. Each prospective purchaser of the Bonds should consult its own tax advisor as to the tax consequences of the acquisition, ownership and disposition of the Bonds.

Tax Exemption

In the opinion of Bond Counsel, under existing law, interest on the Bonds (i) is excludable from gross income for federal income tax purposes under section 103 of the Code, and (ii) is not an item of tax preference for purposes of the alternative minimum tax on individuals.

The Code imposes a number of requirements that must be satisfied for interest on state or local obligations, such as the Bonds, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of bond proceeds and the source of repayment of bonds, limitations on the investment of bond proceeds prior to expenditure, a requirement that excess arbitrage earned on the investment of bond proceeds be paid periodically to the United States and a requirement that the issuer file an information report with the IRS. The City has covenanted in the Indenture that it will comply with these requirements.

Bond Counsel's opinion will assume continuing compliance with the covenants of the Indenture pertaining to those sections of the Code that affect the excludability of interest on the Bonds from gross income for federal income tax purposes and, in addition, will rely on representations by the City and other parties involved with the issuance of the Bonds, with respect to matters solely within the knowledge of the City and such parties, which Bond Counsel has not independently verified. If the City fails to comply with the covenants in the Indenture or if such representations are determined to be inaccurate or incomplete, interest on the Bonds could become includable in gross income from the date of delivery of the Bonds, regardless of the date on which the event causing such inclusion occurs.

Bond Counsel will express no opinion as to the amount or timing of interest on the Bonds or, except as stated above, to any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or acquisition, ownership or disposition of, the Bonds. Certain actions may be taken or omitted subject to the terms and conditions set forth in the Indenture upon the advice or with the approving opinion of Bond Counsel. Bond Counsel will express no opinion with respect to Bond Counsel's ability to render an opinion that such actions, if taken or omitted, will not adversely affect the excludability of interest of the Bonds from gross income for federal income tax purposes.

Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on Bond Counsel's knowledge of facts as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, Bond Counsel's opinions are not a guarantee of result and are not binding on the IRS; rather, such opinions represent Bond Counsel's legal judgment based upon its review of existing law and in reliance upon the representations and covenants referenced above that it deems relevant to such opinions. The IRS has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given as to whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the IRS is likely to treat the City as the taxpayer and the Owners may not have a right to participate in such audit. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds regardless of the ultimate outcome of the audit.

Additional Federal Income Tax Considerations

Collateral Tax Consequences. Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences, including but not limited to those noted below. Therefore, prospective purchasers of the Bonds should consult their own tax advisors as to the tax consequences of the acquisition, ownership and disposition of the Bonds.

An "applicable corporation" (as defined in section 59(k) of the Code) may be subject to a 15% alternative minimum tax imposed under section 55 of the Code on its "adjusted financial statement income" (as defined in section 56A of the Code) for such taxable year. Because interest on tax-exempt obligations, such as the Bonds, is included in a corporation's "adjusted financial statement income," ownership of the Bonds could subject certain corporations to alternative minimum tax consequences.

Ownership of tax-exempt obligations also may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, low and middle income taxpayers otherwise qualifying for the health insurance premium assistance credit and individuals otherwise qualifying for the earned income tax credit. In addition, certain foreign corporations doing business in the United States may be subject to the "branch profits tax" on their effectively connected earnings and profits, including tax-exempt interest such as interest on the Bonds.

Prospective purchasers of the Bonds should also be aware that, under the Code, taxpayers are required to report on their returns the amount of tax-exempt interest, such as interest on the Bonds, received or accrued during the year.

Tax Accounting Treatment of Original Issue Premium. If the issue price of a maturity of the Bonds exceeds the stated redemption price payable at maturity of such Bonds, such Bonds (the “Premium Bonds”) are considered for federal income tax purposes to have “bond premium” equal to the amount of such excess. The basis of a Premium Bond in the hands of an initial owner is reduced by the amount of such excess that is amortized during the period such initial owner holds such Premium Bond in determining gain or loss for federal income tax purposes. This reduction in basis will increase the amount of any gain or decrease the amount of any loss recognized for federal income tax purposes on the sale or other taxable disposition of a Premium Bond by the initial owner. No corresponding deduction is allowed for federal income tax purposes for the reduction in basis resulting from amortizable bond premium. The amount of bond premium on a Premium Bond that is amortizable each year (or shorter period in the event of a sale or disposition of a Premium Bond) is determined using the yield to maturity on the Premium Bond based on the initial offering price of such Premium Bond.

The federal income tax consequences of the purchase, ownership and redemption, sale or other disposition of Premium Bonds that are not purchased in the initial offering at the initial offering price may be determined according to rules that differ from those described above. All owners of Premium Bonds should consult their own tax advisors with respect to the determination for federal, state, and local income tax purposes of amortized bond premium upon the redemption, sale or other disposition of a Premium Bond and with respect to the federal, state, local, and foreign tax consequences of the purchase, ownership, and sale, redemption or other disposition of such Premium Bonds.

Tax Accounting Treatment of Original Issue Discount. If the issue price of a maturity of the Bonds is less than the stated redemption price payable at maturity of such Bonds (the “OID Bonds”), the difference between (i) the amount payable at the maturity of each OID Bond, and (ii) the initial offering price to the public of such OID Bond constitutes original issue discount with respect to such OID Bond in the hands of any owner who has purchased such OID Bond in the initial public offering of the Bonds. Generally, such initial owner is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such OID Bond equal to that portion of the amount of such original issue discount allocable to the period that such OID Bond continues to be owned by such owner. Because original issue discount is treated as interest for federal income tax purposes, the discussions regarding interest on the Bonds under the captions “TAX MATTERS – Tax Exemption” and “TAX MATTERS – Additional Federal Income Tax Considerations – Collateral Tax Consequences” and “—Tax Legislative Changes” generally apply and should be considered in connection with the discussion in this portion of the Official Statement.

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

The foregoing discussion assumes that (i) the Underwriter has purchased the Bonds for contemporaneous sale to the public and (ii) all of the OID Bonds have been initially offered, and a substantial amount of each maturity thereof has been sold, to the general public in arm’s-length transactions for a price (and with no other consideration being included) not more than the initial offering prices thereof stated on the inside cover page of this Official Statement. Neither the City nor Bond Counsel has made any investigation or offers any comfort that the OID Bonds will be offered and sold in accordance with such assumptions.

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

and properly adjusted for the length of the accrual period) less (ii) the amounts payable as current interest during such accrual period on such Bond.

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

Tax Legislative Changes. Current law may change so as to directly or indirectly reduce or eliminate the benefit of the excludability of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation, whether or not enacted, could also affect the value and liquidity of the Bonds. Prospective purchasers of the Bonds should consult with their own tax counsel.

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 proceeds of the Pledged Revenues 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.

Bracewell LLP serves as Bond Counsel to the City. Greenberg Traurig, LLP serves as Underwriter's Counsel. The legal fees paid to Bond Counsel and Underwriter's Counsel are contingent upon the sale and delivery of the Bonds.

Legal Opinions

The City will furnish the Underwriter a transcript of certain certified proceedings incident to the authorization and issuance of the Bonds. Such transcript will include a certified copy of the approving opinion of the Attorney General of Texas, as recorded in the Bond Register of the Comptroller of Public Accounts of the State, to the effect that the Bonds are valid and binding special obligations of the City. The City will also furnish the legal opinion of Bond Counsel, to the effect that, based upon an examination of such transcript, the Bonds are valid and binding special obligations of the City under the Constitution and laws of the State. The legal opinion of Bond Counsel will further state that the Bonds, including principal of and interest thereon, are payable from and secured by a pledge of and lien on the Pledged Revenues. Bond Counsel will also provide a legal opinion to the effect that interest on the Bonds will be excludable from gross income for federal income tax purposes under Section 103(a) of the Code, subject to the matters described above under the caption "TAX MATTERS." A copy of the opinion of Bond Counsel is attached hereto as "APPENDIX D — 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 two sentences of the second paragraph)," "LEGAL MATTERS — Legal Opinions," "SUITABILITY FOR INVESTMENT," "CONTINUING DISCLOSURE — The City," "REGISTRATION AND QUALIFICATION OF BONDS FOR SALE," "LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS" and APPENDIX B and such firm is of the opinion that the information relating to the Bonds, the Bond Ordinance, the Assessment Ordinance and the Indenture contained therein fairly and accurately describes the laws and legal issues

addressed therein and, with respect to the Bonds, such information conforms to the Bond Ordinance, the Assessment Ordinance and the Indenture.

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

Litigation — The City

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

Litigation — The 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 general partner or would adversely affect (i) the transactions contemplated by, or the validity or enforceability of, the Bonds, the Indenture, the Bond Ordinance, the Service and Assessment Plan, the Development Agreement, or the Bond Purchase Agreement, or otherwise described in this Limited Offering Memorandum, or (ii) the tax-exempt status of interest on the Bonds (individually or in the aggregate, a “Material Adverse Effect”).

For a description of litigation and other matters related to affiliated entities of Centurion, see “BONDHOLDERS’ RISKS — Developer Principal Financial Relationships.”

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 bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors and enacted before or after such delivery.

NO RATING

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

CONTINUING DISCLOSURE

The City

Pursuant to Rule 15c2-12 of the Securities and Exchange Commission (the “Rule”), the City and Wilmington Trust, National Association (in such capacity, the “Dissemination Agent”) will enter into a Continuing Disclosure Agreement (the “Disclosure Agreement of the Issuer”) for the benefit of the Owners of the Bonds (including owners of beneficial interests in the Bonds), to provide, by certain dates prescribed in the Disclosure Agreement of the Issuer, 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 E-1 — Form of Disclosure Agreement of the Issuer.” Under certain circumstances, the failure of the City to comply with its obligations under the Disclosure Agreement of the Issuer constitutes an event of default thereunder. Such a default will not constitute an event of default under the Indenture, but such event of default under the Disclosure Agreement of the Issuer 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 Disclosure Agreement of the Issuer. 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 Disclosure Agreement of the Issuer. 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 Disclosure Agreement of the Issuer or from any statement made pursuant to the Disclosure Agreement of the Issuer.

The City’s Compliance with Prior Undertakings

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

The Developer

Developer, MuniCap and the Dissemination Agent will enter into a Continuing Disclosure Agreement (the “Disclosure Agreement of Developer”) for the benefit of the Owners of the Bonds (including owners of beneficial interests in the Bonds), to provide, by certain dates prescribed in the Disclosure Agreement of Developer, certain information regarding the District and the Authorized Improvements (collectively, the “Developer Reports”). The specific nature of the information to be contained in the Developer Reports is set forth in “APPENDIX E-2 — Form of Disclosure Agreement of Developer.” Under certain circumstances, the failure of Developer to comply with its obligations under the Disclosure Agreement of Developer constitutes an event of default thereunder. Such a default will not constitute an event of default under the Indenture, but such event of default under the Disclosure Agreement of Developer would allow the Owners of the Bonds (including owners of beneficial interests in the Bonds) to bring an action for specific performance.

Developer has agreed to (i) prepare and provide certain updated information in report form to the Dissemination Agent and (ii) provide notices of certain specified events, only as provided in the Disclosure Agreement of Developer. Developer has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is

provided in this Limited Offering Memorandum, except as provided in the Disclosure Agreement of Developer. 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. Developer disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of the Disclosure Agreement of Developer or from any statement made pursuant to the Disclosure Agreement of Developer.

The Developer's Compliance with Prior Undertakings

The Developer has not previously 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 \$_____ (representing the aggregate principal amount of the Bonds, less an underwriting discount of \$_____, which includes the fees of Underwriter's Counsel in the amount of \$___). The Underwriter's obligations are subject to certain conditions precedent and if obligated to purchase any of the Bonds the Underwriter will be obligated to purchase all of the Bonds. The Bonds may be offered and sold by the Underwriter at prices lower than the initial offering prices stated on the inside cover page hereof, and such initial offering prices may be changed from time to time by the Underwriter.

REGISTRATION AND QUALIFICATION OF BONDS FOR SALE

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

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

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

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

INVESTMENTS

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

Under State law, the City is authorized to make investments meeting the requirements of the PFIA, which currently include (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which is guaranteed or insured by or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than “A” or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor, or the National Credit Union Share Insurance Fund or its successor; (8) interest-bearing banking deposits other than those described by clause (7) if (A) the funds invested in the banking deposits are invested through: (i) a broker with a main office or branch office in this state that the City selects from a list the governing body or designated investment committee of the City adopts as required by Section 2256.025, Texas Government Code; or (ii) a depository institution with a main office or branch office in this state that the City selects; (B) the broker or depository institution selected as described by (A) above arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the City’s account; (C) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and (D) the City appoints as the City’s custodian of the banking deposits issued for the City’s account: (i) the depository institution selected as described by (A) above; (ii) an entity described by Section 2257.041(d), Texas Government Code; or (iii) a clearing broker dealer registered with the SEC and operating under SEC Rule 15c3-3; (9) (i) certificates of deposit or share certificates meeting the requirements of the PFIA that are issued by an institution that has its main office or a branch office in the State and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, or their respective successors, or are secured as to principal by obligations described in clauses (1) through (8) or in any other manner and provided for by law for City deposits, or (ii) certificates of deposits where (a) the funds are invested by the City through (A) a broker that has its main office or a branch office in the State and is selected from a list adopted by the City as required by law, or (B) a depository institution that has its main office or branch office in the State that is selected by the City, (b) the broker or the depository institution selected by the City arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the City, (c) the full amount of the principal and accrued interest 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 SEC and operating pursuant to SEC Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the City with respect to the certificates of deposit; (10) fully collateralized repurchase agreements that have a defined termination date, are secured by a combination of cash and obligations described in clause (1) above, clause (12) below, require the securities being purchased by the City or cash held by the City to be pledged to the City, held in the City’s name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City, and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (11) certain bankers’ acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least “A-1” or “P-1” or the equivalent by at least one nationally recognized credit rating agency; (12) commercial paper with a stated maturity of 365 days or less that is rated at least “A-1” or “P-1” or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank; (13) no-load money market mutual funds registered with and regulated by the United States SEC that provide the City with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940 and that comply with federal SEC Rule 2a-7 (17 C.F.R. Section 270.2a-7), promulgated under the Investment Company Act of 1940 (15 U.S.C. Section 80a-1 et seq.); and (14) no-load mutual funds registered with the SEC that have an average weighted maturity of less than two years, and either (a) a duration of one year or more and invest exclusively in obligations described in under this heading, or (b) a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities, other than the prohibited obligations described below, in an amount at

least equal to the amount of bond proceeds invested under such contract and are pledged to the City and deposited with the City or a third party selected and approved by the City.

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

Political subdivisions such as the City are authorized to implement securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (8) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than “A” or its equivalent or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (12) through (14) above, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the City, held in the City’s name and deposited at the time the investment is made with the City or a third party designated by the City; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State; and (iv) the agreement to lend securities has a term of one year or less.

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

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

Under State law, the City is additionally required to: (1) annually review its adopted policies and strategies; (2) adopt by written instrument a rule, order, ordinance or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the respective rule, order, ordinance or resolution; (3) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the City to disclose the relationship and file a statement with the

Texas Ethics Commission and the City Council; (4) require the qualified representative of firms offering to engage in an investment transaction with the City to: (a) receive and review the City's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the City and the business organization that are not authorized by the City's investment policy (except to the extent that this authorization is dependent on an analysis of the makeup of the entity's entire portfolio, requires an interpretation of subjective investment standards or relates to investment transactions of the entity that are not made through accounts or other contractual arrangements over which the business organization has accepted discretionary investment authority), and (c) deliver a written statement in a form acceptable to the City and the business organization attesting to these requirements; (5) in conjunction with its annual financial audit, perform a compliance audit of the management controls on investments and adherence to the City's investment policy; (6) provide specific investment training for the Treasurer, chief financial officer and investment officers; (7) restrict reverse repurchase agreements to not more than ninety (90) days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse purchase agreement; (8) restrict the investment in no-load mutual funds in the aggregate to no more than fifteen percent (15%) of the City's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service; (9) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements; and (10) at least annually review, revise and adopt a list of qualified brokers that are authorized to engage in investment transactions with the City.

INFORMATION RELATING TO THE TRUSTEE

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

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

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

SOURCES OF INFORMATION

General

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

documents. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information.

The information contained in this Limited Offering Memorandum relating to the description of the Authorized Improvements generally and, in particular, the information included in the sections captioned “PLAN OF FINANCE — Development Plan and Plan of Finance,” “THE AUTHORIZED IMPROVEMENTS,” “THE DEVELOPMENT,” “THE DEVELOPER,” “BONDHOLDERS’ RISKS” (only as it pertains to the Developer and the Authorized Improvements) “LEGAL MATTERS — Litigation — The Developer” and “CONTINUING DISCLOSURE — The Developer” and “ — The Developer’s Compliance with Prior Undertakings,” to the extent such information relates to the Developer and the Authorized Improvements, has been provided by the Developer and the Developer warrants and represents that such information is true and correct and in all material respects does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made herein, in the light of the circumstances under which they were made, not misleading. At the time of delivery of the Bonds to the Underwriter, the 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 MuniCap, Inc. and has been included in reliance upon the authority of such firm as experts in the field of development planning and finance.

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

Updating of Limited Offering Memorandum

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

FORWARD-LOOKING STATEMENTS

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

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

AUTHORIZATION AND APPROVAL

The City Council will approve the form and content of this Preliminary Limited Offering Memorandum and the use thereof by the Underwriter in connection with the marketing and sale of the Bonds. In the Bond Ordinance, the City Council will approve the form and content of the final Limited Offering Memorandum.

APPENDIX A

GENERAL INFORMATION REGARDING THE CITY AND THE SURROUNDING AREA

The following information has been provided for informational purposes only.

The City is located at the intersection of FM 428 and US Hwy 377, in northeast Denton County. The City contains a total land area of approximately 3.01 square miles. The City is approximately 10 miles north of U.S. Highway 380 and 20 miles west of IH 35 on the outskirts of the Dallas-Fort Worth Metroplex. The City is located approximately 21 miles northwest of Frisco, Texas, the nearest major employment center, and approximately 49 miles north of Dallas. The City is approximately 39 miles north of Dallas-Fort Worth International Airport and approximately 43 miles north of Dallas Love Field. The City’s 2020 census population was 5,380. The City’s estimated current population is 9,187.

Historical Employment in Denton County (Average Annual)⁽¹⁾

	Average Annual				
	2024	2022	2021	2020	2019
Civilian Labor Force	587,818	551,484	529,962	511,748	499,264
Total Employed	568,667	533,815	506,554	478,783	484,439
Total Unemployed	19,151	17,669	23,408	32,965	14,825
Unemployment Rate	3.3%	3.2%	4.4%	6.4%	3.0%

⁽¹⁾ Source: Texas Workforce Commission.

Major Employers in Denton County

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

<u>Employer</u>	<u>Product or Service</u>	<u>Employees</u>
University of North Texas	Education	10,600
Lewisville ISD	Education	6,554
Denton ISD	Education	4,690
Medical City Hospitals	Healthcare	3,729
Peterbilt Motors	Manufacturing	3,375
Texas Women’s University	Education	2,734
City of Denton	City Government	1,967
Denton County	County Government	1,715
Denton State School	Education	1,312
Orthofix	Manufacturing	1,267

Source: Denton County, Texas FY 2023 Comprehensive Annual Financial Report

Surrounding Economic Activity

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

City of Denton		City of Frisco		City of McKinney	
Approximately 10 miles from the City		Approximately 15 miles from the City		Approximately 20 miles from the City	
Employer	Employees	Employer	Employees	Employer	Employees
University of North Texas	8,891	Frisco ISD	8,799	Raytheon Space & Airborne Systems	4,347
Denton ISD	4,431	City of Frisco	1,738	McKinney ISD	2,729
Peterbilt Motors - Headquarters & Plant	2,000	T-Mobile USA	1,332	Collin County	2,034
Denton County	1,822	Keurig Dr Pepper Inc	1,213	Encore Wire Corp.	1,765
Denton State Supported Living Center	1,146	TIAA	906	Globe Life	1,600
City of Denton	1,104	Conifer	903	Independent Financial	1,521
Texas Presbyterian Hospital	1,100	Baylor Scott White/Centennial Hospi	663	City of McKinney	1,508
Texas Womens University	1,077	Dallas Cowboys Football Club	471	Collin College	964
Sally Beauty	1,000	Baylor Medical Center (Warren Pkwy)	460	Baylor	788
Medical City Denton	799	Lexipol		Medical City McKinney	670

City of Plano	
Approximately 25 miles from the City	
Employer	Employees
JP Morgan Chase	9,500
Capital One Finance	7,542
Toyota Motor North America Inc.	4,573
Bank of America	4,500
AT&T Foundry	2,500
Ericsson	2,406
Liberty Mutual Insurance Company	2,385
Medical City Plano	2,332
USAA	2,092
Fannie Mae	2,000

City of Dallas	
Approximately 50 miles from the City	
Employer	Employees
UT Southwestern Medical Center	23,817
Dallas ISD	23,271
City of Dallas	16,000
Southwest Airlines Co	14,618
Parkland Health & Hosp System	13,000
Medical City Dallas	10,974
Dallas County Community College	8,230
Texas Instruments Inc.	7,722
Dallas County	6,500
Methodist Dallas Med Ctr	6,452

Source: Municipal Advisory Council of Texas

APPENDIX B
FORM OF INDENTURE

(THIS PAGE IS INTENTIONALLY LEFT BLANK)

INDENTURE OF TRUST

By and Between

CITY OF AUBREY, TEXAS

and

Wilmington Trust, National Association

as Trustee

DATED AS OF February 15, 2025

SECURING

CITY OF AUBREY, TEXAS

SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025
(DUCK POINT PUBLIC IMPROVEMENT DISTRICT)

TABLE OF CONTENTS

Page

ARTICLE 1

	DEFINITIONS, FINDINGS AND INTERPRETATION	4
Section 1.1	<u>Definitions</u>	4
Section 1.2	<u>Findings</u>	11
Section 1.3	<u>Table of Contents, Titles and Headings</u>	11
Section 1.4	<u>Interpretation</u>	11

ARTICLE 2

	THE BONDS	12
Section 2.1	<u>Security for the Bonds</u>	12
Section 2.2	<u>Limited Obligations</u>	12
Section 2.3	<u>Authorization for Indenture</u>	12
Section 2.4	<u>Contract with Owners and Trustee</u>	12

ARTICLE 3

	AUTHORIZATION; GENERAL TERMS AND PROVISIONS REGARDING THE BONDS	13
Section 3.1	<u>Authorization</u>	13
Section 3.2	<u>Date, Denomination, Maturities, Numbers and Interest</u>	13
Section 3.3	<u>Conditions Precedent to Delivery of Bonds</u>	14
Section 3.4	<u>Medium, Method and Place of Payment</u>	14
Section 3.5	<u>Execution and Registration of Bonds</u>	15
Section 3.6	<u>Ownership</u>	16
Section 3.7	<u>Registration, Transfer and Exchange</u>	16
Section 3.8	<u>Cancellation</u>	17
Section 3.9	<u>Temporary Bonds</u>	17
Section 3.10	<u>Replacement Bonds</u>	18
Section 3.11	<u>Book-Entry Only System</u>	19
Section 3.12	<u>Successor Securities Depository: Transfer Outside Book-Entry-Only System</u>	20
Section 3.13	<u>Payments to Cede & Co</u>	20

ARTICLE 4

	REDEMPTION OF BONDS BEFORE MATURITY	20
Section 4.1	<u>Limitation on Redemption</u>	20
Section 4.2	<u>Mandatory Sinking Fund Redemption</u>	20
Section 4.3	<u>Optional Redemption</u>	22
Section 4.4	<u>Extraordinary Optional Redemption</u>	23
Section 4.5	<u>Partial Redemption</u>	23
Section 4.6	<u>Notice of Redemption to Owners</u>	23
Section 4.7	<u>Payment Upon Redemption</u>	24
Section 4.8	<u>Effect of Redemption</u>	24

TABLE OF CONTENTS
(continued)

	<u>Page</u>
ARTICLE 5	
FORM OF THE BONDS	25
Section 5.1 <u>Form Generally</u>	25
Section 5.2 <u>CUSIP Registration</u>	25
Section 5.3 <u>Legal Opinion</u>	26
ARTICLE 6	
FUNDS AND ACCOUNTS	26
Section 6.1 <u>Establishment of Funds and Accounts</u>	26
Section 6.2 <u>Initial Deposits to Funds and Accounts</u>	27
Section 6.3 <u>Pledged Revenue Fund</u>	27
Section 6.4 <u>Bond Fund</u>	29
Section 6.5 <u>Project Fund</u>	29
Section 6.6 <u>Redemption Fund</u>	30
Section 6.7 <u>Bond Reserve Account</u>	31
Section 6.8 <u>Delinquency and Prepayment Reserve Account</u>	32
Section 6.9 <u>Rebate Fund</u>	33
Section 6.10 <u>Administrative Fund</u>	33
Section 6.11 <u>Investment of Funds</u>	34
Section 6.12 <u>Investment Income</u>	35
Section 6.13 <u>Security of Funds</u>	35
ARTICLE 7	
COVENANTS	35
Section 7.1 <u>Confirmation of Assessments</u>	35
Section 7.2 <u>Collection and Enforcement of Assessments</u>	36
Section 7.3 <u>Against Encumbrances</u>	36
Section 7.4 <u>Records, Accounts, Accounting Reports</u>	36
ARTICLE 8	
FEDERAL INCOME TAX MATTERS	37
Section 8.1 <u>General</u>	37
Section 8.2 <u>No Private Activity Bonds</u>	37
Section 8.3 <u>No Federal Guaranty</u>	37
Section 8.4 <u>No Hedge Bonds</u>	37
Section 8.5 <u>No-Arbitrage</u>	37
Section 8.6 <u>Arbitrage Rebate</u>	37
Section 8.7 <u>Information Reporting</u>	38
Section 8.8 <u>Record Retention</u>	38
Section 8.9 <u>Registration</u>	38
Section 8.10 <u>Favorable Opinion of Bond Counsel</u>	38

TABLE OF CONTENTS
(continued)

	<u>Page</u>
Section 8.11 <u>Continuing Obligation</u>	38
ARTICLE 9	
LIABILITY OF CITY	38
ARTICLE 10	
THE TRUSTEE	40
Section 10.1 <u>Trustee as Registrar and Paying Agent</u>	40
Section 10.2 <u>Trustee Entitled to Indemnity</u>	40
Section 10.3 <u>Responsibilities of the Trustee</u>	40
Section 10.4 <u>Property Held in Trust</u>	45
Section 10.5 <u>Trustee Protected in Relying on Certain Documents</u>	45
Section 10.6 <u>Compensation</u>	46
Section 10.7 <u>Permitted Acts</u>	46
Section 10.8 <u>Resignation of Trustee</u>	47
Section 10.9 <u>Removal of Trustee</u>	47
Section 10.10 <u>Successor Trustee</u>	47
Section 10.11 <u>Transfer of Rights and Property to Successor Trustee</u>	48
Section 10.12 <u>Merger, Conversion or Consolidation of Trustee</u>	48
Section 10.13 <u>Trustee to File Continuation Statements</u>	49
Section 10.14 <u>Accounts, Periodic Reports and Certificates</u>	49
Section 10.15 <u>Construction of Indenture</u>	49
ARTICLE 11	
MODIFICATION OR AMENDMENT OF THIS INDENTURE	49
Section 11.1 <u>Amendments Permitted</u>	49
Section 11.2 <u>Owners' Meetings</u>	50
Section 11.3 <u>Procedure for Amendment with Written Consent of Owners</u>	50
Section 11.4 <u>Effect of Supplemental Indenture</u>	51
Section 11.5 <u>Endorsement or Replacement of Bonds Issued After</u> <u>Amendments</u>	51
Section 11.6 <u>Amendatory Endorsement of Bonds</u>	51
Section 11.7 <u>Execution of Supplemental Indenture</u>	52
ARTICLE 12	
DEFAULT AND REMEDIES	52
Section 12.1 <u>Events of Default</u>	52
Section 12.2 <u>Immediate Remedies for Default</u>	52
Section 12.3 <u>Restriction on Owner's Action</u>	53
Section 12.4 <u>Application of Revenues and Other Moneys After Default</u>	54
Section 12.5 <u>Effect of Waiver</u>	55

TABLE OF CONTENTS
(continued)

	<u>Page</u>
Section 12.6	<u>Evidence of Ownership of Bonds</u>55
Section 12.7	<u>Waiver of Default</u>56
Section 12.8	<u>No Acceleration</u>56
Section 12.9	<u>Mailing of Notice</u>56
Section 12.10	<u>Exclusion of Bonds</u>56
ARTICLE 13	
	GENERAL COVENANTS AND REPRESENTATIONS56
Section 13.1	<u>Representations as to Pledged Revenues</u>56
Section 13.2	<u>General</u>57
ARTICLE 14	
	SPECIAL COVENANTS57
Section 14.1	<u>Further Assurances; Due Performance</u>57
Section 14.2	<u>Additional Obligations; Other Obligations or Other Liens</u>57
Section 14.3	<u>Books of Record</u>58
ARTICLE 15	
	PAYMENT AND CANCELLATION OF THE BONDS AND SATISFACTION OF THE INDENTURE58
Section 15.1	<u>Trust Irrevocable</u>58
Section 15.2	<u>Satisfaction of Indenture</u>58
Section 15.3	<u>Bonds Deemed Paid</u>59
ARTICLE 16	
	MISCELLANEOUS59
Section 16.1	<u>Benefits of Indenture Limited to Parties</u>59
Section 16.2	<u>Successor is Deemed Included in All References to Predecessor</u>60
Section 16.3	<u>Execution of Documents and Proof of Ownership by Owners</u>60
Section 16.4	<u>Waiver of Personal Liability</u>60
Section 16.5	<u>Notices to and Demands on City and Trustee</u>60
Section 16.6	<u>Partial Invalidity</u>62
Section 16.7	<u>Applicable Laws</u>62
Section 16.8	<u>Payment on Business Day</u>62
Section 16.9	<u>Counterparts</u>62
Section 16.10	<u>Anti-boycott Verification</u>62
Section 16.11	<u>Iran, Sudan and Foreign Terrorist Organizations</u>63
Section 16.12	<u>Form 1295 Exemption</u>63

EXHIBIT A - Form of Bond

TABLE OF CONTENTS
(continued)

Page

EXHIBIT B – Form of Certificate for Payment

EXHIBIT C – Form of Closing Disbursement Request

INDENTURE OF TRUST

This Indenture of Trust, dated as of February 15, 2025 is by and between the City of Aubrey, Texas (the “City”), and Wilmington Trust, National Association a national banking association, as trustee (together with its successors, the “Trustee”). Capitalized terms used in the preambles, recitals and granting clauses and not otherwise defined shall have the meanings assigned thereto in Article 1.

WHEREAS, a petition was submitted by the Petitioner and filed with the City Secretary of the City (the “City Secretary”) pursuant to 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 Duck Point Public Improvement District (the “District”); and

WHEREAS, the petition contained the signatures of the owners 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 Denton Central Appraisal District, and the signatures of the record owners of taxable real property that constitutes more than fifty percent of the area of all taxable property that is liable for assessment within the District; and

WHEREAS, on May 23, 2024, after due notice, the City Council of the City (the “City Council”) held a 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 the City Council made the findings required by Section 372.009(b) of the PID Act and, by resolution, adopted by the City Council, authorized the District in accordance with its findings as to the advisability of the improvement projects and services; and

WHEREAS, the City recorded the creation of the District in the real property records of Denton County; and

WHEREAS, the City Council, pursuant to Section 372.016 of the PID Act, adopted a resolution accepting preliminary assessment roll of the District and directing that the City Secretary make the same available for inspection, and directing City staff that notice be mailed to the property owners in the District and published in a newspaper of general circulation within the City; and

WHEREAS, the City Council, pursuant to Section 372.016(b) of the PID Act, published notice of a public hearing (the “Assessment Hearing”) a newspaper of general circulation in the City, to consider the proposed Assessment Roll for the District (the “Assessment Roll”) and the Service and Assessment Plan and the levy of assessments for the Authorized Improvements (the “Assessments”) on property within the District; and

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

WHEREAS, at the Assessment Hearing, all persons who appeared, or requested to appear, in person or through a representative acting on their behalf, were given the opportunity to contend for or contest the proposed Assessment Roll and the Assessments, and to offer testimony pertinent to any issue presented on the amount of the Assessments, the allocation of Authorized Improvements Project Costs, the purposes of the Assessment, the special benefits conferred on property within the District by the Authorized Improvements, and the penalties and interest on annual installments and on delinquent annual installments of the Assessment; and

WHEREAS, at the Assessment Hearing, there were no written objections or evidence submitted to the City Secretary in opposition to the Service and Assessment Plan, the allocation of Authorized Improvements Project Costs, the Assessment Roll, and the levy of the Assessments; and

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

WHEREAS, the City Council is authorized by the PID Act to issue its revenue bonds payable from the Assessments for the purpose of (i) paying a portion of the Authorized Improvements Project Costs, (ii) funding a reserve fund for payment of principal and interest on the Bonds, (iii) paying capitalized interest on the bonds, (iv) paying for 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 Aubrey, Texas, Special Assessment Revenue Bonds, Series 2025 (Duck Point Public Improvement District)” (the “Bonds”), such Bonds being payable solely from the Pledged Revenues (defined herein) and other funds pledged under this Indenture to the payment of the Bonds and for the purposes set forth in the preamble of this Indenture; and

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

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

FIRST GRANTING CLAUSE

The Pledged Revenues and all moneys and investments held in the Pledged Funds and Accounts including any contract or any evidence of indebtedness related thereto or other rights of

the City to receive any of such moneys or investments, whether now existing or hereafter coming into existence, and whether now or hereafter acquired; and,

SECOND GRANTING CLAUSE

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

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

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

PROVIDED, HOWEVER, that if and to the extent Assessments have been prepaid, the lien on real property associated with such Assessment prepayment shall be released and any Assessments due pursuant to such lien shall no longer constitute a part of the Trust Estate;

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

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

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

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

ARTICLE 1

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” shall have the meaning assigned to it in the Service and Assessment Plan.

“Additional Interest” means the 0.50% additional interest charged on the Assessments pursuant to Section 372.018 of the PID Act and described in Section V of the Service and Assessment Plan.

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

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

“Administrator” means an officer or employee of the City or third party designee of the City who is not an officer or employee thereof, 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.

“Administrative Expenses” means the administrative, organization, maintenance and operation costs associated with, or incidental to, the administration, organization, maintenance and operation of the PID, including, but not limited to, the costs of: (i) creating and organizing the PID, including conducting hearings, preparing notices and petitions, and all costs incident thereto, including engineering fees, legal fees and consultant fees, (ii) the annual administrative, organization, maintenance, and operation costs and expenses associated with, or incident and allocable to, the administration, organization, maintenance, and operation of the PID and the Authorized Improvements, (iii) computing, levying, billing and collecting Assessments or the Annual Installments thereof, (iv) maintaining the record of installments of the Assessments and

the system of registration and transfer of the Bonds, (v) issuing, paying and redeeming the Bonds, (vi) investing or depositing of monies, (vii) complying with the PID Act and other laws applicable to the Bonds, (viii) the Trustee's reasonable fees and expenses relating to the Bonds, (ix) legal counsel, engineers, accountants, financial advisors, investment bankers or other consultants and advisors, and (x) administering the construction of the Authorized Improvements. Administrative Expenses do not include payment of the actual principal of, redemption premium, if any, and interest on the Bonds or any costs of issuance associated with the Bonds.

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

“Annual Installment” means, collectively, with respect to each Assessed Property, each annual payment of the Assessments as shown on the Assessment Roll and related to the Bonds and the Authorized Improvements, including (i) principal; (ii) interest (iii) Administrative Expenses and (iv) Additional Interest collected pursuant to Section V of the Service and Assessment Plan and deposited to the Delinquency and Prepayment Reserve Account as described in Section 6.8 herein.

“Annual Service Plan Update” means the annual review and update of the Service and Assessment Plan required by and in compliance with Section 372.013 of the PID Act and the Service and Assessment Plan.

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

“Assessment” means an Assessment levied against Assessed Property, for the Authorized Improvements Project Costs 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 in the Service and Assessment Plan and in the PID Act.

“Assessment Hearing” has the meaning set forth in the recitals.

“Assessment Ordinance” means the ordinance adopted by the City Council levying the Assessments on the Assessed Property.

“Assessed Property” means any Parcel within the District against which an Assessment relating to the Authorized Improvements is levied, in accordance with the Service and Assessment Plan.

“Assessment Roll” means the Assessment Roll for the Assessed Property in the District attached as Appendix F to the Service and Assessment Plan, as updated, modified or amended from time to time in accordance with procedures set forth in the Service and Assessment Plan and

in the PID Act (including updates prepared in connection with the issuance of the Bonds or in connection with any Annual Service Plan Update), showing the total amount of the Assessment against each Assessed Property.

“Authorized Denomination” means \$100,000 and any integral multiple of \$1,000 in excess of \$100,000, or a smaller denomination, if any, resulting from a partial redemption of Bonds as determined in accordance with Section 4.5 hereof or as a result of any partial defeasance of the Bonds.

“Authorized Improvements” means the improvements authorized by Section 372.003 of the PID Act, as described and set forth in Section III.B of the Service and Assessment Plan.

“Authorized Improvements Project Costs” means the Actual Costs of the Authorized Improvements as set forth in the Service and Assessment Plan.

“Authorized Officer” means (i) the City Manager of the City, or (ii) Director of Finance of the City or such other person designated by the City Manager of the City for such purpose.

“Average Annual Debt Service” means the average of the Annual Debt Service due on the Bonds through the final maturity date of any Outstanding Bonds.

“Bonds” means the City of Aubrey, Texas Special Assessment Revenue Bonds, Series 2025 (Duck Point Public Improvement District) issued by the City pursuant to this Indenture and payable from and secured in whole or in part by the Assessments including any Refunding Bonds and any Bonds issued in exchange or replacement thereof as permitted by this Indenture.

“Bond Counsel” means Bracewell LLP or any other attorney or firm of attorneys designated by the City that are nationally recognized for expertise in rendering opinions as to the legality and tax-exempt status of securities issued by public entities.

“Bond Fund” means the Fund established pursuant to Section 6.1 and administered as provided in Section 6.4.

“Bond Ordinance” means that certain ordinance adopted by the City Council on February 27, 2025 authorizing the Indenture and the Bonds.

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

“Bond Reserve Account” means the Account within the Reserve Fund established pursuant to Section 6.1 and administered as provided in Section 6.7.

“Bond Reserve Account Requirement” Average Annual Debt Service calculated as: Total principal and interest due (net of any principal and interest to be paid from the Capitalized Interest Account as set forth in Section 6.4) on the Bonds divided by the number of Bond Years remaining;

such Bond Reserve Account Requirement shall be recalculated for compliance with the above upon (a) any transfers made pursuant to Section 6.7(c), (b) an optional redemption pursuant to the terms of this Indenture or (c) an extraordinary optional redemption pursuant to the terms of a this Indenture

“Bond Year” means the one-year period beginning on January 1 in each year and ending on December 31 in the following year.

“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, or any national holiday observed by the Trustee.

“Certificate for Payment” means a certificate substantially in the form of Exhibit B attached hereto approved by the Developer and the City Representative executed by a Person approved by the City Representative, delivered to the City Representative and the Trustee specifying the amount of work performed with respect to the Authorized Improvements and the Actual Costs thereof, and requesting payment for such costs from money on deposit in the Project Fund as further described in Section 6.5 herein.

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

“City Representative” means any official or agent of the City authorized by the City Council to undertake the action referenced herein. As of the date hereof, the Director of Finance, the City Manager, and/or their designees are the authorized City Representatives.

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

“Closing Disbursement Request” means a certificate substantially in the form of Exhibit C attached hereto, approved by the Developer and the City Representative, delivered to the Trustee specifying the amounts to be paid on the Closing Date for the costs of establishing the District, as further described in Section 6.5 herein.

“Code” means the Internal Revenue Code of 1986, as amended, and, with respect to a specific section thereof, such reference shall be deemed to include (a) the Regulations promulgated under such section, (b) any successor provision of similar import hereafter enacted, (c) any corresponding provision of any subsequent Internal Revenue Code and (d) the regulations promulgated under the provisions described in (b) and (c).

“Costs of Issuance Account” means the Account within the Project Fund established pursuant to Section 6.1.

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

“Delinquency and Prepayment Reserve Account” means the reserve account established in accordance with Section 6.1 and administered as provided in Section 6.8.

“Delinquency and Prepayment Reserve Requirement” means an amount equal to 5.5% of the principal amount of the Outstanding Bonds which may be funded from Bond proceeds and revenues received from the payment of Assessments, deposited to the Pledged Revenue Fund.

“Delinquent Collection Costs” means the costs related to the foreclosure on an Assessed Property and the costs of collection of a delinquent Assessment, including penalties and reasonable attorney’s fees actually paid, but excluding amounts representing Delinquent Penalties and Interest.

“Delinquent Penalties and Interest” means any delinquent interest and delinquent penalty interest collected on a delinquent Assessment.

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

“Developer” means MM Aubrey 160, LLC, a Texas limited liability company and its respective successors and assigns.

“Development Agreement” means the agreement executed by and between the Developer, and the City effective May 23, 2024.

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

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

“Foreclosure Proceeds” means the proceeds, including Delinquent Penalties and Interest, received by the City from the enforcement of the Assessments against any 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.

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

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

property in the District; and (iv) is not connected with the City as an officer or employee of the City, but who may be regularly retained to make reports to the City.

“Initial Bond” means the Initial Bond as set forth in Exhibit A attached hereto.

“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 June 30 and December 31 of each year, commencing December 31, 2025.

“Investment Securities” means those authorized investments described in the City’s official investment policy as approved by the City Council from time to time, and eligible for the investment of public funds by the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended.

“Outstanding” means, as of any particular date when used with reference to the Bonds, all Bonds authenticated and delivered under this Indenture except (i) any Bond that has been canceled by the Trustee (or has been delivered to the Trustee for cancellation) at or before such date, (ii) any Bond for which the payment of the principal or Redemption Price of and interest on such Bond shall have been made as provided in Article 4, and (iii) any Bond in lieu of or in substitution for which a new Bond shall have been authenticated and delivered pursuant to Section 3.10 herein.

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

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

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

“PID Act” means Texas Local Government Code, Chapter 372, Improvement Districts in Municipalities and Counties, Subchapter A, Public Improvement Districts, as amended.

“Pledged Funds and Accounts” means the following funds and the accounts therein: the Pledged Revenue Fund, the Bond Fund, the Project Fund, the Bond Reserve Account, and the Redemption Fund.

“Pledged Revenue Fund” means that fund established pursuant to Section 6.1 and administered pursuant to Section 6.3 hereof.

“Pledged Revenues” means the sum of (i) Annual Installments (excluding the portion of the Annual Installments collected for the payment of Administrative Expenses and Delinquent Collection Costs), (ii) the moneys held in any of the Pledged Funds and Accounts, and (iii) any additional revenues that the City may pledge to the payment of Bonds.

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

“Principal and Interest Account” means the Account within the Bond Fund established pursuant to Section 6.1 and administered as provided in Section 6.4 herein.

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

“Purchaser” means the initial purchaser of the Bonds.

“Rebate Fund” means that fund established pursuant to Section 6.1 and administered pursuant to Section 6.9 herein.

“Record Date” means the close of business on the fifteenth business day of the month next preceding an Interest Payment Date.

“Redemption Fund” means that Fund established in Section 6.1 and administered pursuant to Section 6.6 of this Indenture.

“Redemption Price” means, when used with respect to any Bonds or portion thereof, the principal amount of such Bonds or such portion thereof plus the applicable premium, if any, plus accrued and unpaid interest on such Bonds to the date fixed for redemption payable upon redemption.

“Refunding Bonds” means refunding bonds secured by a parity lien, with the Outstanding Bonds, on the Trust Estate, as more specifically described in the applicable indenture, authorizing the refunding of all or any portion of the Outstanding Bonds.

“Register” means the register specified in Article 3 of this Indenture.

“Regulations” means the applicable proposed, temporary or final Treasury Regulations promulgated under the Code or, to the extent applicable to the Code, under the Internal Revenue Code of 1954, as such regulations may be amended or supplemented from time to time.

“Reserve Fund” means that fund established pursuant to Section 6.1 comprised of the Bond Reserve Account and the Delinquency and Prepayment Reserve Account administered pursuant to Sections 6.7 and 6.8, respectively, herein.

“Service and Assessment Plan” means the document, including the Assessment Roll, which is attached as Exhibit A to the Assessment Ordinance, as may be updated, amended and supplemented from time to time.

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

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

“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 Federal Tax Certificate delivered by the City on the Closing Date for the Bonds setting forth the facts, estimates and circumstances in existence on the Closing Date relating to the tax-exempt status of the Bonds.

“Trustee” means Wilmington Trust, National Association, a national banking association, and its successors, and any other corporation or association that may at any time be substituted in its place, as provided in Article 8 hereof, such entity to serve as Trustee and Paying Agent/Registrar for the Bonds.

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

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 2

THE BONDS

Section 2.1 Security for the Bonds.

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

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

Section 2.2 Limited Obligations.

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

Section 2.3 Authorization for Indenture.

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

Section 2.4 Contract with Owners and Trustee.

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

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

ARTICLE 3

AUTHORIZATION; GENERAL TERMS AND PROVISIONS REGARDING THE BONDS

Section 3.1 Authorization.

The Bonds are hereby authorized to be issued and delivered in accordance with the Constitution and laws of the State of Texas, including particularly the PID Act. The Bonds shall be issued in the aggregate principal amount of \$_____ for the purpose of (i) paying or reimbursing a portion of the Authorized Improvements Project Costs, (ii) funding the Bond Reserve Account of the Reserve Fund, (iii) paying capitalized interest on the Bonds, (iv) paying for a portion of the costs incidental to the organization and administration of the District, and (v) paying the costs of issuance of the Bonds.

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

(a) The Bonds shall be dated February 15, 2025 (the “Bond Date”) and shall be issued in Authorized Denominations. The Bonds shall be in fully registered form, without coupons, and shall be numbered separately from R-1 upward, except the Initial Bond, which shall be numbered T-1.

(b) Interest shall accrue and be paid on each Bond from the later of the date of initial delivery of the Bonds or the most recent Interest Payment Date to which interest has been paid or provided for, at the rate per annum set forth below until the principal thereof has been paid on the maturity date specified below or otherwise provided for. Such interest shall be payable semiannually on June 30 and December 31 of each year, commencing December 31, 2025, computed on the basis of a 360-day year of twelve 30-day months.

(c) The Bonds shall mature on December 31 in the years and in the principal amounts and shall bear interest as set forth below:

<u>Term Bonds</u>		
<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>

(d) The Bonds shall be subject to mandatory sinking fund redemption, optional redemption, and extraordinary optional redemption prior to maturity as provided in Article 4 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.

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

- (a) a copy of the executed Assessment Ordinance;
- (b) a copy of the executed Bond Ordinance;
- (c) a copy of this Indenture executed by the Trustee and the City;
- (d) an executed opinion of Bond Counsel; and
- (e) approving opinion of the Attorney General of the State and the State Comptroller's registration certificate.

Section 3.4 Medium, Method and Place of Payment.

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

(b) Interest on the Bonds shall be payable to the Owners thereof as shown in the Register at the close of business on the relevant Record Date; provided, however, that in the event of nonpayment of interest on a scheduled Interest Payment Date, and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Trustee, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "Special Payment Date," which shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) Business Days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Owner appearing on the books of the Trustee at the close of business on the last Business Day preceding the date of mailing such notice.

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

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

(e) If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, legal holiday, or day on which banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are required or authorized by law or executive order to close, the date for such payment shall be the next succeeding day that is not a Saturday, Sunday, legal holiday, or day on which banking institutions

are required or authorized to close, and payment on such date shall for all purposes be deemed to have been made on the due date thereof as specified in Section 3.2 of this Indenture.

(f) Unclaimed payments of amounts due hereunder shall be segregated in a special account and held in trust, uninvested by the Paying Agent/Registrar, for the account of the Owner of the Bonds to which such unclaimed payments pertain. Subject to any escheat, abandoned property, or similar law of the State of Texas, any such payments remaining unclaimed by the Owners entitled thereto for two (2) years after the applicable payment or redemption date shall be applied to the next payment or payments on such Bonds thereafter coming due and, to the extent any such money remains after the retirement of all Outstanding Bonds, shall be paid to the City to be used for any lawful purpose. Thereafter, none of the City, the Paying Agent/Registrar, or any other Person shall be liable or responsible to any holders of such Bonds for any further payment of such unclaimed moneys or on account of any such Bonds, subject to any applicable escheat law or similar law of the State of Texas, including the provisions of Title 6 of the Texas Property Code, as amended.

Section 3.5 Execution and Registration of Bonds.

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

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

(c) Except as provided below, no Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit of this Indenture unless and until there appears thereon the Certificate of Trustee substantially in the form provided herein (the "Certificate of Trustee" included in the Form of Bond attached hereto as Exhibit A), duly authenticated by manual execution by an officer or duly authorized signatory of the Trustee. It shall not be required that the same officer or authorized signatory of the Trustee sign the Certificate of Trustee on all of the Bonds. In lieu of the executed Certificate of Trustee described above, the Initial Bond delivered at the Closing Date shall have attached thereto the Comptroller's Registration Certificate substantially in the form provided herein (the "Comptroller's Registration Certificate"), included in the Form of Bond attached hereto as Exhibit A, manually executed by the Comptroller of Public Accounts of the State of Texas, or by 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, including the provisions of Title 6 of the Texas Property Code, as amended.

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

Section 3.6 Ownership.

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

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

Section 3.7 Registration, Transfer and Exchange.

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

(b) A Bond 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. No transfer of any Bond shall be effective until entered in the Register.

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

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

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

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

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

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

(h) Prior to any transfer of any Bond outside the book-entry system (including, but not limited to, the initial transfer outside the book-entry system) the transferor of a Bond shall provide or cause to be provided to the Paying Agent/Registrar all information necessary to allow the Paying Agent/Registrar to comply with any applicable tax reporting obligations, including without limitation, any cost basis reporting obligations under Section 6045 of the Code, as amended. The Paying Agent/Registrar shall conclusively rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

Section 3.8 Cancellation.

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

Section 3.9 Temporary Bonds.

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

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

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

Section 3.10 Replacement Bonds.

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

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

(1) 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;

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

(3) 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

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

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

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

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

Section 3.11 Book-Entry Only System.

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

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

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

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

Section 3.13 Payments to Cede & Co.

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

ARTICLE 4

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 4.

Section 4.2 Mandatory Sinking Fund Redemption.

(a) The Bonds are subject to mandatory sinking fund redemption prior to their respective maturities and will be redeemed by the City in part at a Redemption Price equal to the principal amount thereof plus accrued and unpaid interest thereon to the date set for redemption from moneys available for such purpose in the Principal and Interest Account of the Bond Fund pursuant to Article 6 of the Indenture, on the dates and in the Sinking Fund Installment amounts as set forth in the following schedule:

\$ Term Bonds maturing December 31, 20

Redemption Date	Sinking Fund Installment Amount
December 31, 2__	
December 31, 2__	
December 31, 2__	
December 31, 2__	
December 31, 2__	
December 31, 2__	
December 31, 2__*	

*maturity

\$ Term Bonds maturing December 31, 20

Redemption Date	Sinking Fund Installment Amount
December 31, 2__	
December 31, 2__	
December 31, 2__	
December 31, 2__	
December 31, 2__	
December 31, 2__	
December 31, 2__*	

*maturity

\$ Term Bonds maturing December 31, 20

Redemption Date	Sinking Fund Installment Amount
December 31, 2__	
December 31, 2__	
December 31, 2__	
December 31, 2__	
December 31, 2__	
December 31, 2__	
December 31, 2__*	

*maturity

(b) At least forty-five (45) days prior to each scheduled mandatory sinking fund redemption date, the Paying Agent/Registrar shall select for redemption by lot, or by any other customary method that results in a random selection, a principal amount of Term Bonds equal to the aggregate principal amount of such Term Bonds to be redeemed, shall call such Term Bonds for redemption on such scheduled mandatory sinking fund redemption date, and shall give notice of such redemption, as provided in Section 4.6.

(c) The principal amount of the Term Bonds required to be redeemed on any redemption date pursuant to subparagraph (a) of this Section 4.2 shall be reduced, at the option of the City, by the principal amount of any Term Bonds which, at least 45 days prior to the mandatory sinking fund redemption date (i) shall have been acquired by the City delivered to the Paying Agent/Registrar for cancellation, or (ii) shall have been redeemed pursuant to the optional or extraordinary optional redemption provisions hereof and not previously credited to a mandatory sinking fund redemption.

Section 4.3 Optional Redemption.

(a) The City reserves the option to redeem Bonds maturing on or after December 31, 20__ in whole or any part, before their respective scheduled maturity dates, on December 31, 20__, or on any date thereafter such redemption date or dates to be fixed by the City, at a Redemption Price equal to the principal amount of the Bonds called for redemption plus accrued and unpaid interest to the date fixed for redemption.

(b) The City, at least 45 days before the redemption date (unless a shorter period shall be satisfactory to the Paying Agent/Registrar), shall notify the Paying Agent/Registrar of such redemption date and of the principal amount of Bonds to be redeemed either in writing or by delivery of an ordinance or resolution by the City calling the Bonds for redemption.

Section 4.4 Extraordinary Optional Redemption.

(a) Notwithstanding any provision in this Indenture to the contrary, but subject to the provisions of Section 4.6(d), the City reserves the right and option to redeem Bonds before their respective scheduled maturity dates, in whole or in part, on any Business Day, at a Redemption Price of 100% of the principal amount of such Bonds, or portions thereof, to be redeemed plus accrued and unpaid 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 as provided in Section 6.7(h)) or any other transfers to the Redemption Fund under the terms of this Indenture, including from transfers of Foreclosure Proceeds and transfers pursuant to Sections 6.5(f), 6.5(h) and 6.3. In the event of such redemption the City shall provide written direction with regard to a corresponding reduction in the Bond Reserve Account Requirement.

Notwithstanding the foregoing, the Trustee will not be required to make an extraordinary optional redemption pursuant to this Section 4.4 unless it has at least \$1,000 available in the Redemption Fund with which to redeem the Bonds.

Section 4.5 Partial Redemption.

(a) If less than all of the Bonds are to be redeemed pursuant to Sections 4.2, 4.3, or 4.4, Bonds shall be redeemed in minimum principal amounts of \$1,000 or any integral 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.

(b) If less than all of the Bonds are to be redeemed pursuant to optional or extraordinary optional redemption, such redemption shall be effected by redeeming Bonds in such manner as may be specified by the City in a City Certificate; provided, however that in the absence of such instruction from the City by the date required for the sending of notice of redemption pursuant to Section 4.6, the Bonds shall be redeemed by any method selected by the Trustee that results in a pro rata reduction of the Outstanding maturities, treating each date on which a Sinking Fund Installment is due as a separate maturity for such purpose.

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

Section 4.6 Notice of Redemption to Owners.

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

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

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

(d) The City reserves the right, in the case of an optional or extraordinary optional redemption pursuant to Sections 4.3 or 4.4 herein, to give notice of its election or direction to redeem Bonds conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date, or (ii) that the City retains the right to rescind such notice at any time on or prior to the scheduled redemption

date if the City delivers a certificate of the City to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice and such notice and redemption shall be of no effect if such moneys and/or authorized securities are not so deposited or if the notice is rescinded. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owners. Any Bonds subject to conditional redemption and such redemption has been rescinded shall remain Outstanding and the rescission of such redemption shall not constitute an event of default. Further, in the case of a conditional redemption, the failure of the City to make moneys and or authorized securities available in part or in whole on or before the redemption date shall not constitute an event of default.

Section 4.7 Payment Upon Redemption.

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

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

Section 4.8 Effect of Redemption.

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

ARTICLE 5

FORM OF THE BONDS

Section 5.1 Form Generally.

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

consistently herewith, may be determined by the City or by the officers executing such Bonds, as evidenced by their execution thereof.

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

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

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

Section 5.2 CUSIP Registration.

The City may secure identification numbers through the CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association, and may authorize the printing of such numbers on the face of the Bonds. It is expressly provided, however, that the presence or absence of CUSIP numbers on the Bonds shall be of no significance or effect as regards the legality thereof; and, none of the City, the Trustee, or the attorneys approving said Bonds as to legality are to be held responsible for CUSIP numbers incorrectly printed on the Bonds. The City prohibits any Bond to be issued in a denomination of less than an Authorized Denomination and further prohibits the assignment of a CUSIP number to any Bond with a denomination of less than an Authorized Denomination and any attempt to accomplish either of the foregoing shall be void and of no effect. The Trustee may include in any redemption notice a statement to the effect that the CUSIP numbers on the Bonds have been assigned by an independent service and are included in such notice solely for the convenience of the Owners of the Bonds and that neither the City nor the Trustee shall be liable for any inaccuracies of such numbers.

Section 5.3 Legal Opinion.

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

ARTICLE 6

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:

- (1) Pledged Revenue Fund;
- (2) Bond Fund;
- (3) Project Fund;

- (4) Reserve Fund;
- (5) Redemption Fund;
- (6) Rebate Fund; and
- (7) Administrative Fund.

(b) Creation of Accounts.

(1) The following Accounts are hereby created and established within the Bond Fund:

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

(2) The following Accounts are hereby created and established within the Project Fund:

- (A) Improvement Account; and
- (B) Costs of Issuance Account; and

(3) The following Accounts are hereby created and established within the Reserve Fund:

- (A) Bond Reserve Account; and
- (B) Delinquency and Prepayment Reserve Account.

(c) Each Fund and Account created within such Fund shall be only established as needed and maintained by the Trustee separate and apart from all other funds and accounts of the City. The Pledged Funds and Accounts 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. Amounts on deposit in the Funds and Accounts shall be used solely for the purposes set forth herein.

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

Section 6.2 Initial Deposits to Funds and Accounts.

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

- (1) to the Bond Reserve Account: _____.
- (2) to the Costs of Issuance Account: _____.

- (3) to the Capitalized Interest Account: _____.
- (4) to the Administrative Fund: _____; and
- (5) to the Improvement Account of the Project Fund: _____

Section 6.3 Pledged Revenue Fund.

(a) On or before February 1 (provided that Pledged Revenues have been received by the City, or if not, then as soon available) while the Bonds are Outstanding, beginning February 1, 2027, the City shall deposit or cause to be deposited the Pledged Revenues (which excludes, for the avoidance of doubt that portion of the Annual Installments collected for the payment Administrative Expenses and Delinquent Collection Costs, which shall be deposited pursuant to Section 6.10 hereof) into the Pledged Revenue Fund which deposit shall be directed by the City to the Trustee pursuant to a City Certificate. Specifically, except as set forth in Section 6.3(f), the Pledged Revenues shall be deposited to the Pledged Revenue Fund to be used in the following order of priority:

- (1) first, to the Bond Fund amounts sufficient to pay debt service on the Bonds coming due in the next Bond Year;
- (2) second, to the Bond Reserve Account in an amount to cause the amount in the Bond Reserve Account to equal the Bond Reserve Account Requirement as described in Section 6.7(a) and Section 6.7(e);
- (3) third, amounts representing Additional Interest to the Delinquency and Prepayment Reserve Account of the Reserve Fund in an amount equal to the Delinquency and Prepayment Reserve Requirement; and
- (4) fourth, in accordance with the written direction of the City, to pay other costs permitted by the PID Act.

(b) Notwithstanding the foregoing, if any funds remain on deposit in the Pledged Revenue Fund after the transfers required by clauses (1) through (3) above are made, the City shall have the option, in its sole and absolute discretion, to transfer such excess funds into the Redemption Fund to redeem Bonds as provided in Article 4.

(c) The City or the Administrator on behalf of the City shall direct the Trustee in writing with respect to the portions of the Pledged Revenues to be deposited pursuant to Section 6.3(f) as Additional Interest, Prepayments or Foreclosure Proceeds. For the avoidance of doubt, all portions of the Annual Installment collected as Additional Interest shall be deposited pursuant only to (a)(3) above.

(d) From time to time as needed to pay the obligations relating to the Bonds, but no later than five (5) Business Days before each Interest Payment Date, the Trustee shall withdraw from the Pledged Revenue Fund and transfer to the Principal and Interest Account, an amount, taking into account any amounts then on deposit in such Principal and Interest Account, such that

the amount on deposit in the Principal and Interest Account equals the principal (including any Sinking Fund Installments) and interest due on the Bonds on the next Interest Payment Date.

(e) 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 (d) above, the Trustee shall apply the available funds in the Principal and Interest Account first to the payment of interest, then to the payment of principal (including any Sinking Fund Installments) on the Bonds.

(f) Notwithstanding Section 6.3(a) above:

(1) Pursuant to the Service and Assessment Plan so long as there are Outstanding Bonds, the Trustee shall deposit Additional Interest to the Pledged Revenue Fund and shall transfer all or a portion of such Additional Interest to the Delinquency and Prepayment Reserve Account as set forth in 6.3(a) above and as otherwise directed by Section 6.8(a) hereof; and

(2) 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;

(3) the Trustee shall deposit Foreclosure Proceeds to the Pledged Revenue Fund and as soon as practicable after such deposit shall transfer Foreclosure Proceeds first to the Reserve Fund, to restore any transfers from the applicable account of the Reserve Fund made with respect to the Assessed Property to which the Foreclosure Proceeds relate, and second, to the Redemption Fund. Notwithstanding the foregoing, any portion of Foreclosure Proceeds that are attributable to Administrative Expenses (as identified to the Trustee in writing) shall be deposited to the Administrative Fund, and any portion of Foreclosure Proceeds attributable to Delinquent Penalties and Interest (as identified to the Trustee in writing) shall be deposited to the Delinquency and Prepayment Reserve Account of the Reserve Fund until the Delinquency and Prepayment Reserve Requirement is met and then to the Administrative Fund.

(g) After satisfaction of the requirements to (i) provide for the payment of the principal and interest on the Bonds and (ii) to fund any deficiency that may exist in the Reserve Fund (including the funding of the Delinquency and Prepayment Reserve Account), the City may direct the Trustee by City Certificate to apply Assessments for any lawful purposes permitted by the PID Act for which Assessments may be paid.

(h) Assessments representing Delinquent Penalties and Interest (as identified to the Trustee in writing) shall be deposited first to the Delinquency and Prepayment Reserve Account of the Reserve Fund until the Delinquency and Prepayment Reserve Account Reserve Requirement is met and then to the Administrative Fund.

(i) Any Assessments remaining after satisfying the foregoing payments may be used for any lawful purpose for which Assessments may be used under the PID Act and such payments shall be applied in accordance with written direction from a City Representative to the Trustee.

Section 6.4 Bond Fund.

(a) No later than 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 interest then due and payable on the Bonds.

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

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

<u>Date</u>	<u>Amount</u>
December 31, 2025	
June 30, 2025	
December 31, 2026	

(d) Any amounts on deposit in the Capitalized Interest Account after the payment of interest on the dates and in the amounts listed above shall be transferred, at the direction of the City, to the Improvement Account of the Project Fund, or to the Redemption Fund to be used to redeem Bonds and the Capitalized Interest Account shall be closed.

Section 6.5 Project Fund.

(a) Money on deposit in the Improvement Account, and Costs of Issuance Account of the Project Fund shall be used for the purposes specified in Section 3.1 hereof.

(b) Disbursements from the Costs of Issuance Account of the Project Fund shall be made by the Trustee to pay costs of issuance of the Bonds pursuant to one or more City Certificates or pursuant to a closing memo drafted by the City's financial advisor for disbursement at closing of the Bonds. Moneys disbursed at closing to pay for the costs of creating the District shall be paid pursuant to a Closing Disbursement Request or pursuant to a closing memo drafted by the City's financial advisor for disbursement at closing of the Bonds.

(c) Except as otherwise provided in Sections 6.5(f) and 6.5(h) herein, money on deposit in the Improvement Account of the Project Fund, shall be used solely to pay the costs of the Authorized Improvements as set forth in the applicable Certificate for Payment. Upon receipt of a reviewed and approved Certificate for Payment for any Authorized Improvement Project Costs, the Trustee shall make payment from the Improvement Account.

(d) [reserved]

(e) [reserved].

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

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

(h) Upon the filing of a City Certificate stating that all Authorized Improvements have been completed and that all Authorized Improvements Project Costs have been paid, or that any such costs are not required to be paid from the Improvement Account pursuant to a Certificate for Payment, the Trustee shall transfer the amount, if any, remaining within the Improvement Account to the Principal and Interest Account or to the Redemption Fund as directed by the City Representative in a City Certificate filed with the Trustee and shall close the Improvement Account of the Project Fund.

(i) Upon a determination by the City Representative that all costs of issuance of the Bonds have been paid, any amounts remaining in the Costs of Issuance Account shall be transferred to the Bond Fund and used to pay interest on the Bonds, as directed by the City in a City Certificate filed with the Trustee, and the Costs of Issuance Account shall be closed.

Section 6.6 Redemption Fund.

(a) Amounts on deposit in the Redemption Fund shall be used and withdrawn by the Trustee to redeem Bonds as provided in Article 4.

(b) The Trustee shall cause to be deposited to the Redemption Fund from Prepayments and Foreclosure Proceeds, an amount sufficient to redeem Bonds as provided in Section 4.4 on the dates specified for redemption as provided in Section 4.4. If after such transfer, there are insufficient funds to pay the principal amount plus accrued and unpaid interest on such Bonds to the date fixed for redemption of the Bonds to be redeemed as a result of such Prepayment, the Trustee shall transfer an amount equal to the shortfall from the Delinquency and Prepayment Reserve Account to the Redemption Fund to be applied to the redemption of the Bonds.

(c) The Trustee shall cause to be deposited to the Redemption Fund from Pledged Revenues and pursuant to any transfers made pursuant to Section 6.7, an amount sufficient to redeem Bonds as provided in Sections 4.2, 4.3 and 4.4 at the written direction of the City.

Section 6.7 Bond Reserve Account.

(a) The City agrees with the Owners of the Bonds to maintain in the Bond Reserve Account, an amount equal to not less than the Bond Reserve Account Requirement. Subject to subsection (c) below, all amounts deposited in the Bond 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 in the event of any deficiency in such Principal and Interest Account on any Interest Payment Date or any date on which principal of the Bonds is due.

(b) Whenever a transfer is made from the Bond Reserve Account to the Principal and Interest Account of the Bond Fund due to a deficiency in the Principal and Interest Account, the Trustee shall provide written notice thereof to the City, specifying the amount withdrawn.

(c) Whenever, on any Interest Payment Date, or on any other date at the request of a City Representative, the amount in the Bond Reserve Account exceeds the Bond Reserve Account Requirement, the Trustee shall provide written notice to the City Representative and the Administrator of the amount of the excess. Upon receipt of a City Certificate, the Trustee shall transfer such excess to (i) the Principal and Interest Account, (ii) the Redemption Fund or (iii) the Administrative Fund (in compliance with Section 6.7(j) herein), as set forth in the City Certificate. The excess amounts transferred from the Bond Reserve Account to the Administrative Fund will be presumed to have been transferred, first, from sources other than Bond proceeds (including investment earnings on such proceeds) and, second, from amounts that are Bond proceeds (including investment earnings on such proceeds).

(d) [reserved]

(e) If, after a Bond Reserve Account withdrawal, the amount on deposit in the Bond Reserve Account is less than the Bond Reserve Account Requirement, the Trustee shall transfer from the Pledged Revenue Fund to the Bond Reserve Account the amount of such deficiency, in accordance with Section 6.3, but only to the extent that such amount is not required for the timely payment of principal, interest, or Sinking Fund Installments.

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

(g) If the amount held in the Bond Reserve Account, together with the amounts held in the Pledged Revenue Fund and the Principal and Interest Account and Redemption Fund, is sufficient to pay the principal amount of all Outstanding Bonds on the next Interest Payment Date, together with the unpaid interest accrued on such Bonds as of such Interest Payment Date, the City may, pursuant to a City Certificate transfer such moneys to the Redemption Fund and thereafter used to redeem all Bonds as of such Interest Payment Date.

(h) Whenever Bonds are to be redeemed with the proceeds of Prepayments pursuant to Section 4.4, a proportionate amount in the Bond Reserve Account shall be transferred on the Business Day prior to the redemption date by the Trustee to the Redemption Fund to be applied to the redemption of the Bonds as detailed in a City Certificate. The amount so transferred from the

Bond Reserve Account shall be a proportional amount equal to a percentage of the amount of the Bonds redeemed with such percentage equal to the lesser of: (i) the amount required to be in the Bond Reserve Account, as a percentage of the Outstanding Bonds prior to the redemption, and (ii) the amount actually in the Bond Reserve Account, as a percentage of the Outstanding Bonds prior to the redemption. If after such transfer, and after applying investment earnings on the Prepayment toward payment of accrued interest on the Bonds, there are insufficient funds to pay the principal amount plus accrued and unpaid interest on such Bonds to the date fixed for redemption of the Bonds to be redeemed as a result of such Prepayment, the Trustee shall transfer an amount equal to the shortfall from the Delinquency and Prepayment Reserve Account to the Redemption Fund to be applied to the redemption of the Bonds.

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

(j) The cumulative amount of any Bond proceeds (including investment earnings on such proceeds) that are transferred to the Administrative Fund pursuant to the provisions of Section 6.7(c) and subsequently used for the payment of operating costs directly relating to the Authorized Improvements will not exceed 5% of sale proceeds of the Bonds. The Trustee shall have no liability or responsibility for compliance with this section so long as it follows the written instructions from the City.

Section 6.8 Delinquency and Prepayment Reserve Account.

(a) So long as there are Outstanding Bonds, Additional Interest shall be deposited to the Delinquency and Prepayment Reserve Account of the Reserve Fund pursuant to Section 6.3 herein until such time that the amount on deposit in the Delinquency and Prepayment Reserve Account is at least equal to the Delinquency and Prepayment Reserve Requirement. Whenever, at the written request of the City Representative, on any Interest Payment Date or on any other date, the amount in the Delinquency and Prepayment Reserve Account exceeds the Delinquency and Prepayment Reserve Requirement, the Trustee shall provide written notice to the City of the amount of the excess. The City shall direct the Trustee in writing to transfer the amounts of such excess in the Delinquency and Prepayment Reserve Account to (i) the Bond Reserve Account to restore any deficiency in the Bond Reserve Account up to the Bond Reserve Account Requirement, (ii) the Administrative Fund for payment of Administrative Expenses (in compliance with Section 6.7(j) herein), or (iii) to the Redemption Fund to be used to redeem Bonds pursuant to Section 4.3. The excess amounts transferred from the Delinquency and Prepayment Reserve Account of the Reserve Fund to the Administrative Fund will be presumed to have been transferred, first, from sources other than Bond proceeds (including investment earnings on such proceeds) and, second, from amounts that are Bond proceeds (including investment earnings on such proceeds). In the event that the Trustee does not receive a City Certificate directing the transfer of the excess Delinquency and Prepayment Reserve funds within forty-five (45) days of providing notice to the City of such excess Delinquency and Prepayment Reserve amount, the Trustee shall transfer the excess Delinquency and Prepayment Reserve amount to the Redemption Fund and provide the

City with written notification of the transfer. The Trustee shall incur no liability for the accuracy or validity of the transfer if compliant with this section.

(b) Whenever Bonds are to be redeemed with the proceeds of Prepayments pursuant to Section 4.4, if there are insufficient funds in the Redemption Fund from such Prepayments to redeem the Bonds on their redemption date, the Trustee shall transfer funds from the Delinquency and Prepayment Reserve Account to the Redemption Fund in the amount of the deficiency and such funds shall be used to redeem Bonds pursuant to Section 4.4.

Section 6.9 Rebate Fund.

(a) Amounts on deposit in the Rebate Fund shall be used solely for the purpose of paying amounts due the United States Government in accordance with the Code. The Rebate Fund shall not be part of the Trust Estate and is not security for the Bonds.

(b) In order to assure that the amount required to be rebated to the federal government is paid to the United States rather than to a third party, investments of funds on deposit in the Rebate Fund shall be made as directed by the City in a written direction and in accordance with the Code, Tax Certificate and Section 8.6 hereof. The Trustee may conclusively rely on such written instructions as set forth in this section and shall not be responsible for any loss or liability resulting from the investment of funds hereunder.

(c) The Trustee conclusively shall be deemed to have complied with the provisions of this Section and Section 8.6 and shall not be liable or responsible if it follows the written instructions of the City and shall not be required to take any action under this Section and Section 8.6 in the absence of written instructions from the City.

(d) If, on the date of each calculation made in Article 8 the amount on deposit in the Rebate Fund exceeds the amount required to be rebated to the federal government, the City may direct the Trustee, pursuant to a City Certificate, to transfer the amount in excess of the amount required to be rebated to the federal government to the Bond Fund.

Section 6.10 Administrative Fund.

(a) The City shall deposit or cause to be deposited to the Administrative Fund the amounts collected each year to pay Administrative Expenses and Delinquent Collection Costs. The City or the Administrator, on behalf of the City, shall direct the Trustee pursuant to the City Certificate with respect to the portions of the Annual Installments collected for the payment of Administrative Expenses and Delinquent Collection Costs to be deposited pursuant to this section.

(b) Moneys in the Administrative Fund shall be held by the Trustee separate and apart from the other Funds created and administered hereunder and used as directed by a City Certificate solely for the purposes set forth in the Service and Assessment Plan, including payment of Administrative Expenses and Delinquent Collection Costs. The Administrative Fund shall not be part of the Trust Estate and is not security for the Bonds.

(c) In accordance with Section 10.6 hereof, the Trustee shall transfer its authorized fees and expenses from the Administrative Fund to pay the foregoing unless the Trustee receives written objection from the City within 10 Business Days of its delivery of notice of such costs to the City. No City Certificate is necessary for the Trustee to receive compensation for the services rendered hereunder.

Section 6.11 Investment of Funds.

(a) Money in any Fund 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) Business Days in advance of the making of such investment in time deposits, other bank deposit products, 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 Chapter 2256 Texas Government Code, 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 set forth in this Indenture. Such investments shall be valued each year in terms of current market value as of September 30. For purposes of maximizing investment returns, to the extent permitted by law, money in such Funds may be invested in common investments of the kind described above, or in a common pool of such investments 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. In the absence of investment instructions from the City, the Trustee shall hold monies held by it uninvested and shall have no obligation to invest or reinvest such monies.

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

(c) The Trustee and its affiliates may act as sponsor, advisor, depository, principal or agent in the acquisition or disposition of any investment. The Trustee shall have no discretion for investing funds or advising any parties on investing funds, and the Trustee's only responsibility for investments shall be to follow the written instructions of the City. The Trustee may receive compensation in connection with any investment if authorized by the City Representative in writing. The Trustee shall not incur any liability for losses (including depreciation) arising from any investments or the sale of any investments made pursuant to this Section. The Trustee shall not be required to determine the suitability or legality of any investments and may conclusively

rely on the City's written instructions as to the directed investments. The parties acknowledge that the Trustee is not providing investment supervision, recommendations, or advice.

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

(e) The Trustee will furnish the City monthly cash transaction statements which include detail for all investment transactions made by the Trustee hereunder. Upon the City's election, such statements will be delivered via the Trustee's online service and, upon electing such service, paper statements will be provided only upon request. The and, the Trustee is not required to provide brokerage confirmations unless the Trustee receives a written request from the City. No monthly cash transaction statement need to be furnished if no activity occurred during such month.

(f) The Trustee may conclusively rely on City Certificates pursuant to Section 6.11(a) that such an investment will comply with the City's investment policy and with the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended.

Section 6.12 Investment Income.

(a) Interest and income derived from investment of the Project Fund shall be deposited to the credit of the Principal and Interest Account of the Bond Fund.

(b) Interest and income derived from investment of the Bond Fund shall be credited to the Principal and Interest Account of the Bond Fund.

(c) Interest and income derived from investment of the Bond Reserve Account and Delinquency and Prepayment Reserve Account of the Reserve Fund shall be credited to such Accounts.

(d) Interest and income derived from investment of the Administrative Expense Fund shall be credited to such Fund.

Section 6.13 Security of Funds.

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

ARTICLE 7

COVENANTS

Section 7.1 Confirmation of Assessments.

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

Section 7.2 Collection and Enforcement of Assessments.

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

(b) The City will determine or cause to be determined, no later than April 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.

Section 7.3 Against Encumbrances.

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

(b) So long as Bonds are Outstanding hereunder, the City shall not issue any bonds, notes or other evidences of indebtedness, other than the Bonds and Refunding Bonds issued to refund all or a portion of the Bonds, secured by any pledge of or other lien or charge on the Pledged Revenues or other property pledged under this Indenture, other than a lien or pledge subordinate to the lien and pledge of such property related to the Bonds.

Section 7.4 Records, Accounts, Accounting Reports.

The City hereby covenants and agrees that so long as any of the Bonds or Outstanding Bonds or any interest thereon remain outstanding and unpaid and the obligation to the Developer to reimburse it for funds it has contributed to pay Authorized Improvements Project Costs remain outstanding and unpaid, it will keep and maintain a proper and complete system of records and

accounts pertaining to the Assessments. The Trustee and holder or holders of any Bonds or any duly authorized agent or agents of such holders shall have the right at all reasonable times to inspect all such records, accounts, and data relating thereto, upon written request to the City by the Trustee or duly authorized representative, as applicable. The City shall provide the Trustee or duly authorized representative, as applicable, an opportunity to inspect such books and records relating to the Bonds during the City's regular business hours and on a mutually agreeable date not later than thirty (30) days after the City receives such request.

ARTICLE 8

FEDERAL INCOME TAX MATTERS

Section 8.1 General.

The City covenants not to take any action or omit to take any action that, if taken or omitted, would cause the interest on any issue of Bonds to be includable in gross income for federal income tax purposes. In furtherance thereof, the City covenants to comply with sections 103 and 141 through 150 of the Code and the provisions set forth in the Federal Tax Certificate executed by the City in connection with each issue of Bonds.

Section 8.2 No Private Activity Bonds.

The City covenants that it will use the proceeds of each issue of the Bonds (including investment income) and the property financed, directly or indirectly, with such proceeds so that the Bonds will not be "private activity bonds" within the meaning of section 141 of the Code. Furthermore, the City will not take a deliberate action (as defined in section 1.141-2(d)(3) of the Regulations) that causes an issue of the Bonds to be "private activity bonds" unless it takes a remedial action permitted by section 1.141-12 of the Regulations. The City covenants and agrees that the levied Assessments will meet the requirements for the "tax assessment loan exception" within the meaning of Section 1.141-5(d) of the Regulations on the date the Bonds are delivered and will ensure that the Assessments continue to meet such requirements.

Section 8.3 No Federal Guaranty.

The City covenants not to take any action or omit to take any action that, if taken or omitted, would cause an issue of Bonds to be "federally guaranteed" within the meaning of section 149(b) of the Code, except as permitted by section 149(b)(3) of the Code.

Section 8.4 No Hedge Bonds.

The City covenants and agrees not to take any action, or knowingly omit to take any action within its control, that if taken or omitted, respectively, would cause an issue of Bonds to be "hedge bonds" within the meaning of Section 149(g) of the Code.

Section 8.5 No-Arbitrage.

The City covenants that it will make use of the proceeds of each issue of Bonds (including investment income) and regulate the investment of such proceeds of each such issues of Bonds so that such issue will not be “arbitrage bonds” within the meaning of section 148(a) of the Code.

Section 8.6 Arbitrage Rebate.

The City covenants that, if the City does not qualify for an exception to the requirements of section 148(f) of the Code, the City will comply with the requirement that certain amounts earned by the City on the investment of the gross proceeds each issue of Bonds, be rebated to the United States.

Section 8.7 Information Reporting.

The City covenants to file or cause to be filed with the Secretary of the Treasury an information statement concerning each issue of Bonds in accordance with section 149(e) of the Code.

Section 8.8 Record Retention.

The City covenants to retain all material records relating to the expenditure of the proceeds (including investment income) of the Bonds and the use of the property financed, directly or indirectly, thereby until three years after the last Bond is redeemed or paid at maturity (or such other period as provided by subsequent guidance issued by the Department of the Treasury) in a manner that ensures their complete access throughout such retention period.

Section 8.9 Registration.

If an issue of Bonds are “registration-required bonds” under section 149(a)(2) of the Code, such issue will be issued in registered form.

Section 8.10 Favorable Opinion of Bond Counsel.

Notwithstanding the foregoing, the City will not be required to comply with any of the federal tax covenants set forth above if the City has received a Favorable Opinion of Bond Counsel.

Section 8.11 Continuing Obligation.

Notwithstanding any other provision of this Indenture, the City’s obligations under the federal tax covenants set forth above will survive the defeasance and discharge of an issue of Bonds for as long as such matters are relevant to the excludability of interest on such issue Bonds from gross income for federal income tax purposes.

ARTICLE 9

LIABILITY OF CITY

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

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

No provision of this Indenture, the Bonds, the Assessment Ordinance, or any agreement, document, instrument, or certificate executed, delivered or approved by the City in connection with the issuance, sale, delivery, or administration of the Bonds (collectively, the “Bond Documents”), shall require the City to expend or risk its own general funds or revenues or other funds or otherwise incur any financial liability in the performance of any of its obligations hereunder, the sole source of payment of obligations incurred by the City under the Bond Documents being limited to the Pledged Revenues.

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 Pledged Revenues. Nothing contained in any of the Bond Documents shall be construed to preclude any action or proceeding in any court or before any governmental body, agency, or instrumentality against the City or any of its officers, officials, agents, or employees to enforce the provisions of any of the Bond Documents or to enforce all rights of the Owners of the Bonds by mandamus or other proceeding at law or in equity.

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

Whenever in the administration of its duties under this Indenture the City shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action

hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of willful misconduct on the part of the City, be deemed to be conclusively proved and established by a certificate of the Trustee, an Independent Financial Consultant, an independent inspector or City Manager or other person designated by the City Council to so act on behalf of the City, and such certificate shall be full warrant to the City for any action taken or suffered under the provisions of this Indenture upon the faith thereof, but in its discretion the City may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may deem 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 10

THE TRUSTEE

Section 10.1 Trustee as Registrar and Paying Agent.

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

Section 10.2 Trustee Entitled to Indemnity.

The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture, to spend its own funds, institute any suit, or to undertake any proceeding under this Indenture, or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of the trusts hereby created or in the enforcement of any rights and powers hereunder, unless and until it shall be indemnified pursuant to a written instrument by the Owners of the Bonds to its satisfaction against any and all costs and expenses, liabilities outlays, and counsel fees and other reasonable disbursements, and against all liability except as a consequence of its own negligence or willful misconduct as finally adjudicated by a court of competent jurisdiction. Nevertheless, the Trustee may begin suit, or appear in and defend suit, or exercise any such rights and powers as Trustee, without indemnity, and in such case the Trustee may make transfers from the Pledged Revenue Fund or the Administrative Fund to pay all costs and expenses, outlays, and counsel fees and other reasonable disbursements properly incurred in connection therewith and shall be entitled to a preference therefor over any Bonds Outstanding hereunder. To the extent permitted by law, the Owners agree to indemnify the Trustee for, and to hold it harmless against, any loss, liability, or expense except to the extent such losses, liabilities or expenses are finally adjudicated by a court of competent jurisdiction to have been directly caused by the Trustee's negligence, willful misconduct or bad faith on its part, arising out of or in connection with the acceptance or administration of this Indenture or the Trust Estate, including the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its rights or duties hereunder.

Section 10.3 Responsibilities of the Trustee.

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

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

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

(2) in the absence of bad faith on its part, the Trustee may rely conclusively, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are required specifically to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform on their face to the requirements of this Indenture.

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

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

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

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

(3) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the written direction of the controlling Owners relating to the time, method and place of conducting any proceeding for any

remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture; and

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

(5) This subparagraph shall not be construed to affect Trustee's immunities and protections from liability and its right to indemnification in connection with the performance of its duties provided in Section 10.2 (with respect to actions taken without negligence, bad faith or willful misconduct) or subparagraphs (d)-(s) of this Section, or otherwise provided for in this Indenture.

Whether or not therein expressly so provided, every provision of this Indenture or any other Bond Document relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Article 10.

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

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

(f) The Trustee shall not be liable for any action taken or omitted by it in the performance of its duties under this Indenture, except for its own negligence or willful misconduct. In no event shall the Trustee be responsible or liable for incidental, indirect, punitive, special or consequential losses or damages in connection with or arising from this Indenture for the existence, furnishing or use of the Authorized Improvements. The Trustee shall have no responsibility or liability for any action taken, or errors in judgment made in good faith by it or any of its officers, agents or employees unless it shall have been negligent in employing such agent or in ascertaining the pertinent facts.

(g) The Trustee (i) may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers or employees and the Trustee shall not be responsible for any acts or omissions on the part of any attorney, agent, receiver, or employee appointed with due care unless it shall have been negligent in employing such agent or in ascertaining the pertinent facts and shall be entitled to the advice of counsel concerning all matters of trusts hereof and duties hereunder.

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

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

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

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

(4) insurance of the Authorized Improvements or collection of insurance money,

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

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

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

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

(k) The Trustee shall not be required to take notice, and shall not be deemed to have notice, of any default or Event of Default, except Events of Default described in Section 12.1(1), unless the Trustee shall be notified specifically of the default or Event of Default in a written instrument or document delivered to it by the City or by the Owners of more than 50% of the aggregate outstanding principal amount of Bonds referring to this Indenture, describing such Event of Default and stating that such notice is a "notice of default". In the absence of delivery of a notice satisfying those requirements, the Trustee may assume conclusively that there is no Event of Default, except as noted above.

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

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

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

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

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

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

(r) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and the Trustee shall not be answerable to any Owner or any other Person or entity arising from any failure to exercise any permissive right.

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

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

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

(v) The Trustee shall not be responsible or liable for any failure or delay in the performance of its obligations under this Indenture arising out of or caused, directly or indirectly, by circumstances beyond its control, including without limitation, any act or provision of any present or future law or regulation or governmental authority that prohibits the required actions of the Trustee pursuant to this Indenture; acts of God; earthquakes; fires; floods; wars; terrorism; civil or military disturbances; sabotage of computer systems by outside actors; new epidemics not in effect on the date of this Indenture; riots; loss or malfunctions of utilities, computer (hardware or software) or communications service that are not caused by the Trustee's actions or inactions, including failure to maintain or upgrade equipment or software; acts of civil or military authority or governmental actions; or the unavailability of the Federal Reserve Bank wire or telex or other wire or communication facility on the date a transfer of funds is required.

Section 10.4 Property Held in Trust.

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

Section 10.5 Trustee Protected in Relying on Certain Documents.

The Trustee may request and rely upon any resolution, instrument, reports, direction, order, judgment, notice, opinion, request, consent, waiver, certificate, statement, affidavit, requisition, bond, debenture, note or other document provided to the Trustee in accordance with the terms of this Indenture that it shall in good faith reasonably believe to be genuine and to have been adopted or signed by the proper board or Person or to have been prepared and furnished pursuant to any of the provisions of this Indenture, not only as to due execution, validity and effectiveness, but also

as to the truth and accuracy of any information contained therein, or upon the written opinion of any counsel, architect, engineer, insurance consultant, management consultant, or accountant to be qualified in relation to the subject matter or selected by the City in accordance with this Indenture, and the Trustee shall be under no duty to make any investigation or inquiry into any statements contained or matters referred to in any such instrument. The Trustee may consult with counsel, who may or may not be Bond Counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of and the Trustee shall not be liable for, any action taken, suffered, or omitted to be taken by it in good faith and in accordance therewith.

Whenever the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under this Indenture, such matter may be deemed to be conclusively proved and established by a City Certificate, unless other evidence in respect thereof be hereby specifically prescribed. Such City Certificate shall be full warrant for any action taken or suffered in good faith under the provisions hereof, but in its 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 10.13 herein.

Section 10.6 Compensation.

From time to time, the Trustee shall determine and the Trustee shall provide the City Representative with an invoice setting forth the reasonable compensation for all services rendered by it hereunder, including its services as Paying Agent/Registrar, together with all its reasonable expenses, charges, and other disbursements and those of its counsel, agents and employees, incurred in and about the administration and execution of the trusts hereby created and the exercise of its powers and the performance of its duties hereunder, subject to any limit on the amount of such compensation or recovery of expenses or other charges as shall be prescribed by a specific agreement, if any, and the Trustee shall have a lien therefor on any and all funds at any time held by it hereunder prior to any Bonds Outstanding. Unless written objection is made invoice received by the City within ten (10) days of its delivery to the City, the Trustee shall transfer from the Administrative Fund the amount set forth thereon. None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, if there are reasonable grounds for believing that the repayment of such funds or liability is not reasonably assured to it. If the City shall fail to make any payment required by this Section, the Trustee may make such payment from lawfully available funds under this Indenture (other than funds designated by the City for arbitrage rebate purposes) in its possession under the provisions of this Indenture and shall be entitled to a preference therefor over any Bonds Outstanding hereunder.

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

Section 10.7 Permitted Acts.

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

Section 10.8 Resignation of Trustee.

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

Section 10.9 Removal of Trustee.

The Trustee may be removed at any time upon at least thirty (30) days prior written notice by (i) the Owners of at least a majority of the aggregate outstanding principal of the Bonds by an instrument or concurrent instruments in writing signed and acknowledged by such Owners or by their attorneys-in-fact, duly authorized and delivered to the City, or (ii) so long as the City is not in default under this Indenture, the City. Copies of each such instrument shall be delivered by the City to the Trustee and any successor thereof. The Trustee may also be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of this Indenture with respect to the duties and obligations of the Trustee by any court of competent jurisdiction upon the application of the City or the Owners of not less than 10% of the aggregate outstanding principal of the Bonds.

Section 10.10 Successor Trustee.

If the Trustee shall resign, be removed, be dissolved, or become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator, or conservator of the Trustee or of its property shall be appointed, or if any public officer shall take charge or control of the

Trustee or of its property or affairs, the position of the Trustee hereunder shall thereupon become vacant.

If the position of Trustee shall become vacant for any of the foregoing reasons or for any other reason, a successor trustee may be appointed within one year after any such vacancy shall have occurred by the Owners of at least twenty-five percent (25%) of the aggregate outstanding principal of the Bonds by an instrument or concurrent instruments in writing signed and acknowledged by such Owners or their attorneys-in-fact, duly authorized and delivered to such successor trustee, with notification thereof being given to the predecessor Trustee and the City.

Until such successor trustee shall have been appointed by the Owners of the Bonds, the City shall forthwith (and in no event in excess of thirty (30) days after such vacancy occurs) appoint a trustee to act hereunder. Copies of any instrument of the City providing for any such appointment shall be delivered by the City to the trustee so appointed. The City shall mail notice of any such appointment to each Owner of any Outstanding Bonds within thirty (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 requisite Owners of Bonds.

If in a proper case no appointment of a successor trustee shall be made within thirty (30) days after the giving by any Trustee of any notice of resignation in accordance with Section 9.8 herein or after the occurrence of any other event requiring or authorizing such appointment, the Trustee or any Owner of Bonds may apply to any court of competent jurisdiction for the appointment of such a successor, and the court may thereupon, after such notice, if any, as the court may deem proper, appoint such successor and the City shall be responsible for the costs of such appointment process.

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, notice of its appointment to the Trustee, any rating agency which, at the time of such appointment, is providing a rating on the Bonds, and each of the Owners of the Bonds.

Section 10.11 Transfer of Rights and Property to Successor Trustee.

Any successor trustee appointed under the provisions of Section 10.10 shall execute, acknowledge, and deliver to its predecessor and the City an instrument in writing accepting such appointment, and thereupon such successor, without any further act, deed, or conveyance, shall become fully vested with all moneys, estates, properties, rights, immunities, powers, duties, obligations, and trusts of its predecessor hereunder, with like effect as if originally appointed as Trustee. However, the Trustee then ceasing to act shall nevertheless, on request of the City or of such successor, execute, acknowledge, and deliver such instruments of conveyance and further

assurance (without representation or warranty, express implied or statutory) and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor all the rights, immunities, powers, and trusts of such Trustee and all the right, title, and interest of such Trustee in and to the Trust Estate, and, upon the receipt of payment of any outstanding charges, shall pay over, assign, and deliver to such successor any moneys or other properties subject to the trusts and conditions herein set forth. Should any deed, conveyance, or instrument in writing from the City be required by such successor for more fully and certainly vesting in and confirming to it any such moneys, estates, properties, rights, powers, duties, or obligations, any and all such deeds, conveyances, and instruments in writing, on request and so far as may be authorized by law, shall be executed, acknowledged, and delivered by the City.

Section 10.12 Merger, Conversion or Consolidation of Trustee.

Any corporation or association into which the Trustee may be merged or with which it may be consolidated or any corporation or association resulting from any merger, conversion or consolidation to which it shall be a party or any corporation or association to which the Trustee may sell or transfer all or substantially all of its corporate trust business shall be the successor to such Trustee hereunder, and will have succeeded to the rights, powers, duties, immunities and privileges as predecessor 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 10.10, or a trust company that is a wholly-owned subsidiary of any of the foregoing.

Section 10.13 Trustee to File Continuation Statements.

If necessary, the City will cause to be filed all appropriate financing statements, which may be through written direction to the Trustee to file on its behalf. If necessary, the Trustee shall file or cause to be filed, at the City's expense, such continuation statements as are delivered to the Trustee by the City, or on behalf of the City, and which may be required by the Texas Uniform Commercial Code, as from time to time in effect (the "UCC"), in order to continue perfection of the security interest of the Trustee in such items of tangible or intangible personal property and any fixtures as may have been granted to the Trustee pursuant to this Indenture in the time, place and manner required by the UCC. The Trustee shall only be responsible for making such filings upon written direction from the City. The Trustee shall have no responsibility to file financing statements or continuation statements other than to file continuation statements that are delivered to it. Unless otherwise notified in writing by the City or a Holder, the Trustee may conclusively rely upon the initial financing statements in filing any continuation statements hereunder.

Section 10.14 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 aggregate outstanding principal amount of any Bonds then Outstanding or their representatives duly authorized in writing.

Section 10.15 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.

ARTICLE 11

MODIFICATION OR AMENDMENT OF THIS INDENTURE

Section 11.1 Amendments Permitted.

This Indenture and the rights and obligations of the City and of the Owners of the Bonds may be modified or amended at any time by a Supplemental Indenture, except as provided below, pursuant to the affirmative vote at a meeting of Owners of the Bonds, or with the written consent without a meeting, of the Owners of at a majority of the aggregate principal amount of the Bonds then Outstanding. No such modification or amendment shall (i) extend the maturity of any Bond or reduce the interest rate thereon, or otherwise alter or impair the obligation of the City to pay the principal of, and the interest and any premium on, any Bond, without the express consent of the Owner of such Bond, or (ii) permit the creation by the City of any pledge or lien upon the Pledged Revenues superior to or on a parity with the pledge and lien created for the benefit of the Bonds (except as otherwise permitted by Applicable Laws or this Indenture), or reduce the percentage of Bonds required for the amendment hereof. Any such amendment may not modify any of the rights or obligations of the Trustee without its prior written consent. All reasonable fees, costs and expenses (including attorneys' fees, costs and expenses) incurred by the Trustee in connection with any amendment, modification or supplement shall be payable by the City if such amounts are approved by the City prior to the approval of the amendment, modification or supplement, but such costs shall only be payable from monies available in the Administrative Expense Fund.

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:

- (1) 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;
- (2) to make modifications not adversely affecting any Outstanding Bonds in any material respect;
- (3) 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; and

(4) 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.

Section 11.2 Owners' Meetings.

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

Section 11.3 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 or of this Indenture, to the extent that such amendment is permitted by Section 11.1 herein, to take effect when and as provided in this Section. The City shall provide written direction to the Trustee to provide a copy of such Supplemental Indenture, together with a request to Owners for their consent thereto, be mailed by the Trustee first class mail to each Owner of Bonds from whom consent is required under this Indenture, but failure to mail copies of such Supplemental Indenture and request shall not affect the validity of the Supplemental Indenture when assented to as in this Section provided.

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. Each such consent shall be effective only if accompanied by proof of ownership of the Bonds for which such consent is given, which proof shall be such as is permitted by Section 12.6 herein. Any such consent shall be binding upon the Owner of the Bonds giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice thereof), unless such consent is revoked in writing by the Owner giving such consent or a subsequent Owner by filing such revocation with the Trustee prior to the date when the notice hereinafter in this Section provided for has been mailed.

After the Owners of the required percentage of Bonds shall have filed their consents to the Supplemental Indenture, the City shall mail a notice to the Owners in the manner hereinbefore provided in this Section for the mailing of the Supplemental Indenture, stating in substance that the Supplemental Indenture has been consented to by the Owners of the required percentage of Bonds and will be effective as provided in this Section (but failure to mail copies of said notice shall not affect the validity of the Supplemental Indenture or consents thereto). Proof of the mailing of such notice shall be filed with the Trustee. A record, consisting of the papers required by this Section 11.3 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 at the expiration of ninety (90) days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such ninety-day period.

Section 11.4 Effect of Supplemental Indenture.

From and after the time any Supplemental Indenture becomes effective pursuant to this Article 11, 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 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 11.5 Endorsement or Replacement of Bonds Issued After Amendments.

The City may determine that Bonds issued and delivered after the effective date of any action taken as provided in this Article 11 shall bear a notation, by endorsement or otherwise, in form approved by the City, as to such action. In that case, upon demand of the Owner of any Bond Outstanding at such effective date and presentation of his Bond for that purpose at the Designated Payment/Transfer Office of the Trustee, a suitable notation shall be made on such Bond. The City may determine that new Bonds, so modified as in the opinion of the City is necessary to conform to such Owners' action, shall be prepared, executed, and delivered. In that case, upon demand of the Owner of any Bonds then Outstanding, such new Bonds shall be exchanged at the designated office of the Trustee without cost to any Owner, for Bonds then Outstanding, upon surrender of such Bonds.

Section 11.6 Amendatory Endorsement of Bonds.

The provisions of this Article 11 shall not prevent any Owner from accepting any amendment as to the particular Bonds held by such Owner, provided that due notation thereof is made on such Bonds.

Section 11.7 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 and any Applicable Laws. 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 12

DEFAULT AND REMEDIES

Section 12.1 Events of Default.

Each of the following occurrences or events shall be and is hereby declared to be an "Event of Default," to wit:

(1) The failure of the City to deposit the Pledged Revenues to the Pledged Revenue Fund;

(2) The failure of the City to enforce the collection of the Assessments including the prosecution of foreclosure proceedings;

(3) The failure to make payment of the principal of or interest on any of the Bonds when the same becomes due and payable and such failure is not remedied within thirty (30) days; and

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

Section 12.2 Immediate Remedies for Default.

(a) Subject to Article 8, upon the happening and continuance of any of the Events of Default described in Section 12.1, the Owners of at least 25% aggregate outstanding principal amount of the Bonds then Outstanding, may proceed against the City for the purpose of protecting and enforcing the rights of the Owners under this Indenture, by action seeking mandamus or by other suit, action, or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief to the extent permitted by Applicable Laws, including, but not limited to, the specific performance of any covenant or agreement contained herein, or injunction; provided, however, that no action for money damages against the City may be sought or shall be permitted.

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

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

(d) Whenever moneys are to be applied pursuant to this Article 12, 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 Applicable Laws and apply the proceeds thereof in accordance with the provisions of this Section. Upon such sale, the Trustee may make and deliver to the purchaser or purchasers a good and sufficient assignment or conveyance for the same, which sale shall be a perpetual bar both at law and in equity against the City, and all other Persons claiming such properties. No purchaser at any sale shall be bound to see to the application of the purchase money proceeds thereof or to inquire as to the authorization, necessity, expediency, or regularity of any such sale. Nevertheless, if so requested by the Trustee, the City shall ratify and confirm any sale or sales by executing and delivering to the Trustee or to such purchaser or purchasers all such instruments as may be necessary or proper for the purpose which may be designated in such request.

Section 12.3 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 25% of the aggregate principal amount of the Bonds then Outstanding have made written request to the Trustee and offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, (iii) the Owners have furnished to the Trustee written evidence of 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 registered owners of a majority of the aggregate principal amount of the Bonds then Outstanding, and (vi) notice of such action, suit, or proceeding is given to the Trustee; however, no one or more Owners of the Bonds shall have any right in any manner whatsoever to affect, disturb, or prejudice this Indenture by its, his or their action or to enforce any right hereunder except in the manner provided herein, and that all proceedings at law or in equity shall be instituted and maintained in the manner provided herein and for the equal benefit of the registered owners of all Bonds then Outstanding. The notification, request and furnishing of indemnity set forth above shall be conditions precedent to the execution of the powers and trusts of this Indenture and to any action or cause of action for the enforcement of this Indenture or for any other remedy hereunder.

(b) Subject to Article 9, nothing in this Indenture shall affect or impair the right of any Owner to enforce, by action at law, payment of any Bond at and after the maturity thereof, or on the date fixed for redemption or the obligation of the City to pay each Bond issued hereunder to the respective Owners thereof at the time and place, from the source and in the manner expressed herein and in the Bonds.

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

Section 12.4 Application of Revenues and Other Moneys After Default.

(a) All moneys, securities, funds and Pledged Revenues 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 12.2 hereof, be applied by the Trustee, on behalf of the City, to the payment of interest and principal or Redemption Price then due on Bonds, as follows:

FIRST: To the payment to the registered 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 registered owners entitled thereto, without any discrimination or preference; and

SECOND: To the payment to the registered owners entitled thereto of the unpaid principal of Outstanding Bonds, or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the direct order of their due dates and, if the amounts available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal due and to the registered 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 12.4.

(b) In the event funds are not adequate to cure any of the Events of Default described in Section 12.1, the available funds shall be allocated to the Bonds that are Outstanding in proportion to the quantity of Bonds that are currently due and in default under the terms of this Indenture.

(c) The restoration of the City to its prior position after any and all defaults have been cured, as provided in Section 12.3, shall not extend to or affect any subsequent default under this Indenture or impair any right consequent thereon.

Section 12.5 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 12.6 Evidence of Ownership of Bonds.

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

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

(2) The ownership of Bonds and the amount, numbers and other identification and date of holding the same shall be proved by the Register.

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

Section 12.7 Waiver of Default.

With the written consent of at least a majority in aggregate principal amount of the Bonds then Outstanding, the Owners may waive compliance by the City with certain past defaults under this Indenture and their consequences. Any such consent shall be conclusive and binding upon the Owners and upon all future Owners.

Section 12.8 No Acceleration.

In the event of the occurrence of an Event of Default under Section 12.1 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 12.9 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 12.10 Exclusion of Bonds.

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

ARTICLE 13

GENERAL COVENANTS AND REPRESENTATIONS

Section 13.1 Representations as to Pledged Revenues.

(a) The City represents and warrants that Applicable Laws authorize the City to issue the Bonds, to execute and deliver this Indenture and to pledge the Trust Estate in the manner and to the extent provided in this Indenture, and that the Pledged Revenues 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 Pledged Revenues and all the rights of the Owners and the Trustee, under this Indenture against all claims and demands of all Persons whomsoever.

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

(d) To the extent permitted by law and reasonably practical, 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. Notwithstanding the foregoing, if the City is unable in every year to send notice of the Annual Installment on the same statement as ad valorem taxes, the City shall send or shall cause to be sent, a separate notice of the Annual Installment in a timely fashion such that the Annual Installment can be collected in the same time frame as ad valorem taxes.

Section 13.2 General.

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

ARTICLE 14

SPECIAL COVENANTS

Section 14.1 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 14.2 Additional Obligations; Other Obligations or Other Liens.

(a) The City reserves the right, subject to the provisions contained in this Section 14.2, to issue Additional Obligations under other indentures, assessment ordinances, or similar agreements or other obligations which do not constitute or create a lien on the Trust Estate and are not payable from Pledged Revenues.

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

(c) Other than Refunding Bonds issued to refund all or a portion of the Bonds, the City will not create or voluntarily permit to be created any debt, lien or charge on the Trust Estate, and will not do or omit to do or suffer to be or omitted to be done any matter or things whatsoever whereby the lien of this Indenture or the priority hereof might or could be lost or impaired; and further covenants that it will pay or cause to be paid or will make adequate provisions for the satisfaction and discharge of all lawful claims and demands which if unpaid might by law be given precedence over or any equality with this Indenture as a lien or charge upon the Pledged Revenues or Pledged Funds and Accounts; provided, however, that nothing in this Section shall require the City to apply, discharge, or make provision for any such lien, charge, claim, or demand so long as the validity thereof shall be contested by it in good faith, unless thereby, in the opinion of Bond Counsel or counsel to the Trustee, the same would adversely affect the ability of the City to timely pay the debt service due and owing on the Bonds.

Section 14.3 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 Pledged Revenues, the Pledged Funds and Accounts, and the Bonds.

(b) The Trustee shall have no responsibility with respect to the financial and other information received by it pursuant to this Section 14.3 except to receive and retain same, subject to the Trustee's document retention policies, and to distribute the same in accordance with the provisions of this Indenture. 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 15

PAYMENT AND CANCELLATION OF THE BONDS AND SATISFACTION OF THE INDENTURE

Section 15.1 Trust Irrevocable.

The trust created by the terms and provisions of this Indenture is irrevocable until the Bonds secured hereby are fully paid or provision is made for their payment as provided in this Article 14.

Section 15.2 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, at the times and in the manner stipulated in this Indenture, and all amounts due and owing with respect to the Bonds have been paid or provided for, then the pledge of the Trust Estate and all covenants, agreements, and other obligations of the City to the Owners of such Bonds, shall thereupon cease, terminate, and become void and be discharged and satisfied. In such event, the Trustee shall execute and deliver to the City copies of all such documents as it may have evidencing that principal of and interest on all of the Bonds has been paid so that the City may determine if this 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 15.3 Bonds Deemed Paid.

All Outstanding Bonds shall prior to the Stated Maturity or redemption date thereof be deemed to have been paid and to no longer be deemed Outstanding if (i) in case any such Bonds are to be redeemed on any date prior to their Stated Maturity, the Trustee shall have given notice of redemption on said date as provided herein, (ii) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Defeasance Securities the principal of and the interest on which when due will provide moneys which, together with any moneys deposited with the Trustee at the same time, shall be sufficient to pay when due the principal of and interest on of the Bonds to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be, (iii) the Trustee shall have received a report by an independent certified public accountant selected by the City verifying the sufficiency of the moneys or Defeasance Securities deposited with the Trustee to pay when due the principal of and interest on of the Bonds to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (iv) if the Bonds are then rated, the Trustee shall have received written confirmation from each rating agency that such deposit will not result in the

reduction or withdrawal of the rating on the Bonds. Neither Defeasance Securities nor moneys deposited with the Trustee pursuant to this Section nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on the Bonds. Any cash received from such principal of and interest on such Defeasance Securities deposited with the Trustee, if not then needed for such purpose, shall, be reinvested in Defeasance Securities as directed in writing by the City maturing at times and in amounts sufficient to pay when due the principal of and interest on the Bonds on and prior to such redemption date or maturity date thereof, as the case may be, only upon receipt by the Trustee of (i) a report by an independent certified public accountant selected by the City, after giving effect to such request, verifying the sufficiency of the moneys or Defeasance Securities deposited with the Trustee to pay when due the principal of and interest on the Bonds to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be and (ii) an opinion of Bond Counsel stating that that no adverse federal tax consequences will result from reinvesting such cash. 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 16

MISCELLANEOUS

Section 16.1 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. This Indenture and the exhibits hereto set forth the entire agreement and understanding of the parties related to this transaction and supersedes all prior agreements and understandings, oral or written.

Section 16.2 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 16.3 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 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 shall bind all future Owners of such Bond in respect of anything done or suffered to be done by the City or the Trustee in good faith and in accordance therewith.

Section 16.4 Waiver of Personal Liability.

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

Section 16.5 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 or Certificate for Payment shall be in writing and shall be 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 Aubrey, Texas
107 S. Main Street
Aubrey, Texas 76227
Attn: City Manager
Telephone: (940) 440-9343

With a copy to:

And:

Bracewell LLP
Attn: Julie Partain
1445 Ross Ave.
Suite 3800
Dallas, Texas 75202
Email: julie.partain@bracewell.com
(214) 758-1606

If to the Trustee, also acting in the capacity of Paying Agent/Registrar: Wilmington Trust, National Association
Attn: Parker Merritt
15950 North Dallas Parkway, Suite 200
Dallas, Texas 75248
Email: pmerritt@wilmingtontrust.com
(714)384-4174

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

(c) The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions (“Instructions”) given pursuant to this Indenture and delivered using Electronic Means (“Electronic Means” means the following communications methods: email, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder); provided, however, that the City shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions (“Authorized Officers”) and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the City whenever a person is to be added or deleted from the listing. If the City elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee’s understanding of such Instructions shall be deemed controlling. The City understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The City shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and the City and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the City. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee’s reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The City agrees, to the extent permitted by law: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the

protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the City; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

Section 16.6 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 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 16.7 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 16.8 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 or the date fixed for redemption of any Bonds or the date any action is to be taken pursuant to this Indenture is other than a Business Day, the payment of interest or principal (and premium, if any) or the action need not be made on such date but may be made on the next succeeding day that is a Business Day with the same force and effect as if made on the date required and no interest shall accrue for the period from and after such date.

Section 16.9 Counterparts.

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

Section 16.10 Statutory Verifications. The Trustee makes the following representations and covenants pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as heretofore amended (the "Government Code"), in entering into this Indenture. As used in such verifications, "affiliate" means an entity that controls, is controlled by, or is under common control with the Trustee within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification during the term of this Indenture shall survive until barred by the applicable statute of limitations and shall not be liquidated or otherwise limited by any provision of this Indenture, notwithstanding anything in this Indenture to the contrary.

(a) *Not a Sanctioned Company.* The Trustee represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Government Code. The foregoing representation

excludes the Trustee and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

(b) *No Boycott of Israel.* The Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this Indenture. As used in the foregoing verification, “boycott Israel” has the meaning provided in Section 2271.001, Government Code.

(c) *No Discrimination Against Firearm Entities.* The Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of this Indenture. As used in the foregoing verification, “discriminate against a firearm entity or firearm trade association” has the meaning provided in Section 2274.001(3), Government Code.

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

Section 16.11 Form 1295 Exemption. The Trustee represents that it is a wholly owned subsidiary of M&T Bank Corporation, a publicly traded business entity, and therefore this Indenture is exempt from Section 2252.908, Texas Government Code, as amended.

[remainder of page left blank intentionally]

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

CITY OF AUBREY, TEXAS

By: _____
Mayor

ATTEST:

City Secretary

[CITY SEAL]

WILMINGTON TRUST, NATIONAL
ASSOCIATION., AS TRUSTEE

By: _____
Authorized Officer

EXHIBIT A

(a) Form of Bond.

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

REGISTERED
No. _____

REGISTERED
\$ _____

United States of America
State of Texas

CITY OF AUBREY, TEXAS
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025
(DUCK POINT PUBLIC IMPROVEMENT DISTRICT)

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATE OF DELIVERY</u>	<u>CUSIP NUMBER</u>
_____ %	December 31, _____	_____, 2025	_____

The City of Aubrey, 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 commencing on December 31, 2025, and on each June 30 and December 31 thereafter until maturity or prior redemption.

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

The principal of this Bond shall be payable without exchange or collection charges in lawful money of the United States of America upon presentation and surrender of this Bond at the corporate trust office in Dallas, Texas (the “Designated Payment/Transfer Office”), of Wilmington Trust, National Association, a national banking association, as trustee and paying agent/registrars (the “Trustee,” which term includes any successor trustee under the Indenture), or, with respect to a successor trustee and paying agent/registrars, at the Designated Payment/Transfer Office of such successor. Interest on this Bond is payable by check dated as of the Interest Payment Date, mailed by the Trustee to the registered owner at the address shown on the registration books kept by the Trustee or by such other customary banking arrangements, requested by, and at the risk and expense of, the Person to whom interest is to be paid. For the purpose of the payment of interest on this Bond, the registered owner shall be the Person in whose name this Bond is registered at the close of business on the “Record Date,” which shall be the fifteenth business 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 thirty (30) days thereafter, a new record date for such interest payment (a “Special Record Date”) will be established by the Trustee, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the “Special Payment Date,” which shall be 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 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 February 15, 2025 and issued in the aggregate principal amount of \$_____ and issued, with the limitations described herein, pursuant to an Indenture of Trust, dated as of February 15, 2025 (the “Indenture”), by and between the City and the Trustee, to which Indenture reference is hereby made for a description of the amounts thereby pledged and assigned, the nature and extent of the lien and security, the respective rights thereunder to the holders of the Bonds, the Trustee, and the City, and the terms upon which the Bonds are, and are to be, authenticated and delivered and by this reference to the terms of which each holder of this Bond hereby consents. All Bonds issued under the Indenture are equally and ratably secured by the amounts thereby pledged and assigned. The Bonds are being issued for the purpose of (i) paying or reimbursing a portion of the Authorized Improvements Project Costs, (ii) funding a debt service reserve fund for payment of principal and interest on the Bonds, (iii) paying capitalized interest on the bonds, (iv) paying for a portion of the

costs incidental to the organization and administration of the District, and (v) paying the costs of issuance of the Bonds.

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

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

The Bonds are issuable as fully registered bonds only in denominations of \$100,000, or any integral multiple of \$1,000 in excess thereof ("Authorized Denominations"), subject to the partial redemption provisions of the Indenture authorizing redemptions of less than \$100,000 in denominations of \$1,000 and any multiple of \$1,000 in excess thereof.

The Bonds are subject to mandatory sinking fund redemption prior to their respective maturities and will be redeemed by the City in part at a Redemption Price equal to the principal amount thereof plus accrued and unpaid interest thereon to the date set for redemption from moneys available for such purpose in the Principal and Interest Account of the Bond Fund pursuant to Article 6 of the Indenture, on the dates and in the Sinking Fund Installment amounts as set forth in the following schedule:

\$ _____ Term Bonds maturing December 31, 20__

Redemption Date	Sinking Fund Installment Amount
December 31, 20__	
December 31, 20__	
December 31, 20__	
December 31, 20__	
December 31, 20__	
December 31, 20__	
December 31, 20__*	

*maturity

\$ _____ Term Bonds maturing December 31, 20__

Redemption Date	Sinking Fund Installment Amount
December 31, 20__	
December 31, 20__	
December 31, 20__	
December 31, 20__	
December 31, 20__	
December 31, 20__	
December 31, 20__ *	

*maturity

\$ _____ Term Bonds maturing December 31, 20__

Redemption Date	Sinking Fund Installment Amount
December 31, 20__	
December 31, 20__	
December 31, 20__	
December 31, 20__	
December 31, 20__	
December 31, 20__	
December 31, 20__ *	

*maturity

At least forty-five (45) days prior to each sinking fund redemption date, the Trustee shall select for redemption by lot, or by any other customary method that results in a random selection, a principal amount of Bonds of such maturity equal to the Sinking Fund Installments of such Bonds to be redeemed, shall call such Bonds for redemption on such scheduled mandatory sinking fund redemption date, and shall give notice of such redemption, as provided in the Indenture.

The principal amount of Bonds required to be redeemed on any 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 forty-five (45) days prior to the sinking fund redemption date (i) shall have been acquired by the City and delivered to the Trustee for cancellation, or (ii) shall have been redeemed pursuant to the optional redemption or extraordinary optional redemption and not previously credited to a sinking fund redemption.

The City reserves the right and option to redeem Bonds maturing on or after December 31, 20__ before their scheduled maturity dates, in whole or in part, on any date, on or after December

31, 20__ , such redemption date or dates to be fixed by the City, at a price of par plus accrued and unpaid interest to the date of redemption:

Bonds are subject to extraordinary optional redemption prior to maturity in whole or in part, on any Business Day, at a Redemption Price equal to the principal amount of the Bonds called for redemption, plus accrued and unpaid interest to the date fixed for redemption from amounts on deposit in the Redemption Fund as a result of Prepayments, other transfers to the Redemption Fund pursuant to the Indenture, or any other transfers to the Redemption Fund permitted in the Indenture.

The Trustee shall give notice of any redemption of Bonds by sending notice by first class United States mail, postage prepaid, not less than thirty (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 reserves the right, in the case of an optional or extraordinary optional redemption, to give notice of its election or direction to redeem Bonds conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date, or (ii) that the City retains the right to rescind such notice at any time on or prior to the scheduled redemption date if the City delivers a certificate of the City to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice and such notice and redemption shall be of no effect if such moneys and/or authorized securities are not so deposited or if the notice is rescinded. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owners. Any Bonds subject to conditional redemption and such redemption has been rescinded shall remain Outstanding and the rescission of such redemption shall not constitute an event of default. Further, in the case of a conditional redemption, the failure of the City to make moneys and or authorized securities available in part or in whole on or before the redemption date shall not constitute an event of default.

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, 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 forty-five (45) calendar days of the transfer or exchange date; provided, however, such limitation shall not be applicable to an exchange by the registered owner of the uncalled principal balance of a Bond.

The City, the Trustee, and any other Person may treat the Person in whose name this Bond is registered as the owner hereof for the purpose of receiving payment as herein provided (except interest shall be paid to the Person in whose name this Bond is registered on the Record Date or Special Record Date, as applicable) and for all other purposes, whether or not this Bond be overdue, and neither the City nor the Trustee shall be affected by notice to the contrary.

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE CITY OF AUBREY, TEXAS; DENTON COUNTY, 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.

City Secretary, City of Aubrey, Texas

Mayor, City of Aubrey, Texas

[City Seal]

(b) Form of Comptroller's Registration Certificate.

The following Registration Certificate of Comptroller of Public Accounts shall appear on each 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.

CERTIFICATE OF TRUSTEE

It is hereby certified that this is one of the Bonds of the series of Bonds referred to in the within mentioned Indenture.

WILMINGTON TRUST, NATIONAL
ASSOCIATION, as Trustee

By: _____
Authorized Signatory

DATED: _____

(d) Form of Assignment.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto (print or typewrite name, 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:

Authorized Signatory

NOTICE: The signature on this Assignment must correspond with the name of the registered owner as it appears on the face of the within Bond in every particular and must be guaranteed in a manner acceptable to the Trustee.

(e) The Initial Bond shall be in the form set forth in paragraphs (a), (b) and (d) of this section, except for the following alterations:

(i) immediately under the name of the Bond the heading "INTEREST RATE" and "MATURITY DATE" shall both be completed with the expression "As Shown Below," and the reference to the "CUSIP NUMBER" shall be deleted;

(ii) in the first paragraph of the Bond, the words "on the Maturity Date specified above" shall be deleted and the following will be inserted: "on December 31 in each of the years, in the principal installments and bearing interest at the per annum rates set forth in the following schedule:

<u>Years</u>	<u>Principal Installments</u>	<u>Interest Rates"</u>
--------------	-------------------------------	------------------------

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

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

EXHIBIT B

FORM OF CERTIFICATE FOR PAYMENT

CERTIFICATE FOR PAYMENT NO. ____

Reference is made to that certain Indenture of Trust by and between the City and the Trustee dated as of February 15, 2025 (the “Indenture”) relating to the “City of Aubrey, Texas, Special Assessment Revenue Bonds, Series 2025 (Duck Point Public Improvement District)” (the “Bonds”). Unless otherwise defined, any capitalized terms used herein shall have the meanings ascribed to them in the Indenture.

The undersigned is an agent for MM Aubrey 160, LLC., a Texas limited liability company (the “Developer”) and requests payment to the Developer (or to the person designated by the Developer) from:

The Improvement Account of the Project Fund from Wilmington Trust, National Association, (the “Trustee”), in the amount of _____ (\$ _____) for labor, materials, fees, and/or other general costs related to the creation, acquisition, or construction of certain Authorized Improvements providing a special benefit to property within the Duck Point Public Improvement District.

In connection with the above referenced payment, the Developer represents and warrants to the City as follows:

1. The undersigned is a duly authorized officer of the Developer, is qualified to execute this Certificate for Payment Form on behalf of the Developer and is knowledgeable as to the matters set forth herein.
2. The itemized payment requested for the below referenced Authorized Improvements has not been the subject of any prior payment request submitted for the same work to the City or, if previously requested, no disbursement was made with respect thereto.
3. The itemized amounts listed for the Authorized Improvements below is a true and accurate representation of the Actual Costs of the Authorized Improvements associated with the creation, acquisition, or construction of said Authorized Improvements and such costs (i) are in compliance with the Development Agreement, and (ii) are consistent with and within the cost identified for such Authorized Improvements as set forth in the Service and Assessment Plan.
4. The Developer is in compliance with the terms and provisions of the Development Agreement, the Indenture, and the Service and Assessment Plan.
5. The Developer has timely paid all ad valorem taxes and Annual Installments of Assessments it owes or an entity the Developer controls owes, related to property located in the Duck Point Public Improvement District and has no outstanding delinquencies for such taxes or

Assessments. All conditions set forth in the Indenture and the Development Agreement for the payment hereby requested have been satisfied.

6. The work with respect to Authorized Improvements referenced below has been completed or its completed segment), and the City has inspected such Authorized Improvements or its completed segment.

7. The Developer agrees to cooperate with the City in conducting its review of the requested payment, and agrees to provide additional information and documentation as is reasonably necessary for the City to complete said review.

Payments requested are as follows:

Payee / Description of Authorized Improvement	Total Cost Authorized Improvement	Budgeted Cost of Authorized Improvement	Amount requested be paid from the Improvement Account

8. Attached hereto are receipts, purchase orders, change orders, and similar instruments which support and validate the above requested payments. Also attached hereto are “all bills paid” affidavits or “conditional all bills paid” affidavits, as applicable, and supporting documentation in the standard form for City construction projects.

9. Pursuant to the Development Agreement, after receiving this payment request, the City has inspected the Authorized Improvement (or completed, section or portion thereof segment) and confirmed that said work has been completed in accordance with approved plans and all applicable governmental laws, rules, and regulations.

10. Forms or information requested by the City’s PID Administrator for the payment/reimbursement of Authorized Improvements Costs have been submitted.

Payments requested hereunder shall be made as directed below:

- a. X amount to Person or Account Y for Z goods or services.
- b. Payment instructions

I hereby declare that the above representations and warranties are true and correct.

MM Aubrey 160, LLC a Texas limited liability company

By: _____

Name: _____

Title: _____

APPROVAL OF REQUEST

The City is in receipt of the attached Certificate for Payment, acknowledges the Certificate for Payment, and finds the Certificate for Payment to be in order. After reviewing the Certificate for Payment, the City approves the Certificate for Payment and authorizes and directs payment of the amounts set forth below by Trustee from the Project Fund to the Developer or other person designated by the Developer as listed and directed on such Certificate for Payment. The City's approval of the Certificate for Payment shall not have the effect of estopping or preventing the City from asserting claims under the Development Agreement, the Indenture, the Service and Assessment Plan, or any other agreement between the parties or that there is a defect in the Authorized Improvement.

Amount of Certificate for Payment Request	Amount requested be paid from the Improvement Account
\$ _____	\$ _____

CITY OF AUBREY, TEXAS

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT C

FORM OF CLOSING DISBURSEMENT REQUEST

The undersigned is an agent for MM Aubrey 160, LLC, (the “Developer”) and requests payment from:

[the Cost of Issuance Account of the Project Fund][Improvement Account of the Project Fund] from Wilmington Trust, National Association (the “Trustee”) in the amount of _____ DOLLARS (\$ _____) for costs incurred in the establishment, administration, and operation of the Duck Point Public Improvement District (the “District”), as follows:

Closing Costs Description	Cost	PID Allocated Cost
TOTAL		

In connection to the above referenced payments, the Developer represents and warrants to the City as follows:

1. The undersigned is a duly authorized officer of the Developer, is qualified to execute this Closing Disbursement Request on behalf of the Developer, and is knowledgeable as to the matters set forth herein.
2. The payment requested for the above referenced establishment, administration, and operation of the District at the time of the delivery of the Bonds has not been the subject of any prior payment request submitted to the City.
3. The amount listed for the below itemized costs is a true and accurate representation of the Actual Costs incurred by Developer with the establishment of the District at the time of the delivery of the Bonds, and such costs are in compliance with and within the costs as set forth in the Service and Assessment Plan.
4. The Developer is in compliance with the terms and provisions of the Development Agreement, the Indenture, and the Service and Assessment Plan.
5. All conditions set forth in the Indenture for the payment hereby requested have been satisfied.
6. The Developer agrees to cooperate with the City in conducting its review of the requested payment, and agrees to provide additional information and documentation as is reasonably necessary for the City and/or the City’s PID Administrator to complete said review.

7. The Developer has submitted all documentation required by the City's PID Administrator with respect to this Disbursement Request.

Payments requested hereunder shall be made as directed below:

- c. X amount to Person or Account Y for Z goods or services.
- d. Payment instructions

I hereby declare that the above representations and warranties are true and correct.

MM Aubrey 160, LLC

By: _____

Name: _____

Title: _____

Date: _____

APPROVAL OF REQUEST

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

Closing Costs	Amount to be Paid by Trustee from Cost of Issuance Account	Amount requested be paid from the Improvement Account
\$ _____	\$ _____	\$ _____

CITY OF AUBREY, TEXAS

By: _____

Name: _____

Title: _____

Date: _____

(THIS PAGE IS INTENTIONALLY LEFT BLANK)

APPENDIX C

FORM OF SERVICE AND ASSESSMENT PLAN

(THIS PAGE IS INTENTIONALLY LEFT BLANK)

DUCK POINT PUBLIC IMPROVEMENT DISTRICT

CITY OF AUBREY, TEXAS

SERVICE AND ASSESSMENT PLAN

February 27, 2025

PREPARED BY:

MUNICAP, INC.
— PUBLIC FINANCE —

DUCK POINT PUBLIC IMPROVEMENT DISTRICT

SERVICE AND ASSESSMENT PLAN

TABLE OF CONTENTS

I.	PLAN DESCRIPTION AND DEFINED TERMS	4
A.	INTRODUCTION	4
B.	DEFINITIONS	5
II.	PROPERTY INCLUDED IN THE PID	10
A.	PROPERTY INCLUDED IN THE PID	10
III.	DESCRIPTION OF THE AUTHORIZED IMPROVEMENTS	11
A.	AUTHORIZED IMPROVEMENT OVERVIEW	11
B.	DESCRIPTIONS AND BUDGETED COSTS THE AUTHORIZED IMPROVEMENTS	12
IV.	SERVICE PLAN	14
A.	PROJECTED SOURCES AND USES OF FUNDS.....	14
B.	PROJECTED FIVE YEAR SERVICE PLAN.....	15
C.	PID ASSESSMENT NOTICE.....	16
V.	ASSESSMENT PLAN	17
A.	INTRODUCTION	17
B.	SPECIAL BENEFIT	17
C.	ASSESSMENT METHODOLOGY	19
D.	ASSESSMENTS	20
E.	ADMINISTRATIVE EXPENSES.....	20
F.	DELINQUENCY AND PREPAYMENT RESERVE ACCOUNT	20
G.	TIRZ ANNUAL CREDIT AMOUNT.....	20
VI.	TERMS OF THE ASSESSMENTS.....	21
A.	AMOUNT OF ASSESSMENTS AND ANNUAL INSTALLMENTS FOR PARCELS LOCATED WITHIN THE PID.....	21
B.	REALLOCATION OF ASSESSMENTS.....	21
C.	MANDATORY PREPAYMENT OF ASSESSMENTS.....	22
D.	REDUCTION OF ASSESSMENTS	23
E.	PAYMENT OF ASSESSMENTS.....	23
F.	COLLECTION OF ANNUAL INSTALLMENTS	25
G.	SURPLUS FUNDS REMAINING IN THE PID BOND ACCOUNT	25
VII.	THE ASSESSMENT ROLL.....	26
A.	ASSESSMENT ROLL.....	26
B.	ANNUAL ASSESSMENT ROLL UPDATES.....	27
VIII.	MISCELLANEOUS PROVISIONS	28
A.	ADMINISTRATIVE REVIEW.....	28
B.	TERMINATION OF ASSESSMENTS	28
C.	AMENDMENTS.....	28
D.	ADMINISTRATION AND INTERPRETATION OF PROVISIONS	29
E.	SEVERABILITY	29
APPENDIX A - PID MAP		

APPENDIX B - BUDGETED COSTS OF THE AUTHORIZED IMPROVEMENTS

APPENDIX C - DIAGRAMS OF THE AUTHORIZED IMPROVEMENTS

APPENDIX D - ASSESSMENT PER UNIT, PROJECTED LEVERAGE AND PROJECTED TAX RATE EQUIVALENTS

APPENDIX E - PID ASSESSMENT NOTICE (SECTION 5.014, TEXAS PROPERTY CODE)

APPENDIX F - PID ASSESSMENT ROLL

I. PLAN DESCRIPTION AND DEFINED TERMS

A. INTRODUCTION

On May 23, 2024 (the “Creation Date”), the City Council (the “City Council”) of the City of Aubrey, Texas (the “City”), passed and approved Resolution No. 963-24 approving and authorizing the creation of the Duck Point Public Improvement District (the “PID”) to finance the costs of certain public improvements for the benefit of property in such public improvement district all of which is located within the corporate limits of the City.

The property in the PID is proposed to be developed in approximately one phase. Assessments will be imposed on the property that receives a special benefit from the public improvements to be financed.

Chapter 372 of the Texas Local Government Code, the “Public Improvement District Assessment Act” (as amended, the “PID Act”), governs the creation and operation of public improvement districts within the State of Texas. This Duck Point Public Improvement District Service and Assessment Plan (the “Service and Assessment Plan”) has been prepared in accordance with the PID Act and specifically Sections 372.013, 372.014, 372.015 and 372.016, thereof, which address the requirements of a service and assessment plan and the assessment roll. According to Section 372.013 of the PID Act, a service plan “must (i) cover a period of at least five years; (ii) define the annual indebtedness and the projected costs for improvements; and (iii) include a copy of the notice form required by Section 5.014, Property Code.” The service plan is described in Section IV of this Service and Assessment Plan. The copy of the notice form required by Section 5.014 of the Texas Property Code, as amended, is attached hereto as Appendix E.

Section 372.014 of the PID Act requires that “an assessment plan must be included in the annual service plan.” The assessment plan is described in Section V of this Service and Assessment Plan.

Section 372.015 of the PID Act requires that “the governing body of the municipality or county shall apportion the cost of an improvement to be assessed against property in an improvement district.” The method of assessing the costs of the Authorized Improvements and apportionment of such costs to the property in the PID is included in Section V of this Service and Assessment Plan.

Section 372.016 of the PID Act requires that “after the total cost of an improvement is determined, the governing body of the municipality or county shall prepare a proposed assessment roll. The roll must state the assessment against each parcel of land in the district, as determined by the method of assessment chosen by the municipality or county under this subchapter.” The Assessment Roll for the PID is included as Appendix F of this Service and Assessment Plan. The Assessments as shown on the Assessment Roll are based on the method of assessment and apportionment of costs described in Section V of this Service and Assessment Plan.

B. DEFINITIONS

Capitalized terms used herein shall have the meanings ascribed to them as follows:

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

Actual Costs include general contractor’s fees in an amount up to a percentage equal to the percentage of work completed and accepted by the City or construction management fees in an amount up to five percent of the eligible Actual Costs described in a Certification for Payment. The amounts expended on legal costs, taxes, governmental fees, insurance premiums, permits, financing costs, and appraisals shall be excluded from the base upon which the general contractor and construction management fees are calculated.

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

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

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

PID Act and other laws applicable to the Bonds, (viii) the Trustee fees and expenses for services relating to the Bonds, (ix) legal counsel, engineers, accountants, financial advisors, investment bankers or other consultants and advisors, and (x) administering the construction of the Authorized Improvements. Administrative Expenses do not include payment of the actual principal of, redemption premium, if any, and interest on the Bonds. Administrative Expenses collected and not expended for actual Administrative Expenses in one year may be carried forward and applied to reduce Administrative Expenses in subsequent years to avoid the over-collection of amounts to pay Administrative Expenses.

“Administrator” means the official, employee, or designee of the City, identified in any indenture of trust relating to the Bonds or in any other agreement approved by the City Council, who shall have the responsibilities provided for herein.

“Annual Installment” means, with respect to each Parcel, each annual payment of: (i) the Assessments, including both principal and interest, as shown on the Assessment Roll attached hereto as Appendix F or in an Annual Service Plan Update, and calculated as provided in Section VI of this Service and Assessment Plan, (ii) the Additional Interest Component designated for the Delinquency and Prepayment Reserve described in Section V of this Service and Assessment Plan, and (iii) the Administrative Expenses.

“Annual Service Plan Update” has the meaning set forth in the second paragraph of Section IV of this Service and Assessment Plan.

“Assessed Property” means the property that benefits from the Authorized Improvements to be provided by the PID on which Assessments have been imposed as shown in each Assessment Roll, as each Assessment Roll is updated each year by the Annual Service Plan Update. Assessed Property includes Parcels within the PID other than Non-Benefited Property.

“Assessment” means an assessment levied against a Parcel imposed pursuant to an Assessment Ordinance and the provisions herein, as shown on any Assessment Roll, subject to reallocation upon the subdivision of such Parcel or reduction according to the provisions herein and the PID Act. An Assessment for a Parcel consists of the Annual Installments to be collected in all years including the portion of those Annual Installments collected to pay Administrative Expenses and interest on all Assessments.

“Assessment Ordinance” means an ordinance adopted by the City Council approving the Service and Assessment Plan (including amendments or supplements to the Service and Assessment Plan) and levying the Assessment.

“Assessment Revenues” mean the revenues actually received by or on behalf of the City from the collection of Assessments.

“Assessment Roll” means the Assessment Roll included in this Service and Assessment Plan as Appendix F or any other Assessment Roll in an amendment or supplement to this Service and Assessment Plan or in an Annual Service Plan Update, as each may be updated, modified, or

amended from time to time in accordance with the procedures set forth in this Service and Assessment Plan and in the PID Act.

“Authorized Improvements” mean those public improvements described in Appendix B of this Service and Assessment Plan and Section 372.003 of the PID Act, constructed and installed in accordance with this Service and Assessment Plan, and any future updates and/or amendments.

“Bonds” mean any bonds issued by the City in one or more series and secured in whole or in part by the Assessment Revenues.

“Budgeted Cost(s)” means the amounts budgeted to construct the Authorized Improvements as used in the preparation of this Service and Assessment Plan.

“Certification for Payment” means the certificate to be provided by the Developer, or his designee, to substantiate the Actual Cost of one or more Authorized Improvements, which shall be substantially in the form attached to the Trust Indenture pursuant to which the related series of Bonds is issued with such changes approved by the City and the Administrator.

“City” means Aubrey, Texas.

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

“County” means Denton County, Texas.

“Delinquency and Prepayment Reserve Account” means with respect to the PID Bonds, a reserve fund to be funded from the Additional Interest Component collected each year as more fully described in Section V.F of this Service and Assessment Plan.

“Delinquent Collection Costs” mean interest, penalties and expenses incurred or imposed with respect to any delinquent Annual Installment of an Assessment in accordance with the PID Act and the costs related to pursuing collection of a delinquent Annual Installment of an Assessment and foreclosing the lien against the Assessed Property, including attorney’s fees.

“Developer” means MM Aubrey 160, LLC, a Texas limited liability company.

“Development Agreement” means that certain “Duck Point Development Agreement” by and between the City and the Developer and related to the Property, effective May 23, 2024, and as the same may be amended from time to time.

“Homeowner Association” means a homeowner’s association or property owners’ association established for the benefit of property owners within the boundaries of the PID.

“Homeowner Association Property” means property within the boundaries of the PID that is owned by or irrevocably offered for dedication to, whether in fee simple or through an exclusive use easement, a Homeowner’s Association.

“Lot” means a tract of land described as a “lot” in a subdivision plat recorded in the official public records of Denton County, Texas.

“Lot Type” means a classification of final building lots with similar characteristics (e.g. commercial, light industrial, multifamily residential, single family residential, etc.), as determined by the Administrator and confirmed by the City Council. In the case of single family residential lots, the Lot Type shall be further defined by classifying the residential lots by the estimated average home value for each home at the time of Assessment levy, considering factors such as density, lot size, proximity to amenities, view premiums, location, and any other factors that may impact the average home value on the lot, as determined by the Administrator and confirmed by the City Council.

“Maximum Assessment Per Unit” means an Assessment per unit of \$70,468.75

“Mustang SUD” means Mustang Special Utility District.

“Non-Benefited Property” means Parcels that accrue no special benefit from the Authorized Improvements, including Homeowner Association Property, Public Property and easements that create an exclusive use for a public utility provider to the extent they accrue no special benefit. Property identified as Non-Benefited Property at the time the Assessments (i) are imposed or (ii) are reallocated pursuant to a subdivision of a Parcel, is not assessed. Assessed Property converted to Non-Benefited Property, if the Assessments may not be reallocated pursuant to the provisions herein, remains subject to the Assessments and requires the Assessments to be prepaid as provided for in Section VI.D.

“Parcel” or **“Parcels”** means a parcel or parcels within the PID identified by either a tax map identification number assigned by the Denton County Central Appraisal District for real property tax purposes or by lot and block number in a final subdivision plat recorded in the real property records of Denton County.

“PID” has the meaning set forth in Section I.A of this Service and Assessment Plan

“PID Act” means Texas Local Government Code Chapter 372, Public Improvement District Assessment Act, Subchapter A, Public Improvement Districts, as amended.

“PID Bonds” means the certain City of Aubrey, Texas, Special Assessment Revenue Bonds, Series 2025 (Duck Point Public Improvement District), that are secured primarily by Assessment Revenues.

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

“Public Property” means property within the boundaries of the PID that is owned by or irrevocably offered for dedication to the federal government, the State of Texas, Denton County,

a school district, the City, or any other local government, political subdivision, or public agency, whether in fee simple or through an exclusive use easement.

“Service and Assessment Plan” means this Service and Assessment Plan prepared for the PID pursuant to the PID Act, as the same may be amended from time to time.

“Target Net Annual Installment Per Unit” means the following net Annual Installment per unit after the application of the TIRZ Annual Credit Amount for each Parcel in the amount of \$4,697.

“TIRZ No. 4” means the Tax Increment Reinvestment Zone Number Four, City of Aubrey, Texas.

“TIRZ Annual Credit Amount” means, for each Parcel constituting the Assessed Property, such Parcel’s prorated amount of TIRZ Revenues calculated pursuant to Section V.G of this Service and Assessment Plan.

“TIRZ Project and Financing Plan” means the governing document, ordinance, or similar document setting forth the terms and provisions relating to the TIRZ Revenues, as adopted by the City in accordance with the TIRZ Ordinance, as modified, amended, and or/supplemented from time to time.

“TIRZ Ordinance” means an ordinance adopted by the City Council authorizing the use of TIRZ Revenues for project costs under the Tax Increment Financing Act, Texas Tax Code, Chapter 311, as amended, relating to the Authorized Improvements as provided for in the Tax Increment Reinvestment Zone No 4. Project and Financing Plan (including amendments or supplements thereto).

“TIRZ Revenues” means, for each year, the amounts paid by the City from the TIF Fund, as defined in, and pursuant to the TIRZ Ordinance to reduce an Annual Installment of the Assessments, as calculated each year by the Administrator in collaboration with the City, in accordance with Section V.G of this Service and Assessment Plan.

“Trust Indenture” means an indenture of trust, ordinance or similar document setting forth the terms and other provisions relating to the Bonds, as modified, amended, and/or supplemented from time to time.

“Trustee” means the fiscal agent or trustee as specified in the Trust Indenture, including a substitute fiscal agent or trustee.

(remainder of this page is intentionally left blank)

II. PROPERTY INCLUDED IN THE PID

A. PROPERTY INCLUDED IN THE PID

The PID is located within the corporate limits of the City and contains approximately 159.941 acres of land. A map of the property within the PID is shown on Appendix A to this Service and Assessment Plan.

At completion, the PID is expected to consist of approximately 448 single family residential units, landscaping, and infrastructure necessary to provide roadways, drainage, and utilities to the PID. The estimated number of lots and the classification of each lot are based upon the proposed development plan.

The property within the PID is proposed to be developed as follows:

Table II-A
Proposed Development within the PID

Proposed Development	Quantity	Measurement
Lot Type 1 (50 Ft Lot)	448	Units
Total	448	Units

The estimated number of units at the build-out of the PID is based on the land use approvals for the property, the anticipated subdivision of the property within the PID, and the Developer's estimate of the highest and best use of the property within the PID.

(remainder of this page is intentionally left blank)

III. DESCRIPTION OF THE AUTHORIZED IMPROVEMENTS

A. AUTHORIZED IMPROVEMENT OVERVIEW

372.003. Authorized Improvements

(a) If the governing body of a municipality or county finds that it promotes the interests of the municipality or county, the governing body may undertake an improvement project that confers a special benefit on a definable part of the municipality or county or the municipality's extraterritorial jurisdiction. A project may be undertaken in the municipality or county or the municipality's extraterritorial jurisdiction.

(b) A public improvement may include:

- (i) landscaping;
- (ii) erection of fountains, distinctive lighting, and signs;
- (iii) acquiring, constructing, improving, widening, narrowing, closing, or rerouting of sidewalks or of streets, any other roadways, or their rights-of way;
- (iv) construction or improvement of pedestrian malls;
- (v) acquisition and installation of pieces of art;
- (vi) acquisition, construction, or improvement of libraries;
- (vii) acquisition, construction, or improvement of off-street parking facilities;
- (viii) acquisition, construction, improvement, or rerouting of mass transportation facilities;
- (ix) acquisition, construction, or improvement of water, wastewater, or drainage facilities or improvements;
- (x) the establishment or improvement of parks;
- (xi) projects similar to those listed in Subdivisions (i)-(x);
- (xii) acquisition, by purchase or otherwise, of real property in connection with an authorized improvement;
- (xiii) special supplemental services for improvement and promotion of the district, including services relating to advertising, promotion, health and sanitation, water and wastewater, public safety, security, business recruitment, development, recreation, and cultural enhancement;
- (xiv) payment of expenses incurred in the establishment, administration and operation of the district; and
- (xv) the development, rehabilitation, or expansion of affordable housing

After analyzing the public improvement projects authorized by the PID Act, the City has determined at this time to undertake only Authorized Improvements listed in Section III.B and

shown in the opinion of probable costs included under Appendix B and on the diagrams included as Appendix C for the benefit of the Assessed Property. Any change to the list of Authorized Improvements will require the approval of the City and an update to this Service and Assessment Plan.

B. DESCRIPTIONS AND BUDGETED COSTS THE AUTHORIZED IMPROVEMENTS

The Authorized Improvements benefit the entire PID. The costs of the Authorized Improvements are allocated proportionally throughout the entire PID, excluding Non-Benefited Property, in a manner that anticipates planned development of the PID based on the anticipated number of units.

The Authorized Improvements descriptions are presented below as provided by the project engineer. The Budgeted Costs are shown in Table III-A, and may be revised in Annual Service Plan Updates, including such other improvements deemed necessary to further improve the properties within the PID.

A description of the Authorized Improvements are as follows:

Roadway Improvements

The roadway improvements within the PID include the construction of road and thoroughfare improvements, including related paving, drainage, bridges, curbs, gutters, sidewalks, retaining walls, signage, and traffic control devices, which benefit the PID. All roadway improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

Wet Utilities:

The wet utilities include water improvements, sanitary sewer improvements, and storm drainage improvements as further described below.

Water Improvements

The water improvements within the PID consist of construction and installation of a looped water main network, waterlines, mains, pipes, valves and appurtenances, necessary for the portion of the water distribution system that will service the PID. The water improvements will be designed and constructed in accordance with Mustang SUD standards and specifications and will be owned and operated by the Mustang SUD.

Sanitary Sewer Improvements

The sanitary sewer improvements within the PID consist of construction and installation of pipes, service lines, manholes, encasements, and appurtenances necessary to provide sanitary sewer service within the PID. The sanitary sewer improvements will be designed and constructed in accordance with Mustang SUD standards and specifications and will be owned and operated by the Mustang SUD.

Storm Drainage Improvements

The storm drainage improvements within the PID consist of reinforced concrete pipes, reinforced concrete boxes, multi-reinforced box culverts, and floodplain excavation which benefit the PID. The storm drainage improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

Landscaping

The landscaping improvements within the PID consist of certain public landscaping and amenities for the benefit of the PID. All landscaping and amenities will be designed and constructed according to City standards.

Other Soft and Miscellaneous Costs

The other soft and miscellaneous costs within the PID consists of engineering and surveying, project management fees, City inspection fees, contingency, appraisal fees, district formation costs, and other soft and miscellaneous costs.

Table III-A
Budgeted Costs- PID

Authorized Improvements	Total Costs
Roadway Improvements	\$8,946,509
<u>Wet Utilities</u>	
Water Improvements	\$3,066,829
Sanitary Sewer Improvements	\$3,002,715
Storm Drainage Improvements	\$2,240,000
<i>Sub-total Wet Utilities</i>	<i>\$8,309,544</i>
Landscaping	\$59,000
Other Soft and Miscellaneous Cost ¹	\$5,885,696
Total	\$23,200,749

Note: Costs provided by Barraza Consulting Group, LLC. The figures shown in Table III-A may be revised in Annual Service Plan Updates and may be reallocated between line items so long as the total Assessment relating to the Authorized Improvements does not increase.

¹ Includes \$1,300,000 in District Formation Costs incurred by the Developer.

(remainder of this page is intentionally left blank)

IV. SERVICE PLAN

A. PROJECTED SOURCES AND USES OF FUNDS

The PID Act requires the service plan to cover a period of at least five years. The service plan is required to define the annual projected costs and indebtedness for the Authorized Improvements undertaken within the PID during the five year period. It is anticipated that the Authorized Improvements will be completed and accepted by the City in the fourth quarter of 2026.

The Budgeted Costs for the Authorized Improvements plus costs related to the issuance of the PID Bonds and the expenses incurred in the establishment, administration, and operation of the PID are \$31,570,000 as shown in Table IV-A. The service plan shall be reviewed and updated at least annually for the purpose of determining the annual budget for Administrative Expenses, updating the estimated Authorized Improvement costs, and updating the Assessment Roll(s). Any update to this Service and Assessment Plan is herein referred to as an “Annual Service Plan Update.”

Table IV-A shows the projected sources and uses of funds for the Authorized Improvements. Tables included in this Section may be rounded to the nearest whole dollar.

(remainder of this page is intentionally left blank)

Table IV-A
Projected Sources and Uses

Sources of Funds	Total
Bond par amount	\$31,570,000
Total Sources	\$31,570,000
Uses of Funds	
<i>Authorized Improvements</i>	
Roadway Improvements	\$8,946,509
<i>Wet Utilities</i>	
Water Improvements	\$3,066,829
Sanitary Sewer Improvements	\$3,002,715
Storm Drainage Improvements	\$2,240,000
<i>Sub-total Wet Utilities</i>	\$8,309,544
Landscaping	\$59,000
Other Soft and Miscellaneous Cost	\$5,885,696
<i>Subtotal Authorized Improvements</i>	\$23,200,749
<i>Bond Issuance Costs</i>	
Debt Service Reserve Fund	\$2,364,183
Administrative Expenses	\$100,000
Capitalized interest	\$3,441,656
Cost of Issuance	\$1,516,312
Underwriter's Discount	\$947,100
<i>Subtotal Bond Issuance Costs</i>	\$8,369,251
Total Uses	\$31,570,000

B. PROJECTED FIVE YEAR SERVICE PLAN

The annual projected costs and annual projected indebtedness is shown in Table IV-B on the following page. The annual projected costs and indebtedness is subject to revision, and each shall be updated in the Annual Service Plan Update to reflect any changes in the costs or indebtedness expected for each year.

(remainder of this page is intentionally left blank)

Table IV-B
Annual Projected Costs and Annual Projected Indebtedness

Year	Annual Projected Cost¹	Annual Projected Indebtedness¹	Other Funding Sources	Projected Annual Installments^{2,3}
2025	\$18,942,000	\$31,570,000	\$0	\$0
2026	\$12,628,000	\$0	\$0	\$0
2027	\$0	\$0	\$0	\$2,553,190
2028	\$0	\$0	\$0	\$2,553,281
2029	\$0	\$0	\$0	\$2,552,717
2030	\$0	\$0	\$0	\$2,553,433
2031	\$0	\$0	\$0	\$2,553,226
Total	\$31,570,000	\$31,570,000	\$0	\$12,765,847

¹Assumes Actual Costs will be incurred over the next two years.

²Administrative Expenses for the year 2025 and 2026 are being funded with PID Bond proceeds, and interest on the PID Bonds for years 2025 and 2026 are being funded with capitalized interest.

³Includes amounts to be paid from assessments related to the PID Bonds.

The annual projected costs shown in Table IV-B are the annual expenditures relating to the Authorized Improvements shown in Table III-A, and the costs associated with setting up the PID and PID Bond issuance costs including reserves shown in Table IV-A. The difference between the total projected cost and the total projected indebtedness, if any, is the amount contributed by the Developer.

C. PID ASSESSMENT NOTICE

The PID Act requires that this Service and Assessment Plan and each Annual Service Plan Update include a copy of the notice form required by Section 5.014 of the Texas Property Code (the “PID Assessment Notice”). The PID Assessment Notice is attached hereto as Appendix E and may be updated in an Annual Service Plan Update.

(remainder of this page is intentionally left blank)

V. ASSESSMENT PLAN

A. INTRODUCTION

The PID Act requires the City Council to apportion the Actual Costs of the Authorized Improvements on the basis of special benefits conferred upon the property because of the Authorized Improvements. The PID Act provides that the costs of the Authorized Improvements may be assessed: (i) equally per front foot or square foot; (ii) according to the value of the property as determined by the governing body, with or without regard to improvements on the property; or (iii) in any other manner that results in imposing equal shares of the cost on property similarly benefited. The PID Act further provides that the governing body may establish by ordinance or order reasonable classifications and formulas for the apportionment of the cost between the municipality and the area to be assessed and the methods of assessing the special benefits for various classes of improvements.

For purposes of this Service and Assessment Plan, the City Council has determined that the Budgeted Costs of the Authorized Improvements shall be allocated as described below:

The Budgeted Costs of the Authorized Improvements are allocated to the Assessed Property on the basis of units and that such method of allocation will result in equal shares of the Actual Costs of the Authorized Improvements to Parcels similarly benefited.

This section of this Service and Assessment Plan currently (i) describes the special benefit received by each Parcel within the PID as a result of the Authorized Improvements, (ii) provides the basis and justification for the determination that this special benefit equals or exceeds the amount of the Assessments levied on the Assessed Property for such Authorized Improvements, and (iii) establishes the methodologies by which the City Council allocates and reallocates the special benefit of the Authorized Improvements to Parcels in a manner that results in equal shares of the Actual Costs of the Authorized Improvements being apportioned to Parcels similarly benefited.

The determination by the City Council of the assessment methodologies set forth in the prior section is the result of the discretionary exercise by the City Council of its legislative authority and governmental powers and is conclusive and binding on the Developer and all future owners and developers of the Assessed Property.

B. SPECIAL BENEFIT

Assessed Property must receive a direct and special benefit from the Authorized Improvements, and this benefit must be equal to or greater than the amount of the Assessments. The Authorized Improvements are provided specifically for the benefit of the Assessed Property. The Authorized Improvements (more particularly described in line-item format in Appendix B to this Service and Assessment Plan) authorized by the PID Act. These Authorized Improvements are provided specifically for the benefit of the Assessed Property.

Each owner of the Assessed Property has acknowledged that the Authorized Improvements confer a special benefit on the Assessed Property and has consented to the imposition of the Assessments to pay for the Actual Costs associated therewith. Each of the owners is acting in its interest in consenting to this apportionment and levying of the Assessments because the special benefit conferred upon the Assessed Property by the Authorized Improvements exceeds the amount of the Assessments.

The Authorized Improvements provide a special benefit to the Assessed Property as a result of the close proximity of these improvements to the Assessed Property and the specific purpose of these improvements of providing infrastructure for the Assessed Property. In other words, the Assessed Property could not be used in the manner proposed without the construction of the Authorized Improvements. The Authorized Improvements are being provided specifically to meet the needs of the Assessed Property as required for the proposed use of the property.

The Assessments are levied to provide the Authorized Improvements that are required for the highest and best use of the Assessed Property (i.e., the use of the property that is most valuable, including any costs associated with that use). Highest and best use can be defined as “the reasonably probable and legal use of property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value.” (Dictionary of Real Estate Appraisal, Third Edition.) The Authorized Improvements are expected to be required for the proposed use of the Assessed Property to be physically possible, appropriately supported, financially feasible, and maximally productive.

The Developer has evaluated the potential use of the property and has determined that the highest and best use of the property is the use intended and the legal use for the property as described in Section II of this Service and Assessment Plan. The use of the Assessed Property as described herein will require the construction of the Authorized Improvements.

The Assessments will repay financing that is on advantageous terms, as the Bonds issued to finance the Authorized Improvements will pay interest that is exempt from federal income tax. As a result, all other terms being equal (e.g., maturity, fixed, vs. variable rate, credit quality), the tax exempt bonds will have a lower interest rate than debt that is not tax exempt. The Bonds also have a longer term than other available financings and Assessments may either be repaid or assumed by a buyer at the buyer’s option. As a result of these advantageous terms, the financing provided by the PID is the most beneficial means of financing the Authorized Improvements.

Each owner of the Assessed Property will ratify, confirm, accept, agree to and approve: (i) the determinations and finding by the City Council as to the special benefits described in this Service and Assessment Plan and the Assessment Ordinance; (ii) the Service and Assessment Plan and the Assessment Ordinance, and (iii) the levying of Assessments on the Assessed Property. Use of the Assessed Property as described in this Service and Assessment Plan and as authorized by the PID Act requires that the Authorized Improvements be acquired, constructed, installed, and/or improved. Reimbursing or paying the Actual Costs of the Authorized Improvements through the PID has been determined by the City Council to be the most beneficial means of doing so. As a result, the Authorized Improvements result in a special benefit to the Assessed Property, and this

special benefit exceeds the amount of the Assessment. This conclusion is based on and supported by the evidence and information provided to the City.

In summary, the Authorized Improvements result in a special benefit to the Assessed Property for the following reasons:

1. The Authorized Improvements are being provided specifically for the use of the Assessed Property, are necessary for the proposed best use of the property and provide a special benefit to the Assessed Property as a result;
2. The highest and best use of the Assessed Property is the use of the Assessed Property that is most valuable (including any costs associated with the use of the Assessed Property);
3. Financing of the costs of the Authorized Improvements through the PID is determined to be the most beneficial means of providing for the Authorized Improvements; and,

As a result, the special benefit to the Assessed Property from the Authorized Improvements will be equal to or greater than the Assessments.

C. ASSESSMENT METHODOLOGY

The costs of the Authorized Improvements may be assessed by the City Council against the Assessed Property so long as the special benefit conferred upon the Assessed Property by the Authorized Improvements equals or exceeds the Assessments, the costs of the Authorized Improvements may be assessed using any methodology that results in the imposition of equal shares of the Actual Costs on Assessed Property similarly benefited.

1. Assessment Methodology for the Authorized Improvements

For the purpose of this Service and Assessment Plan, the City Council has determined that the Budgeted Costs of the Authorized Improvements to be financed with the PID Bonds shall be allocated to the Assessed Property by spreading the entire Assessment across the Parcels based on the projected number of units to be developed within the PID.

Based on the Budgeted Costs of the Authorized Improvements as set forth in Table III-A, the City Council has determined that the benefit to the Assessed Property from the Authorized Improvements is at least equal to the Assessments levied on the Assessed Property.

Upon subsequent divisions of any Parcel of the Assessed Property, the Assessment applicable to it will then be apportioned pro-rata based on the estimated number of Lots subdivided from such Parcel. For residential Lots, when final residential building sites are platted, Assessments will be apportioned proportionally among each Parcel based on the number of Lots in the platted Parcel, as calculated and shown in Appendix F using the types, numbers, and average home values of Lots anticipated to be developed on each Parcel.

The Assessment and Annual Installments for each Parcel or Lot located within the PID is shown on the Assessment Roll, attached as Appendix F, and no Assessment shall be changed except as authorized by this Service and Assessment Plan or the PID Act.

D. ASSESSMENTS

The Assessments are levied on each Parcel or Lot according to the Assessment Roll. The Annual Installments will be collected on the dates and in the amounts shown on the Assessment Roll, subject to revisions made during an Annual Service Plan Update, if any. Non-Benefited Property is not subject to any Assessments.

See Appendix D for Assessment per unit, leverage, and estimated tax rate equivalent calculation details.

E. ADMINISTRATIVE EXPENSES

The cost of administering the PID and collecting the Annual Installments shall be paid for on a pro rata basis by each Parcel based on the amount of Assessment levied against the Parcel. The Administrative Expenses shall be collected as part of and in the same manner as Annual Installments in the amounts shown on the Assessment Roll, which may be revised based on Actual Costs incurred in Annual Service Plan Updates.

F. DELINQUENCY AND PREPAYMENT RESERVE ACCOUNT

Pursuant to the PID Act, the interest rate for Assessments may exceed the actual interest rate per annum paid on the related Bonds by no more than one half of one percent (0.50%). The interest rate used to determine the Assessments is one half of one percent (0.50%) per annum higher than the actual rate paid on the PID Bonds, with the Additional Interest Component of the Annual Installments allocated to fund the Delinquency and Prepayment Reserve Account to be used for paying interest associated with a prepayment and to offset any possible delinquency related costs. The Delinquency and Prepayment Reserve shall be funded until it reaches 5.50% of the principal amount of outstanding Bonds unless otherwise stipulated in the Trust Indenture. Once the Delinquency and Prepayment Reserve is funded in full, the City may allocate the Additional Interest Component of the Annual Installments as provided in the applicable Trust Indenture.

G. TIRZ ANNUAL CREDIT AMOUNT

Pursuant to the TIRZ Ordinance, the City has agreed to use TIRZ Revenues representing 48% of the City's tax increment as set forth in the TIRZ Project and Financing Plan generated from each Parcel to offset a portion of such Parcel's Annual Installments. The Annual Installment for each Parcel shall be calculated by taking into consideration any TIRZ Annual Credit Amount applicable to the Parcel then on deposit in the TIRZ No.4 TIF Fund. Such TIRZ Annual Credit Amount shall not cause the Annual Installment on a Parcel to fall below the Target Net Annual Installment Per Unit. The TIRZ Annual Credit Amount applicable to each Parcel shall be calculated as described under Section VI.A of this Service and Assessment Plan.

VI. TERMS OF THE ASSESSMENTS

A. AMOUNT OF ASSESSMENTS AND ANNUAL INSTALLMENTS FOR PARCELS LOCATED WITHIN THE PID

The Assessment and Annual Installments for each Assessed Property located within the PID is shown on the Assessment Roll, attached as Appendix F, and no Assessment shall be changed except as authorized by this Service and Assessment Plan and the PID Act.

The City has agreed to use a portion of the TIRZ Revenues generated by each Parcel, the TIRZ Annual Credit Amount, to reduce the Annual Installments for that Parcel. The Annual Installments shall be collected in an amount sufficient to pay (i) principal and interest on the PID Bonds, (ii) to fund the Delinquency and Prepayment Reserve Account described in Section V and for other uses of the Additional Interest Component as set forth in the applicable Indenture, and (iii) to pay Administrative Expenses related to the PID. The Annual Installment for each Parcel shall be calculated by taking into consideration any lawfully available funds to the PID, capitalized interest and TIRZ Annual Credit Amount applicable to the Parcel. The TIRZ Annual Credit Amount shall be applied on a Parcel-by-Parcel basis. As described in Section V.G, the TIRZ Revenues attributable to each Parcel of the Assessed Property collected in any given year shall be used to calculate each Parcel's TIRZ Annual Credit Amount for such Parcel in the following year (i.e., TIRZ Revenues collected in Tax Year 2025 shall be used to calculate the TIRZ Annual Credit Amount applicable to Annual Installments to be collected in Tax Year 2026) on a Parcel-by-Parcel basis. TIRZ Annual Credit Amounts shall be calculated only for Parcels that are subject to Assessments in the PID. The estimated number of units to be used for calculation of the TIRZ Annual Credit Amount, if applicable, shall be determined by the Administrator based on the information available to the Administrator at the time of such calculations.

The Annual Installment for each Parcel shall receive a TIRZ Annual Credit Amount equal to the TIRZ Revenue generated by the Parcel for the previous tax year. In no event should the TIRZ Annual Credit Amount for a Parcel for a given year exceed the amount sufficient to result in the applicable Target Net Annual Installment Per Unit for each Lot Type unless otherwise approved by the City. The City may adjust the applicable Target Net Annual Installment Per Unit from time to time as set forth in an Annual Service Plan Update, provided that the City's tax increment amount shall not be changed except through an amendment to the TIRZ Project and Financing Plan.

After the Annual TIRZ Credit Amount is applied to provide a credit towards the principal and interest portion of the Annual Installment, any excess TIRZ Revenues shall be applied pursuant to the TIRZ Project and Financing Plan.

B. REALLOCATION OF ASSESSMENTS

1. Subdivision

Upon the subdivision of any Parcel, the Assessment for the Parcel prior to the subdivision shall be reallocated among the new subdivided Parcels according to the following formula:

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

Where the terms have the following meanings:

- A = the Assessment for each new subdivided Parcel
- B = the Assessment for the Parcel prior to subdivision
- C = the estimated number of units to be built on each new subdivided Parcel
- D = the sum of the estimated number of units to be built on all of the new subdivided Parcels

The calculation of the estimated number of units to be built on a Parcel shall be performed by the Administrator and confirmed by the City Council based on the information available regarding the use of the Parcel. The estimate as confirmed shall be conclusive. The number of units to be built shall be determined by a final plat or if not platted on a Parcel may be estimated by net land area and reasonable density ratios.

The sum of the Assessments for all newly subdivided Parcels shall equal the Assessment for the Parcel prior to subdivision. The calculation shall be made separately for each newly subdivided Parcel. The reallocation of an Assessment for a Parcel that is a homestead under Texas law may not exceed the Assessment prior to the reallocation and to the extent the reallocation would exceed such amount, it shall be prepaid by such amount by the party requesting the subdivision of the Parcels. Any reallocation pursuant to this section shall be reflected in an Annual Service Plan Update approved by the City Council.

2. Consolidation

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

C. MANDATORY PREPAYMENT OF ASSESSMENTS

If a Parcel subject to Assessments is transferred to a party that is exempt from the payment of the Assessment under then applicable law, or if an owner causes a Parcel subject to Assessments to become Non-Benefited Property, the owner of such Parcel shall pay to the City the full amount of the principal portion of the Assessment on such Parcel, plus all Prepayment Costs, prior to any such transfer or act.

If at any time the Assessment per unit on a Parcel exceeds the Maximum Assessment Per Unit calculated in this Service and Assessment Plan as a result of any changes in land use, subdivision,

consolidation or reallocation of the Assessment authorized by this Service and Assessment Plan and initiated by the owner of the Parcel, then such owner shall pay to the City prior to the recordation of the document subdividing the Parcel the amount calculated by the Administrator by which the Assessment per unit for the Parcel exceeds the Maximum Assessment Per Unit calculated in this Service and Assessment Plan.

The payments required above shall be treated the same as any Assessment that is due and owing under the PID Act, the Assessment Ordinance, and this Service and Assessment Plan, including the same lien priority, penalties, procedures, and foreclosure specified by the PID Act.

D. REDUCTION OF ASSESSMENTS

1. If after all the Authorized Improvements to be funded with the PID Bonds have been completed and Actual Costs incurred for such Authorized Improvements are less than the Actual Costs of the Authorized Improvements Costs used to calculate the Assessments securing such PID Bonds, resulting in excess Bond proceeds being available to redeem such PID Bonds as set forth in the applicable Indenture, then the Assessment securing such PID Bonds for each parcel of the Assessed Property shall be reduced by the City Council pro rata such that the sum of the resulting reduced Assessments for the Assessed Property equals the actual reduced Actual Costs and such excess Bond proceeds shall applied to redeem such PID Bonds in accordance with the applicable indenture. The Assessments shall not be reduced to an amount less than the related outstanding PID Bonds. If all of the Authorized Improvements are not completed, the City may reduce the Assessments in another method if it determines such method would better reflect the benefit received by the Parcels from the Authorized Improvements completed.

2. If all the Authorized Improvements are not undertaken, resulting in excess PID Bond proceeds available to redeem PID Bonds, then the Assessments and Annual Installments for each Parcel shall be appropriately reduced by the City Council to reflect only the amounts required to repay the PID Bonds, including interest on such PID Bonds, including Additional Interest and Administrative Expenses, and such excess PID Bond proceeds shall be applied to redeem the PID Bonds as set forth in the applicable indenture. The City Council may reduce the Assessments and the Annual Installment for each parcel (i) in an amount that represents the Authorized Improvements provided for each parcel or (ii) by an equal percentage calculated based on the number of units within the PID, if determined by the City Council to be the most fair and practical means of reducing the Assessment for each Parcel, such that the sum of the resulting reduced Assessments equals the amount required to repay the PID Bonds, including interest on such Bonds, Additional Interest and Administrative Expenses. The principal portion of the Assessment for each Parcel shall be reduced pro rata to the reduction in the Assessments such that the sum of the resulting reduced principal portion of the Bonds allocable to each Parcel is equal to the total outstanding principal amount of the PID Bonds.

E. PAYMENT OF ASSESSMENTS

1. Payment in Full

The Assessment for any Parcel may be paid in full at any time. Such payment shall include all Prepayment Costs. If prepayment in full will result in redemption of Bonds, the payment amount

shall be reduced by the amount, if any, of interest from the prepayment date through the date of redemption of Bonds and reserve funds applied to the redemption under the Trust Indenture, net of any other costs applicable to the redemption of Bonds.

If an Annual Installment has been billed prior to payment in full of an Assessment, the Annual Installment shall be due and payable and shall be credited against the payment-in-full amount.

Upon payment in full of the Assessment and all Prepayment Costs, the City shall deposit the payment in accordance with the Trust Indenture; whereupon, the Assessment shall be reduced to zero, and the owner's obligation to pay the Assessment and Annual Installments thereof shall automatically terminate.

At the option of the owner, the Assessment on any Parcel plus Prepayment Costs may be paid in part. Upon the payment of such amounts for a Parcel, the Assessment for the Parcel shall be reduced, the Assessment Roll shall be updated to reflect such partial payment, and the obligation to pay the Annual Installment for such Parcel shall be reduced to the extent the partial payment is made.

2. Payment in Annual Installments

The PID Act provides that an Assessment for a Parcel may be paid in full at any time. If not paid in full, the PID Act authorizes the Assessment to be paid in installments and additionally allows the City to collect interest, administrative expenses and other authorized charges in installments. An Assessment for a Parcel that is not paid in full will be collected in Annual Installments each year in the amounts shown on the Assessment Roll, as updated as provided for herein, which include interest, Administrative Expenses, and Additional Interest payments required for the Delinquency and Prepayment Reserve. Payment of the Annual Installments shall commence with tax bills mailed after the initial issuance of the PID Bonds.

Each Assessment for the Assessed Property shall be paid with interest related to the actual interest rate on the PID Bonds (plus Additional Interest) as shown in the Assessment Roll. Interest on the PID Bonds is based on an interest rate of **6.20%**. Furthermore, the Annual Installments may not exceed the amounts shown on the Assessment Roll. The Assessment Roll is shown in Appendix F.

The Annual Installments shall be reduced to equal the actual costs of repaying the PID Bonds, Additional Interest and actual Administrative Expenses (as provided for in the definition of such term), taking into consideration any other available funds for these costs, such as interest income on account balances if available pursuant to the applicable Indenture.

The City reserves and shall have the right and option to refund the Bonds and/or issue additional Bonds in accordance with Section 372.027 of the PID Act. In the event of such refunding, the Administrator shall recalculate the Annual Installments, and if necessary, may adjust, or decrease, the amount of the Annual Installments so that total Annual Installments of Assessments will be produced in annual amounts that are required to pay the refunding bonds when due and payable as required by and established in the ordinance and/or the indenture authorizing and securing the

refunding bonds, and such refunding bonds shall constitute Bonds for purposes of this Service and Assessment Plan.

F. COLLECTION OF ANNUAL INSTALLMENTS

No less frequently than annually, the Administrator shall prepare, and the City Council shall consider, an Annual Service Plan Update to allow for the billing and collection of Annual Installments. Each Annual Service Plan Update shall include an updated Assessment Roll and a calculation of the Annual Installment for each Parcel. Administrative Expenses shall be allocated among Parcels in proportion to the amount of the Annual Installments for the Parcels. Each Annual Installment may be reduced by any credits applied under the applicable Trust Indenture, such as capitalized interest, interest earnings on any account balances, and any other funds available to the Trustee for such purpose, including any existing deposits for a prepayment reserve. Annual Installments shall be collected by the City in the same manner and at the same time as ad valorem taxes and shall be subject to the same penalties, procedures, and foreclosure sale in case of delinquencies as are provided for ad valorem taxes of the City. The City Council may provide for other means of collecting the Annual Installments to the extent permitted under the PID Act. The Assessments shall have lien priority as specified in the PID Act.

Each Annual Installment, including the interest on the unpaid amount of an Assessment, shall be calculated as of September 1 and updated annually. Each Annual Installment together with interest thereon shall be delinquent if not paid prior to February 1 of the following year. Collection of the initial Annual Installments relating to the Authorized Improvements that benefit the Assessed Property will be due when billed and will be delinquent if not paid prior to February 1, 2027.

Any sale of property for nonpayment of the Annual Installments shall be subject to the lien established for the remaining unpaid Annual Installments 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 Annual Installments against such property as they become due and payable.

G. SURPLUS FUNDS REMAINING IN THE PID BOND ACCOUNT

If proceeds from the PID Bonds remain after all of the Authorized Improvements are constructed and accepted by the City, the proceeds may be utilized in accordance with the applicable Trust Indenture.

(remainder of this page is intentionally left blank)

VII. THE ASSESSMENT ROLL

A. ASSESSMENT ROLL

The City Council has evaluated each Parcel in the PID (based on numerous factors such as the applicable zoning for developable area, the use of proposed Homeowner Association Property, the Public Property, the types of Authorized Improvements, and other development factors deemed relevant by the City Council) to determine the amount of Assessed Property within the PID.

The Assessed Property has been assessed for the special benefits conferred upon the property resulting from the Authorized Improvements. Table VII-A summarizes the \$31,570,000 in special benefit received by the Assessed Property from the Authorized Improvements, the costs of the PID formation and PID Bonds issuance costs. The par amount of the PID Bonds is \$31,570,000, which is equal to the benefit received by the Assessed Property. Accordingly, the total Assessment to be applied to all the Assessed Property is \$31,570,000 plus interest, Additional Interest (as applicable), and annual Administrative Expenses. The Assessment for the Assessed Property is calculated based on the allocation methodologies described in Section V.C. The Assessment Roll is attached hereto as Appendix F.

Table VII-A

Special Benefit Summary

Special Benefit	Total Cost
Total Authorized Improvements ¹	\$23,200,749
<u>Bond Issuance Costs:</u>	
Debt Service Reserve Fund	\$2,364,183
Administrative Expenses	\$100,000
Capitalized Interest	\$3,441,656
Cost of Issuance	\$1,516,312
Underwriter's Discount	\$947,100
<i>Subtotal Bond Issuance Costs</i>	<i>\$8,369,251</i>
Total Special Benefit	\$31,570,000
<u>Special Benefit:</u>	
Total Special Benefit	\$31,570,000
Projected Assessment	\$31,570,000
Excess Benefit	\$0

¹ See Table III-A for details.

B. ANNUAL ASSESSMENT ROLL UPDATES

The Administrator shall prepare, and shall submit to the City Council for approval, annual updates to the Assessment Roll in conjunction with the Annual Service Plan Update to reflect the following matters, together with any other changes helpful to the Administrator or the City and permitted by the PID Act: (i) the identification of each Parcel (ii) the Assessment for each Parcel of Assessed Property, including any adjustments authorized by this Service and Assessment Plan or in the PID Act; (iii) the Annual Installment for the Assessed Property for the year (if the Assessment is payable in installments); and (iv) payments of the Assessment, if any, as provided by Section VI.F of this Service and Assessment Plan.

(remainder of this page is intentionally left blank)

VIII. MISCELLANEOUS PROVISIONS

A. ADMINISTRATIVE REVIEW

The City may elect to designate a third party to serve as Administrator. The City has designated MuniCap, Inc. as the initial Administrator of the PID.

To the extent consistent with the PID Act, an owner of an Assessed Parcel claiming that a calculation error has been made in the Assessment Roll(s), including the calculation of the Annual Installment, shall send a written notice describing the error to the City not later than thirty (30) days after the date any amount which is alleged to be incorrect is due prior to seeking any other remedy. The Administrator shall promptly review the notice, and if necessary, meet with the Assessed Parcel owner, consider written and oral evidence regarding the alleged error and decide whether, in fact, such a calculation error occurred.

If the Administrator determines that a calculation error has been made and the Assessment Roll should be modified or changed in favor of the Assessed Parcel owner, such change or modification shall be presented to the City Council for approval to the extent permitted by the PID Act. A cash refund may not be made for any amount previously paid by the Assessed Parcel owner (except for the final year during which the Annual Installment shall be collected or if it is determined there are sufficient funds to meet the expenses of the PID for the current year), but an adjustment may be made in the amount of the Annual Installment to be paid in the following year. The decision of the Administrator regarding a calculation error relating to the Assessment Roll may be appealed to the City Council. The City Council's determination shall be final. Any amendments made to the Assessment Roll pursuant to calculation errors shall be made pursuant to the PID Act.

The decision of the Administrator, or if such decision is appealed to the City Council, the decision of the City Council shall be conclusive. This procedure shall be exclusive and its exhaustion by any property owner shall be a condition precedent to any other appeal or legal action by such owner.

B. TERMINATION OF ASSESSMENTS

Each Assessment shall be extinguished on the date the Assessment is paid in full, including unpaid Annual Installments and Delinquent Collection Costs, if any. After the extinguishment of an Assessment and the collection of any delinquent Annual Installments and Delinquent Collection Costs, the City shall provide the owner of the affected Parcel a recordable "Notice of the PID Assessment Termination".

C. AMENDMENTS

Amendments to the Service and Assessment Plan can be made as permitted or required by the PID Act and under Texas law.

The City Council reserves the right to the extent permitted by the PID Act to amend this Service and Assessment Plan without notice under the PID Act and without notice to property owners of Parcels:(i) to correct mistakes and clerical errors; (ii) to clarify ambiguities; and (iii) to provide procedures for the collection and enforcement of Assessments, Prepayment Costs, Delinquent Collection Costs, and other charges imposed by the Service and Assessment Plan.

D. ADMINISTRATION AND INTERPRETATION OF PROVISIONS

The City Council shall administer the PID, this Service and Assessment Plan, and all Annual Service Plan Updates consistent with the PID Act and shall make all interpretations and determinations related to the application of this Service and Assessment Plan unless stated otherwise herein or in the Trust Indenture, such determination shall be conclusive.

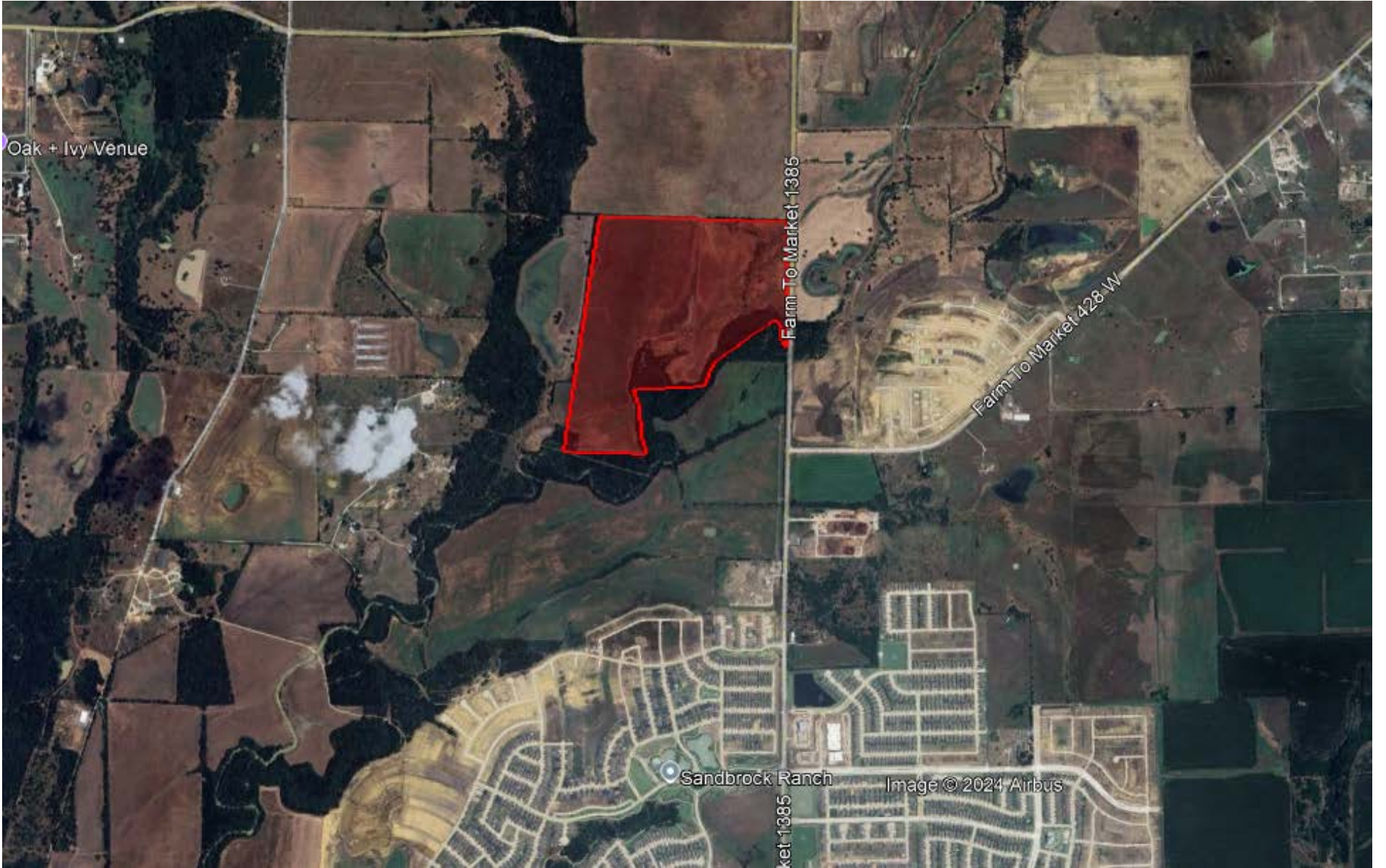
E. SEVERABILITY

If any provision, section, subsection, sentence, clause or phrase of this Service and Assessment Plan or the application of same to an Assessed Parcel or any person or set of circumstances is for any reason held to be unconstitutional, void or invalid, the validity of the remaining portions of this Service and Assessment Plan or the application to other persons or sets of circumstances shall not be affected thereby, it being the intent of the City Council in adopting this Service and Assessment Plan that no part hereof or provision or regulation contained herein shall become inoperative or fail by reason of any unconstitutionality, voidness or invalidity of any other part hereof, and all provisions of this Service and Assessment Plan are declared to be severable for that purpose.

If any provision of this Service and Assessment Plan is determined by a court to be unenforceable, the unenforceable provision shall be deleted from this Service and Assessment Plan and the unenforceable provision shall, to the extent possible, be rewritten to be enforceable and to give effect to the intent of the City.

(remainder of this page is intentionally left blank)

APPENDIX A
PID MAP



APPENDIX B
BUDGETED COSTS OF AUTHORIZED IMPROVEMENTS

COMMUNITY NAME: **DUCK POINT (All 1 Phase)**
 PHASES: Overall Development
 CITY or TOWN: City of Aubrey ETJ



GROSS ACREAGE:	160.0
NET ACREAGE:	96.0
TOTAL LOTS:	448
TOTAL DENSITY:	4.7
LANDPLAN:	29
CREATED BY:	CDH/RAV/ES
REVIEWED BY:	AB/RAV
CREATED:	5/10/21
REVISED:	9/26/24

Direct Phase Costs		TOTAL	Notes
	Lot Count	448	
1 Grading & Site Preparation		\$ 1,605,817	No MC or Poly
2 Water System		\$ 3,066,829	
3 Sanitary Sewer System		\$ 3,002,715	
4 Drainage System		\$ 2,240,000	
5 Street Improvements		\$ 6,990,692	
6 Turn Lane Improvements		\$ 350,000	
7 Screening, Landscaping, & Irrigation		\$ -	
8 Common Area Amenities		\$ 59,000	
9 Trails		\$ -	
10 Soft Costs		\$ 3,810,730	
11 District Formation		\$ 1,300,000	
12 Contingency		\$ 774,966	
	Total	\$ 23,200,750	
	Cost per Lot	\$ 51,787	

Private Costs		TOTAL	Notes
	Lot Count	448	
1 Grading & Site Preparation		\$ 1,207,360	MC & Poly
2 Retaining Walls		\$ 878,528	
3 Dry Utilities		\$ 1,222,500	
4 Amenity Center		\$ -	
5 Screening, Landscaping, & Irrigation		\$ 741,150	
6 Entry Monuments		\$ -	
7 Soft Costs		\$ 436,576	
8 Contingency		\$ 448,611	
	Total	\$ 4,934,725	
	Cost per Lot	\$ 11,015	

TOTALS		\$ 28,135,475	
<i>per lot</i>		\$ 62,802	
40' Lots		0	
50' Lots		448	
60' Lots		0	
Total Lots		448	

** See next sheet for notes

THIS OPINION OF PROBABLE COST WAS PREPARED BASED ON BEST AVAILABLE INFORMATION AND SHOULD BE USED FOR PROJECT EVALUATION ONLY. BARRAZA CONSULTING GROUP, LLC. SHOULD PREPARE THE PROJECT DESIGN AND QUANTITY TAKE-OFFS BEFORE FINANCIAL OBLIGATIONS ARE MADE.

NOTES

- ¹ Development cost does not include: Mustang SUD impact fees or rock excavation
- ² Soft costs include: Construction inspection, construction management, construction administration, materials testing, engineering, and surveying
- ³ Offsite easements to be acquired are the following: offsite water (\$3.25/SF) and offsite sanitary sewer (\$1.25/SF)
- ⁴ Mustang SUD to acquire any easements needed from FM 1385 down to their WWTP
- ⁵ Mustang SUD is responsible for bringing water to the FM 1385 and F428 intersection, as well as any easements needed for that line. Duckpoint will then connect at that stub location and bring water to the subdivision.
- ⁶ Major improvement grading needed for floodplain reclamation
- ⁷ Major Improvement street improvements include 4-lane divided 25' B-B from FM 1385 to first entry road and then a single 25' B-B to the west side of the development. It also includes a bridge. It does not include easement acquisition costs.

COMMUNITY NAME: **DUCK POINT (All 1 Phase)**
 PHASE: Full Development
 CITY or TOWN: City of Aubrey ETJ



	LOT (1)	LOT (2)
LOT COUNT:	0	448
TYP. LOT WIDTH:	40	50
TYP. LOT DEPTH:	115	115
TYP. PAD WIDTH:	30	40
TYP. PAD DEPTH:	75	75
FRONT YARD S/B:	20	20
REAR YARD S/B:	20	20
SIDE YARD S/B:	5	5
CORNER SIDE YARD S/B:	15	15

GROSS ACREAGE:	77.0
NET ACREAGE:	42.0
TOTAL LOTS:	448
TOTAL DENSITY:	10.67
LANDPLAN:	23
CREATED BY:	CDH/RAV/ES
REVIEWED BY:	AB/RAV
CREATED:	05/10/21
REVISED:	09/26/24

This OPC was modified 2/20/24 by R. Slovak. My adjusted unit prices are shown in Red text for reference purposes. Other mods are noted herein, also in red.


DIRECT PHASE COST SUMMARY		SUMMARY ITEM COST	2011799	NOTES
GRADING & SITE PREPARATION		\$1,149,129	\$2,565	
WATER SYSTEM		\$2,204,159	\$4,920	
SANITARY SEWER SYSTEM		\$2,345,028	\$5,234	
DRAINAGE SYSTEM		\$2,240,000	\$5,000	
STREET IMPROVEMENTS		\$4,141,050	\$9,243	
TXDOT TURN LANES		\$0	\$0	
TRAILS		\$0	\$0	
SOFT COSTS		\$2,119,949	\$4,732	
DISTRICT FORMATION		\$1,300,000	\$2,902	
TOTAL CONSTRUCTION COST		\$15,499,316	\$34,597	
-	CONTINGENCIES	5%	\$774,966	\$1,730
TOTAL CONSTRUCTION COST W/ CONTINGENCIES		\$16,274,282	\$36,327	

PRIVATE PHASE COST SUMMARY		SUMMARY ITEM COST	PER LOT COST	NOTES
GRADING & SITE PREPARATION		\$1,207,360	\$2,695	
RETAINING WALLS		\$878,528	\$1,961	
DRY UTILITIES		\$1,222,500	\$2,729	
AMENITY CENTER		\$0	\$0	
SCREENING, LANDSCAPING, & IRRIGATION		\$741,150	\$1,654	
MONUMENTATION		\$0	\$0	
SOFT COSTS		\$436,576	\$975	
TOTAL CONSTRUCTION COST		\$4,486,114	\$10,014	
-	CONTINGENCIES	10.00%	\$448,611	\$1,001
TOTAL CONSTRUCTION COST W/ CONTINGENCIES		\$4,934,725	\$11,015	

MAJOR IMPROVEMENT SUMMARY ITEM		SUMMARY ITEM COST	PER LOT COST	NOTES
GRADING IMPROVEMENTS		\$456,688	\$1,019	Floodplain Reclamation Grading
OFFSITE WATER SYSTEMS		\$862,670	\$1,926	Amenity Center to MSUD water line at FM 428 & 1385
OFFSITE SANITARY SEWER		\$657,688	\$1,468	8" Sewer line from site to MSUD WWTP at FM 1385
STREET IMPROVEMENTS		\$2,849,642	\$6,361	Entrance Pavement (4-Lane Divided)
TXDOT TURNLANES		\$350,000	\$781	
SCREENING, LANDSCAPE, IRRIGATION		\$0	\$0	
COMMON AREA AMENITIES		\$59,000	\$132	
DISTRICT FORMATION		\$0	\$0	
SOFT COSTS		\$1,690,781	\$3,774	
TOTAL CONSTRUCTION COST		\$6,926,468	\$15,461	
-	CONTINGENCIES	0%	\$0	\$0
TOTAL CONSTRUCTION COST W/ CONTINGENCIES		\$6,926,468	\$15,461	

TOTAL CONSTRUCTION COSTS (DIRECT, PRIVATE, & MI)		\$27,686,864	\$60,071	
-	CONTINGENCIES	10%	\$448,611	\$1,001
TOTAL CONSTRUCTION COST W/ CONTINGENCIES		\$28,135,475	\$61,073	

THIS OPINION OF PROBABLE COST WAS PREPARED BASED ON BEST AVAILABLE INFORMATION AND SHOULD BE USED FOR PROJECT EVALUATION ONLY. BARRAZA CONSULTING GROUP, LLC. SHOULD PREPARE THE PROJECT DESIGN AND QUANTITY TAKE-OFFS BEFORE FINANCIAL OBLIGATIONS ARE MADE.

COMMUNITY NAME: DUCK POINT (All 1 Phase)	LOT COUNT: 448	GROSS ACREAGE: 161.0
PHASE: On-Site	TYP. LOT WIDTH: 50	NET ACREAGE: 96.0
CITY or TOWN: City of Aubrey ETJ	TYP. LOT DEPTH: 115	TOTAL LOTS: 448
	TYP. PAD WIDTH: 40	TOTAL DENSITY: 4.67
	TYP. PAD DEPTH: 75	LANDPLAN: 29
	FRONT YARD S/B: 20	CREATED BY: CDH/RAV/ES
	REAR YARD S/B: 20	REVIEWED BY: AB/RAV
	SIDE YARD S/B: 5	CREATED: 05/10/21
	SIDE YARD S/B: 15 (CORNER)	REVISED: 09/26/24

ITEM DESCRIPTION	UNITS	ESTIMATED QUANTITIES	UNIT PRICE	TOTAL AMOUNT	NOTES
------------------	-------	----------------------	------------	--------------	-------

DIRECT PHASE COSTS					
GRADING & SITE PREPARATION					
EROSION CONTROL / SWPPP					
CONSTRUCTION ENTRANCE	EA	3	\$ 2,500.00	\$ 7,500.00	Is construction water available adjacent to the site?
SEED DISTURBED AREAS	AC	58	\$ 450.00	\$ 26,136.36	If not, where's it gonna come from?
SILT FENCE (WIRE BACK)	LF	17,991	\$ 1.70	\$ 30,584.70	
CURLEX EROSION CONTROL MATTING (4 FOOT)	LF	36,604	\$ 2.10	\$ 76,868.40	Any Demo items that need to go away? -house, barn, well, fences???
SWPPP INSPECTIONS	LS	3	\$ 15,000.00	\$ 45,000.00	
EROSION MAINTENANCE	LOT	448	\$ 180.00	\$ 80,640.00	
				EROSION CONTROL SUB-TOTAL	\$ 266,729.46
ROUGH GRADING					
CLEARING & GRUBBING, (1/4 AREA HEAVILY TREED)	AC	96	\$ 2,000.00	\$ 192,000.00	
MASS GRADING (EXCAVATION)	CY	200,000	\$ 2.50	\$ 500,000.00	CAD Rough Design
ROUGH LOT GRADING	LOT	448	\$ 250.00	\$ 112,000.00	
				ROUGH GRADING SUB-TOTAL	\$ 804,000.00
FINISH GRADING					
LOT FINISH GRADE	LOT	448	\$ 175.00	\$ 78,400.00	
REGRADE / MISC. GRADING	LS			\$ -	
				FINISH GRADING SUB-TOTAL	\$ 78,400.00
				GRADING & SITE PREPARATION SUB-TOTAL	\$ 1,149,129.46

WATER SYSTEMS					
8" P.V.C. PIPE (DR 18 C900) (Incl. Fittings & Blocking)	LF	18,302	\$ 50.00	\$ 915,100.00	
8" GATE VALVE & BOX	EA	60	\$ 2,100.00	\$ 126,000.00	
CONNECT TO EXIST. LINE	EA	1	\$ 5,000.00	\$ 5,000.00	
FIRE HYDRANT ASSEMBLY	EA	62	\$ 6,900.00	\$ 427,800.00	
1" SINGLE WATER SERVICE (2" SLEEVE)	EA	448	\$ 1,250.00	\$ 560,000.00	
2" FLUSH VALVE	EA	2	\$ 3,000.00	\$ 6,000.00	
2" COMBINATION AIR RELEASE/VACUUM VALVE	EA	6	\$ 7,000.00	\$ 42,000.00	
1" IRRIGATION SERVICE	EA	7	\$ 2,000.00	\$ 14,000.00	
2" IRRIGATION SERVICE	EA	3	\$ 3,000.00	\$ 9,000.00	
2 - 4" CONDUIT (SCH 40) AT INTERSECTIONS	LF	2,565	\$ 23.00	\$ 58,995.00	
TRENCH SAFETY	LF	18,302	\$ 0.70	\$ 12,811.40	
TESTING (EXCLUDING GEOTECH)	LF	18,302	\$ 1.50	\$ 27,453.00	
				WATER SUB-TOTAL	\$ 2,204,159.40


SANITARY SEWER SYSTEM					
8" P.V.C. PIPE SDR 26	LF	14,867	\$ 53.00	\$ 787,951.00	
8" P.V.C. PIPE SDR 26 - PHASE 2	LF	2,230	\$ 55.00	\$ 122,650.00	
8" P.V.C. PIPE SDR 26 - PHASE 3	LF	330	\$ 55.00	\$ 18,150.00	
10" P.V.C. PIPE - PHASE 3	LF	875	\$ 72.00	\$ 63,000.00	
4" SERVICE LATERALS	EA	448	\$ 1,355.00	\$ 607,040.00	
4" DIAMETER M.H. w/ RAVEN COATING	EA	34	\$ 9,200.00	\$ 312,800.00	
5" DIAMETER M.H.	EA	9	\$ 12,000.00	\$ 108,000.00	
5" DIAMETER M.H. w/ RAVEN COATING	EA	12	\$ 14,000.00	\$ 168,000.00	
CONNECT TO EXIST. M.H.	EA	1	\$ 1,000.00	\$ 1,000.00	
WATER CROSSING PER TCEQ REQUIREMENTS	EA	32	\$ 1,600.00	\$ 51,200.00	
TRENCH SAFETY	LF	18,302	\$ 0.75	\$ 13,726.50	
TESTING (EXCLUDING GEOTECH)	LF	18,302	\$ 3.50	\$ 64,057.00	
ADDITIONAL TESTING AFTER DRY UTILITY INSTALL	LF	18,302	\$ 1.50	\$ 27,453.00	
				SEWER SUB-TOTAL	\$ 2,345,027.50

DRAINAGE SYSTEM						
STORM DRAIN SYSTEM				DRAINAGE SUB-TOTAL	\$ 2,240,000.00	COST PER LOT - \$5,000

STREET IMPROVEMENT					
STREET PAVING					
6" REINF. CONC. PAVEMENT, 31' B-B	SY	63,042	\$ 50.00	\$ 3,152,100.00	
7" REINF. CONC. PAVEMENT, 25' B-B	SY	0	\$ 59.00	\$ -	
6" LIME SUBGRADE	SY	67,109	\$ 3.50	\$ 234,881.50	
HYDRATED LIME MATERIAL (36RSY)	TON	1,230	\$ 330.00	\$ 405,900.00	
PAVEMENT HEADER	LF	62	\$ 55.00	\$ 3,410.00	
36" ROCK RIP-RAP @ PAVEMENT HEADER	SY	62	\$ 110.00	\$ 6,820.00	
STREET BARRICADE	EA	2	\$ 1,900.00	\$ 3,800.00	
CONNECT TO EXISTING PAVEMENT HEADER	EA	3	\$ 1,300.00	\$ 3,900.00	
REMOVE EXIST. BARRICADE	EA	3	\$ 500.00	\$ 1,500.00	
				STREET PAVING SUB-TOTAL	\$ 3,812,311.50
SIDEWALK					
5" CONCRETE SIDEWALK, 5" REINF	SY	1,614	\$ 65.00	\$ 104,938.89	
BARRIER FREE RAMPS	EA	60	\$ 2,850.00	\$ 171,000.00	
				SIDEWALK SUB-TOTAL	\$ 275,938.89
SIGNAGE & STRIPING					
STREET SIGNS, COMBO W/STOP (W/ POSTS)	EA	32	\$ 1,650.00	\$ 52,800.00	
				SIGNAGE & STRIPING SUB-TOTAL	\$ 52,800.00
				STREET IMPROVEMENT SUB-TOTAL	\$ 4,141,050.39

TxDOT TURN LANES					
OFFSITE TURNING LANES					
TxDOT TURNING LANES	EA	0	\$ 325,000.00	\$ -	
				OFFSITE TURNING LANES SUB-TOTAL	\$ -
				TxDOT TURN LANES SUB-TOTAL	\$ -

TRAILS					
TRAILS					
PH 2 10" CONCRETE SIDEWALK	SY	0		\$ -	
				TRAILS SUB-TOTAL	\$ -
				TRAILS SUB-TOTAL	\$ -

COMMUNITY NAME: DUCK POINT (All 1 Phase)	LOT COUNT: 448	GROSS ACREAGE: 161.0
PHASE: On-Site	TYP. LOT WIDTH: 50	NET ACREAGE: 96.0
CITY or TOWN: City of Aubrey ETJ	TYP. LOT DEPTH: 115	TOTAL LOTS: 448
	TYP. PAD WIDTH: 40	TOTAL DENSITY: 4.67
	TYP. PAD DEPTH: 75	LANDPLAN: 29
	FRONT YARD S/B: 20	CREATED BY: CDH/RAV/ES
	REAR YARD S/B: 20	REVIEWED BY: AB/RAV
	SIDE YARD S/B: 5	CREATED: 05/10/21
	SIDE YARD S/B: 15	REVISED: 09/26/24
	(CORNER)	

ITEM DESCRIPTION	UNITS	ESTIMATED QUANTITIES	UNIT PRICE	TOTAL AMOUNT	NOTES
SOFT COSTS					
ENGINEERING & SURVEYING	LOT	448	\$ 2,225.00	\$ 996,800.00	
OTHER PROFESSIONAL FEES	LOT	448	\$ 350.00	\$ 156,800.00	
CONSTRUCTION ADMINISTRATION	%	1%	\$ 12,079,366.75	\$ 120,793.67	
CONSTRUCTION INSPECTION	%	3%	\$ 12,079,366.75	\$ 362,381.00	
CONSTRUCTION MANAGEMENT	%	2%	\$ 12,079,366.75	\$ 241,587.34	
MATERIAL TESTING	%	2%	\$ 12,079,366.75	\$ 241,587.34	
SOFT COSTS SUB-TOTAL				\$ 2,119,949.34	

DISTRICT FORMATION					
DISTRICT FORMATION					
DISTRICT FORMATION	%	1,300,000	100.0%	\$ 1,300,000	
DISTRICT FORMATION SUB-TOTAL				\$ 1,300,000	
DISTRICT FORMATION SUB-TOTAL				\$ 1,300,000	

DIRECT - TOTAL CONSTRUCTION COST				\$ 15,499,316.09	
CONTINGENCY	%	5%	\$ 15,499,316.09	\$ 774,965.80	
DIRECT - TOTAL CONSTRUCTION COST W/ CONTINGENCY				\$ 16,274,281.90	

PRIVATE COSTS					
GRADING & SITE PREPARATION					
ROUGH GRADING					
6" MOISTURE CONDITIONING	LOT	448	\$ 2,270.00	\$ 1,016,960.00	
POLY	LOT	448	\$ 425.00	\$ 190,400.00	
ROUGH GRADING SUB-TOTAL				\$ 1,207,360.00	
GRADING & SITE PREPARATION SUB-TOTAL				\$ 1,207,360.00	

RETAINING WALLS					
RETAINING WALLS					
RETAINING WALLS SUB-TOTAL				\$ 878,528.00	COST PER LOT - \$1,961
RETAINING WALLS SUB-TOTAL				\$ 878,528.00	

DRY UTILITIES					
ELECTRIC and GAS SERVICES	LOT	448	\$ 2,500.00	\$ 1,120,000.00	
STREET LIGHTS	EA	41	\$ 2,500.00	\$ 102,500.00	
DRY UTILITIES SUB-TOTAL				\$ 1,222,500.00	

AMENITY CENTER					
AMENITY CENTER	LS	0	\$ -	\$ -	
PLAYGROUND	LS	0	\$ -	\$ -	
AMENITY CENTER SUB-TOTAL				\$ -	

SCREENING, LANDSCAPING & IRRIGATION					
SCREENING WALL	LF	0	\$ 100.00	\$ -	
PARKWAY LANDSCAPING AND IRRIGATION	LF	0	\$ 100.00	\$ -	
SCREENING, LANDSCAPING & IRRIGATION SUB-TOTAL				\$ -	

MONUMENTATION					
ENTRY MONUMENTS					
ENTRY MONUMENT (MAIN)	EA	0	\$ 40,000.00	\$ -	
ENTRY MONUMENTS SUB-TOTAL				\$ -	
MONUMENTATION SUB-TOTAL				\$ -	

SOFT COSTS					
ENGINEERING & SURVEYING	LOT	448	\$ 705.00	\$ 315,840.00	
OTHER PROFESSIONAL FEES	LOT	448	\$ -	\$ -	
CONSTRUCTION ADMINISTRATION	%	1%	\$ 1,207,360.00	\$ 12,073.60	
CONSTRUCTION INSPECTION	%	3%	\$ 1,207,360.00	\$ 36,220.80	
CONSTRUCTION MANAGEMENT	%	4%	\$ 1,207,360.00	\$ 48,294.40	
MATERIAL TESTING	%	2%	\$ 1,207,360.00	\$ 24,147.20	
SOFT COSTS SUB-TOTAL				\$ 436,576.00	

PRIVATE - TOTAL CONSTRUCTION COST				\$ 3,744,964.00	
CONTINGENCY	%	5%	\$ 3,744,964.00	\$ 187,248.20	
PRIVATE - TOTAL CONSTRUCTION COST W/ CONTINGENCY				\$ 3,932,212.20	

TOTAL CONSTRUCTION COST (DIRECT & PRIVATE)				\$ 19,244,280.09	
CONTINGENCY	%	5%	\$ 19,244,280.09	\$ 962,214.00	
TOTAL CONSTRUCTION COST W/ CONTINGENCY				\$ 20,206,494.10	

THIS OPINION OF PROBABLE COST WAS PREPARED BASED ON BEST AVAILABLE INFORMATION AND SHOULD BE USED FOR PROJECT EVALUATION ONLY. BARRAZA CONSULTING GROUP, LLC. SHOULD PREPARE THE PROJECT DESIGN AND QUANTITY TAKE-OFFS BEFORE FINANCIAL OBLIGATIONS ARE MADE.

COMMUNITY NAME: **DUCK POINT (All 1 Phase)**
 PHASE: Full Development Major Improvements
 CITY or TOWN: City of Aubrey ETJ



This OPC was modified 2/20/24 by R. Slouak. My adjusted unit prices are shown in Red text for reference purposes. Other mods are noted herein, also in red.

GROSS ACREAGE:	77.0
NET ACREAGE:	42.0
TOTAL LOTS:	448
TOTAL DENSITY:	10.67
LANDPLAN:	23
CREATED BY:	CDH/RAV/ES
REVIEWED BY:	AB/RAV
CREATED:	05/10/21
REVISED:	#REF!

ITEM DESCRIPTION	UNITS	ESTIMATED QUANTITIES	UNIT PRICE	TOTAL AMOUNT	NOTES
------------------	-------	----------------------	------------	--------------	-------

GRADING / SITE PREPARATION

EROSION CONTROL / SWPPP					
SEED DISTURBED AREAS	AC	34.0	\$ 450.00	\$ 15,300	
SILT FENCE (WIRE BACK)	LF	9,500	\$ 1.70	\$ 16,150	
CURLEX EROSION CONTROL MATTING (8 FOOT)	SY	11,780	\$ 2.10	\$ 24,738	
EROSION CONTROL SUB-TOTAL				\$ 56,188	
ROUGH GRADING					
CLEARING & GRUBBING, (1/4 AREA HEAVILY TREED)	AC	34.0	\$ 2,000.00	\$ 68,000	
ONSITE MASS GRADING (EXCAVATION)	CY	83,000	\$ 2.50	\$ 207,500	Floodplain redamation Excavation
OFFSITE MASS GRADING (EXCAVATION)	CY	50,000	\$ 2.50	\$ 125,000	Floodplain redamation Excavation
ROUGH GRADING SUB-TOTAL				\$ 400,500	
GRADING / SITE PREPARATION SUB-TOTAL				\$ 456,688	

OFFSITE WATER SYSTEMS

OFFSITE WATER					
12" P.V.C. PIPE (DR 18 C900)	LF	5,200	\$ 84.00	\$ 436,800	
12" GATE VALVE & BOX	EA	4	\$ 4,250.00	\$ 17,000	
24" X 12" TAP SLEEVE & VALVE	EA	1	\$ 25,000.00	\$ 25,000	
CONNECT TO EXIST. LINE	EA	1	\$ 1,500.00	\$ 1,500	
FIRE HYDRANT ASSEMBLY	EA	16	\$ 6,900.00	\$ 110,400	
2" FLUSH VALVE	EA	2	\$ 3,000.00	\$ 6,000	
2" COMBINATION AIR RELEASE/VACUUM VALVE	EA	2	\$ 7,000.00	\$ 14,000	
2000 PSI CONC. ENCASEMENT	LF	1,000	\$ 80.00	\$ 80,000	
30' UTILITY EASEMENT	SF	49,800.0	\$ 3.25	\$ 161,850	
TRENCH SAFETY	LF	4,600	\$ 0.70	\$ 3,220	
TESTING (EXCLUDING GEOTECH)	LF	4,600	\$ 1.50	\$ 6,900	
OFFSITE WATER SYSTEMS SUB-TOTAL				\$ 862,670	

OFFSITE SANITARY SEWER

GRAVITY SEWER					
10" P.V.C. PIPE (OVER 10" DEEP) SDR 26	LF	4,200	\$ 77.00	\$ 323,400	
4" DIAMETER M.H. w/SEALED RING/COVER & w/ RAVEN COATING	EA	14	\$ 9,500.00	\$ 133,000.00	
5" DIAMETER M.H. w/ RAVEN COATING, TYPE 'S'	EA	2	\$ 16,500.00	\$ 33,000.00	
CONNECT TO EXIST. LINE	EA	1	\$ 1,500.00	\$ 1,500	
2000 PSI CONC. ENCASEMENT	LF	200	\$ 80.00	\$ 16,000	
30' UTILITY EASEMENT	SF	101,310.0	\$ 1.25	\$ 126,638	
TRENCH SAFETY	LF	4,200	\$ 0.75	\$ 3,150	
SYSTEM TESTING & TV INSPECTION	LF	4,200	\$ 3.50	\$ 14,700	
ADDITIONAL TV INSPECTION AFTER FRANCHISE UTILITIES	LF	4,200	\$ 1.50	\$ 6,300	
GRAVITY SEWER SUB-TOTAL				\$ 657,688	
OFFSITE SEWER SUB-TOTAL				\$ 657,688	

STREET IMPROVEMENT

STREET PAVING					
UNCLASSIFIED EXCAVATION - FOR ROAD	CY	46,800	\$ 2.50	\$ 117,000	2 Lanes - 50' ROW only
STORM SEWER COLLECTION SYSTEM	LF	2,852	\$ 200.00	\$ 570,400	
BRIDGE	LS	1	\$ 1,000,000.00	\$ 1,000,000	~120 LF bridge
8" REINF. CONC. PAVEMENT, 50' ROW, 25' B-B	SY	11,700	\$ 60.00	\$ 702,000	2-25' B-B from FM 1385 to 1st Entrance
6" LIME SUBGRADE	SY	13,572	\$ 3.50	\$ 47,502	
HYDRATED LIME MATERIAL (54LBS/SY)	TON	370	\$ 330.00	\$ 122,100	
CONNECT TO EXISTING PAVEMENT	EA	1	\$ 5,000.00	\$ 5,000	
ENTRY ROAD EASEMENTS	SF	0.0	\$ 3.50	\$ -	Easement for Entry Road (3)
CREEK REALIGNMENT EASEMENTS	SF	0.0	\$ 1.25	\$ -	Easement for Creek Re-alignment (2)
4" WIDE CURLEX EROSION CONTROL MATTING	LF	7,064	\$ 1.40	\$ 9,890	
STREET PAVING SUB-TOTAL				\$ 2,573,892	
SIDEWALK					
5" CONCRETE SIDEWALK	SY	2,340	\$ 65.00	\$ 152,100	
BARRIER FREE RAMPS	EA	4	\$ 2,850.00	\$ 11,400	
SIDEWALK SUB-TOTAL				\$ 163,500	
SIGNAGE & LIGHTING					
STREET SIGNS, COMBO W/STOP (W/ POSTS)	EA	1	\$ 1,650.00	\$ 1,650	
STREET LIGHTING	EA	22	\$ 5,000.00	\$ 110,000	
24" STOP SIGNS	EA	1	\$ 600.00	\$ 600	
SIGNAGE & STRIPING SUB-TOTAL				\$ 112,250	
STREET IMPROVEMENT SUB-TOTAL				\$ 2,849,642	

TxDOT TURN LANES

OFFSITE TURNING LANES					
TxDOT TURNING LANES	EA	1	\$ 350,000.00	\$ 350,000	FM 1385
TxDOT TURNING LANES	EA	0	\$ 375,000.00	\$ -	
OFFSITE TURNING LANES SUB-TOTAL				\$ 350,000	
TRAFFIC SIGNALS & CONTROLS					
TRAFFIC SIGNALS	EA		\$ 155,000.00	\$ -	
TRAFFIC CONTROL	MO	0	\$ 1,000.00	\$ -	
TRAFFIC SIGNALS & CONTROLS SUB-TOTAL				\$ -	
TxDOT TURN LANES SUB-TOTAL				\$ 350,000	

SCREENING, LANDSCAPING & IRRIGATION

SCREENING					
-----------	--	--	--	--	--

COMMUNITY NAME: **DUCK POINT (All 1 Phase)**
 PHASE: Full Development Major Improvements
 CITY or TOWN: City of Aubrey ETJ



GROSS ACREAGE:	77.0
NET ACREAGE:	42.0
TOTAL LOTS:	448
TOTAL DENSITY:	10.67
LANDPLAN:	23
CREATED BY:	CDH/RAV/ES
REVIEWED BY:	AB/RAV
CREATED:	05/10/21
REVISED:	#REF!

This OPC was modified 2/20/24 by R. Slovak. My adjusted unit prices are shown in Red text for reference purposes. Other mods are noted herein, also in red.

ITEM DESCRIPTION	UNITS	ESTIMATED QUANTITIES	UNIT PRICE	TOTAL AMOUNT	NOTES
SCREENING WALL	LF	1,800	\$ 115.00	\$ 207,000	
SCREENING SUB-TOTAL				\$ 207,000	
ENTRY MONUMENTS					
ENTRY MONUMENT (MAIN)	EA	2	\$ 30,000.00	\$ 60,000	
ENTRY LANDSCAPE (MAIN)	AC	1	\$ 5,000	\$ 2,500	
ENTRY MONUMENTS SUB-TOTAL				\$ 62,500	
LANDSCAPING					
LANDSCAPING (14' MEDIAN)	LF	1,360	\$ 40.00	\$ 54,400	
LANDSCAPING (18' PARKWAY)	LF	4,212	\$ 40.00	\$ 168,480	
BERMUDA SOD (OPEN SPACE)	AC	1	\$ 10,890.00	\$ 10,890	
LANDSCAPING (OPEN SPACE)	AC	1	\$ 5,000.00	\$ 5,000	
LANDSCAPING SUB-TOTAL				\$ 238,770	
IRRIGATION					
IRRIGATION (14' MEDIAN)	LF	1,360	\$ 40.00	\$ 54,400	
IRRIGATION (18' PKWY)	LF	4,212	\$ 40.00	\$ 168,480	
IRRIGATION (OPEN SPACE)	AC	1.00	\$ 2,500.00	\$ 2,500	
IRRIGATION (ENTRY)	AC	0.50	\$ 5,000.00	\$ 2,500	
METER POWER PEDESTAL	Ea	2	\$ 2,500.00	\$ 5,000	
IRRIGATION SUB-TOTAL				\$ 232,880	
SCREENING, LANDSCAPING & IRRIGATION SUB-TOTAL				\$ 741,150	

COMMON AREA AMENITIES					
AMENITIES					
PARK AMENITIES	LS	2	\$ 1,500.00	\$ 3,000	
CLUSTER MAILBOX UNIT	LS	28	\$ 2,000.00	\$ 56,000	
AMENITIES SUB-TOTAL				\$ 59,000	
TRAILS / PATHWAYS (FLATWORK)					
4' CONCRETE SIDEWALK	LF		\$ 30.00	\$ -	
5' CONCRETE SIDEWALK	LF		\$ 37.50	\$ -	
6' CONCRETE SIDEWALK	LF		\$ 45.00	\$ -	
8' CONCRETE SIDEWALK	LF		\$ 60.00	\$ -	
TRAILS / PATHWAYS (FLATWORK) SUB-TOTAL				\$ -	
COMMON AREA AMENITIES SUB-TOTAL				\$ 59,000	

SOFT COSTS					
ENGINEERING	%	12%	\$ 5,176,687.10	\$ 621,202.45	
SURVEYING	%	5.75%	\$ 5,176,687.10	\$ 297,659.51	
CONSTRUCTION ADMINISTRATION	%	1%	\$ 5,176,687.10	\$ 51,766.87	
CONSTRUCTION INSPECTION	%	3%	\$ 5,176,687.10	\$ 155,300.61	
CONSTRUCTION MANAGEMENT	%	4%	\$ 5,176,687.10	\$ 207,067.48	
MATERIAL TESTING	%	2%	\$ 5,176,687.10	\$ 103,533.74	
GEOTECHNICAL INVESTIGATION FEES	LOT	440	\$ 135.00	\$ 59,400.00	
WETLANDS INVESTIGATION	LS	1	\$ 10,000.00	\$ 10,000.00	
TRAFFIC IMPACT ANALYSIS	LS	1	\$ 30,000.00	\$ 30,000.00	
CLOMR/LOMR	LS	1	\$ 70,000.00	\$ 70,000.00	Does not include FEMA fees
CITY FEES - PRELIMINARY PLATTING	LOT	440	\$ 500 + \$20 PER U	\$ 9,300.00	Aubrey Fees
CITY FEES - FINAL PLATTING	LOT	440	\$ 500 + \$20 PER U	\$ 9,300.00	Aubrey Fees
CITY FEES - PLAN REVIEW	LOT	440	\$ 150.00	\$ 66,000.00	Aubrey Fees
CITY FEES - PLAT FILING FEE	LS	1	\$ 200.00	\$ 200.00	Aubrey Fees
CITY FEES - GRADING PERMIT	LS	1	\$ 50.00	\$ 50.00	Aubrey Fees
SOFT COSTS SUB-TOTAL				\$ 1,690,781	

DISTRICT FORMATION					
DISTRICT FORMATION					
MAJOR IMPROVEMENTS	%	7,397,051	0.0%	\$ -	
DISTRICT FORMATION SUB-TOTAL				\$ -	
DISTRICT FORMATION SUB-TOTAL				\$ -	

TOTAL CONSTRUCTION COST				\$ 7,667,617.77	
CONTINGENCY	%	2%	\$ 7,667,617.77	\$ 153,352.36	
TOTAL CONSTRUCTION COST W/ CONTINGENCY				\$ 7,820,970.13	

THIS OPINION OF PROBABLE COST WAS PREPARED BASED ON BEST AVAILABLE INFORMATION AND SHOULD BE USED FOR PROJECT EVALUATION ONLY. BARRAZA CONSULTING GROUP, LLC. SHOULD PREPARE THE PROJECT DESIGN AND QUANTITY TAKE-OFFS BEFORE FINANCIAL OBLIGATIONS ARE MADE.

APPENDIX C
DIAGRAMS OF THE AUTHORIZED IMPROVEMENTS

EXHIBIT C-1 Water and Wastewater Improvements

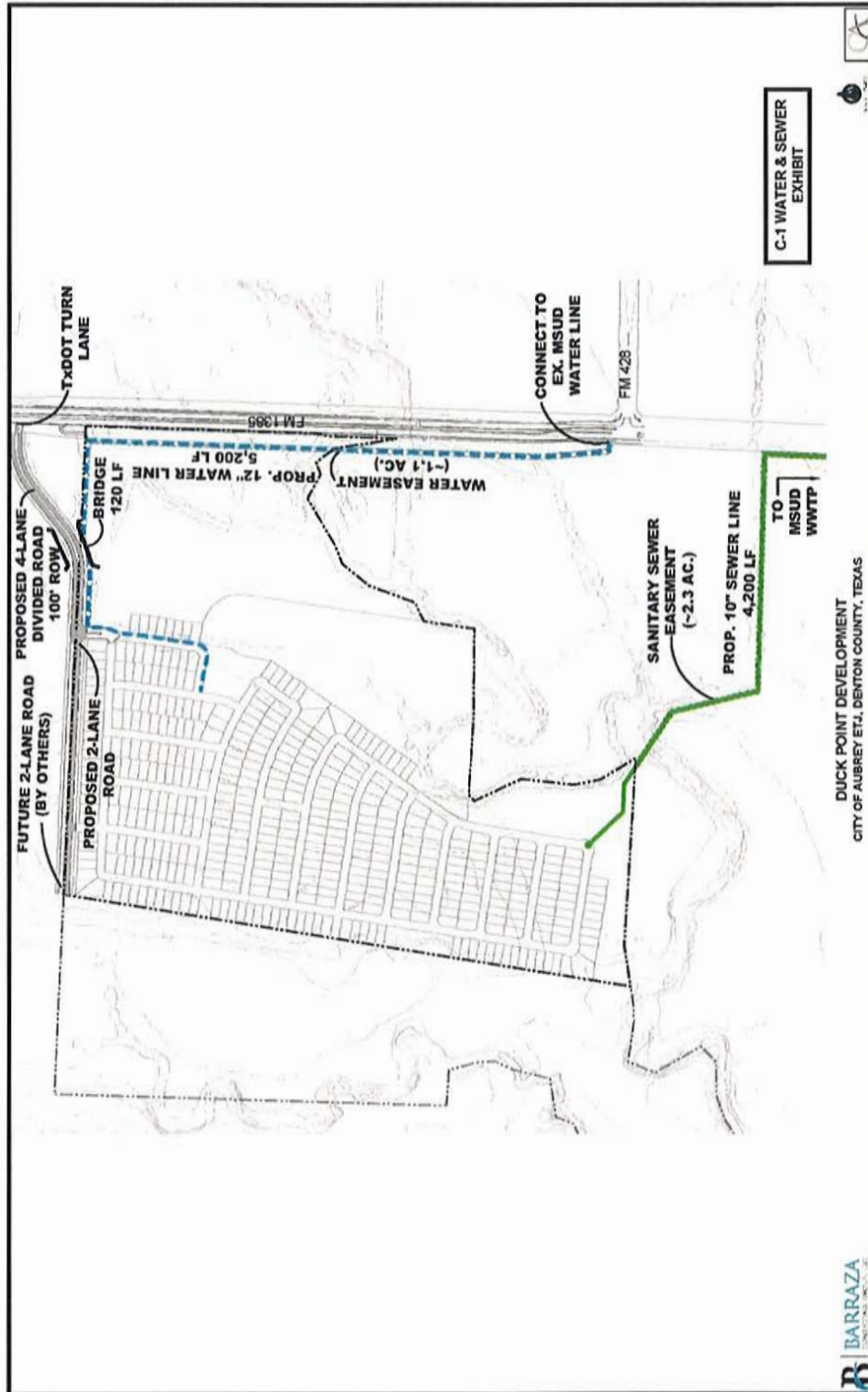


EXHIBIT C-2 Roadway Improvements

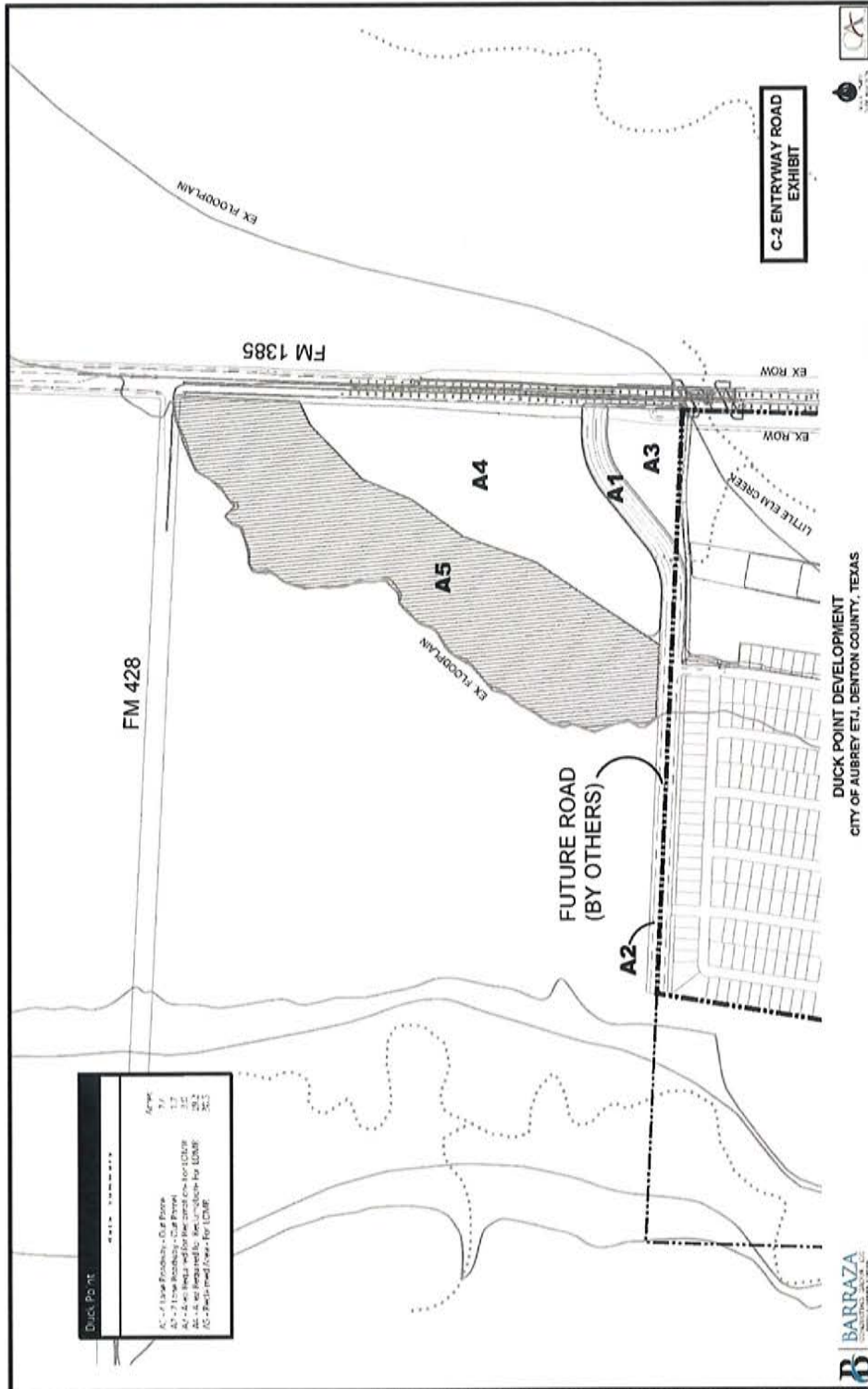
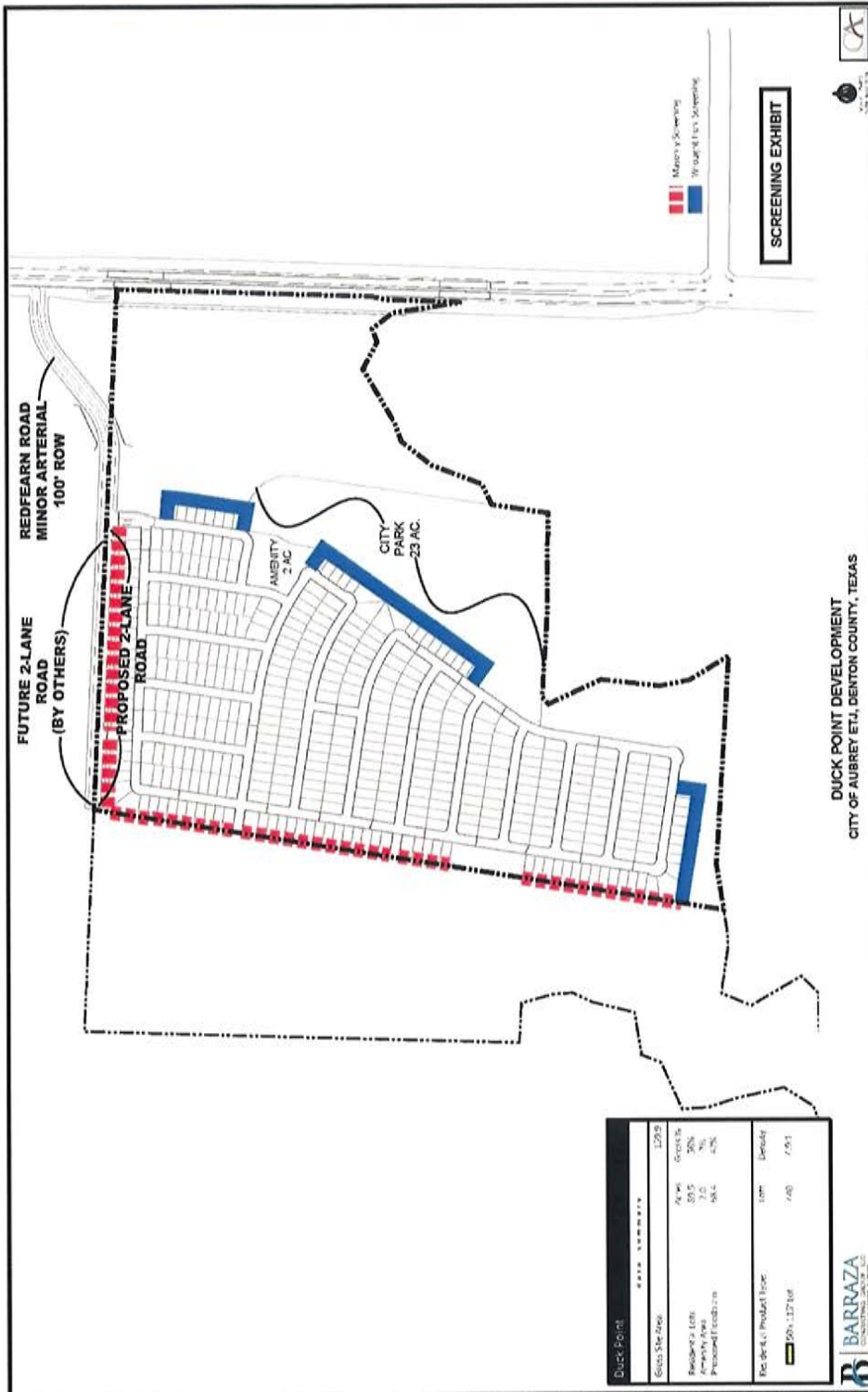


EXHIBIT C-3 Open Space Plan



EXHIBIT C-4 Screening Plan



APPENDIX D
ASSESSMENT PER UNIT, PROJECTED LEVERAGE AND PROJECTED TAX RATE
EQUIVALENTS

Appendix D

For purposes of calculating and allocating the Assessments, the Assessed Property has been classified in one Lot Type.

“**Lot Type 1**” means lots identified as such on the Assessment Roll, being Lots typically with a Lot width of approximately 50 feet.

A) Proposed Development

The following table shows the proposed residential units to be developed within the PID.

Table D-1
Proposed Development within the PID

Description	Proposed Development	
Lot Type 1 (50 Ft)	448	Units
Total	448	Units

B) Allocation of Assessments to Lots within the PID

The total amount of PID Bonds which represents the total Assessment to be allocated on all Parcels within the PID, is \$31,570,000. As shown above, there are a total of 448 residential units, resulting in an Assessment per unit of \$70,468.75 (i.e. $\$31,570,000 \div 448 = \$70,468.75$). Table D-2 below sets forth the Assessment per unit within the PID.

Table D-2
Assessment Per Unit

Description	Planned No. of Units	Assessment per Unit		Total Assessments
50 Ft Lot	448	\$70,468.75	per dwelling unit	\$31,570,000
Total	448			\$31,570,000

The projected leverage calculated based on the estimated finished lot values and home values for each unit is shown in Table D-3 on the following page.

(remainder of this page left intentionally page)

Table D-3
Projected Leverage

Description	Planned No. of Units	Estimated Finished Lot Value per unit	Projected Average Home Value per unit	Assessment per Unit	Leverage (Lot Value)	Leverage (Home Value)
Lot Type 1 (50 Ft)	448	\$97,612	\$450,000	\$70,468.75	1.39	6.39

The projected tax rate equivalent per unit based on the estimated finished lot values and home values for each unit is shown in Table D-4 below.

Table D-4
Estimated Tax Rate Equivalent per unit – PID

Description	Planned No. of Units	Estimated Finished Lot Value per unit	Projected Average Home Value per unit	Projected Average Annual Installment per unit	Tax Rate Equivalent (per \$100 Lot Value)	Tax Rate Equivalent (per \$100 Home Value)
Lot Type 1 (50 Ft)	448	\$97,612	\$450,000	\$5,699	\$5.84	\$1.27

The Assessment and Annual Installments for each Parcel or Lot located within the PID is shown on the Assessment Roll, attached as Appendix F, and no Assessment shall be changed except as authorized by this Service and Assessment Plan and the PID Act.

(remainder of this page is intentionally left blank)

APPENDIX E
PID ASSESSMENT NOTICE

AFTER RECORDING RETURN TO:

_____]¹

NOTICE OF OBLIGATION TO PAY IMPROVEMENT DISTRICT ASSESSMENT TO
CITY OF AUBREY, TEXAS
CONCERNING THE FOLLOWING PROPERTY

STREET ADDRESS

LOT TYPE _____ **PRINCIPAL ASSESSMENT: \$** _____

As the purchaser of the real property described above, you are obligated to pay assessments to the City of Aubrey, Texas (the "City"), for the costs of a portion of a public improvement or services project (the "Authorized Improvements") undertaken for the benefit of the property within ***Duck Point Public Improvement District*** (the "District") created under Subchapter A, Chapter 372, Local Government Code.

AN ASSESSMENT HAS BEEN LEVIED AGAINST YOUR PROPERTY FOR THE AUTHORIZED IMPROVEMENTS, WHICH MAY BE PAID IN FULL AT ANY TIME. IF THE ASSESSMENT IS NOT PAID IN FULL, IT WILL BE DUE AND PAYABLE IN ANNUAL INSTALLMENTS THAT WILL VARY FROM YEAR TO YEAR DEPENDING ON THE AMOUNT OF INTEREST PAID, COLLECTION COSTS, ADMINISTRATIVE COSTS, AND DELINQUENCY COSTS.

The exact amount of the assessment may be obtained from the City. The exact amount of each annual installment will be approved each year by the City Council in the annual service plan update for the district. More information about the assessments, including the amounts and due dates, may be obtained from the City

Your failure to pay any assessment or any annual installment may result in penalties and interest being added to what you owe or in a lien on and the foreclosure of your property.

¹ To be included in separate copy of the notice required by Section 5.0143, Tex. Prop. Code, to be executed at the closing of the purchase and sale and to be recorded in the deed records of Denton County.

[The undersigned purchaser acknowledges receipt of this notice before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE:

DATE:

SIGNATURE OF
PURCHASER

SIGNATURE OF
PURCHASER

The undersigned seller acknowledges providing this notice to the potential purchaser before the effective date of a binding contract for the purchase of the real property at the address described above.

DATE:

DATE:

SIGNATURE OF SELLER

SIGNATURE OF SELLER]²

² To be included in copy of the notice required by Section 5.014, Tex. Prop. Code, to be executed by seller in accordance with Section 5.014(a-1), Tex. Prop. Code.

The undersigned 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 DENTON

§

§

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 Denton County.

APPENDIX F
PID ASSESSMENT ROLL

**Appendix F-1
Assessment Roll**

Parcel	52165
No. of Lots	448.00
Assessment	\$31,570,000

Year ¹	Principal	Interest ²	Administrative Expenses ³	Additional Interest	Capitalized Interest	Annual Installment ⁴
12/31/2025	\$0	\$1,484,316	\$0	\$0	(\$1,484,316)	\$0
12/31/2026	\$0	\$1,957,340	\$0	\$0	(\$1,957,340)	\$0
12/31/2027	\$387,000	\$1,957,340	\$51,000	\$157,850	\$0	\$2,553,190
12/31/2028	\$412,000	\$1,933,346	\$52,020	\$155,915	\$0	\$2,553,281
12/31/2029	\$438,000	\$1,907,802	\$53,060	\$153,855	\$0	\$2,552,717
12/31/2030	\$467,000	\$1,880,646	\$54,122	\$151,665	\$0	\$2,553,433
12/31/2031	\$497,000	\$1,851,692	\$55,204	\$149,330	\$0	\$2,553,226
12/31/2032	\$529,000	\$1,820,878	\$56,308	\$146,845	\$0	\$2,553,031
12/31/2033	\$563,000	\$1,788,080	\$57,434	\$144,200	\$0	\$2,552,714
12/31/2034	\$601,000	\$1,753,174	\$57,721	\$141,385	\$0	\$2,553,280
12/31/2035	\$641,000	\$1,715,912	\$58,010	\$138,380	\$0	\$2,553,302
12/31/2036	\$684,000	\$1,676,170	\$58,300	\$135,175	\$0	\$2,553,645
12/31/2037	\$729,000	\$1,633,762	\$58,592	\$131,755	\$0	\$2,553,109
12/31/2038	\$778,000	\$1,588,564	\$58,885	\$128,110	\$0	\$2,553,559
12/31/2039	\$829,000	\$1,540,328	\$59,179	\$124,220	\$0	\$2,552,727
12/31/2040	\$885,000	\$1,488,930	\$59,475	\$120,075	\$0	\$2,553,480
12/31/2041	\$944,000	\$1,434,060	\$59,772	\$115,650	\$0	\$2,553,482
12/31/2042	\$1,007,000	\$1,375,532	\$60,071	\$110,930	\$0	\$2,553,533
12/31/2043	\$1,074,000	\$1,313,098	\$60,371	\$105,895	\$0	\$2,553,364
12/31/2044	\$1,145,000	\$1,246,510	\$60,673	\$100,525	\$0	\$2,552,708
12/31/2045	\$1,222,000	\$1,175,520	\$60,977	\$94,800	\$0	\$2,553,297
12/31/2046	\$1,303,000	\$1,099,756	\$61,282	\$88,690	\$0	\$2,552,728
12/31/2047	\$1,390,000	\$1,018,970	\$61,588	\$82,175	\$0	\$2,552,733
12/31/2048	\$1,483,000	\$932,790	\$61,896	\$75,225	\$0	\$2,552,911
12/31/2049	\$1,582,000	\$840,844	\$62,205	\$67,810	\$0	\$2,552,859
12/31/2050	\$1,688,000	\$742,760	\$62,516	\$59,900	\$0	\$2,553,176
12/31/2051	\$1,801,000	\$638,104	\$62,829	\$51,460	\$0	\$2,553,393
12/31/2052	\$1,921,000	\$526,442	\$63,143	\$42,455	\$0	\$2,553,040
12/31/2053	\$2,050,000	\$407,340	\$63,459	\$32,850	\$0	\$2,553,649
12/31/2054	\$2,187,000	\$280,240	\$63,776	\$22,600	\$0	\$2,553,616
12/31/2055	\$2,333,000	\$144,646	\$64,095	\$11,665	\$0	\$2,553,406
Total	\$31,570,000	\$41,154,892	\$1,717,965	\$3,041,390	(\$3,441,656)	\$74,042,591

¹The 12/31/XX dates represent the year end for the PID Bonds.

² The interest is calculated using an **6.20%** interest rate for years 1 through 30 under the PID Bonds for the Authorized Improvements.

³Administrative Expenses are estimated and will be updated each year in the Annual Service Plan Updates. Assumes a 2% increase per year.

⁴The Annual Installments shown do not include any TIRZ Annual Credit Amount.

Appendix F-2
Assessment Roll by Lot Type

Parcel	Lot Type 1 (50 ft)
Units	1.00
Assessment	\$70,468.75

Year ¹	Principal	Interest ²	Administrative Expenses ³	Additional Interest	Capitalized Interest	Annual Installment ⁴
12/31/2025	\$0	\$3,313	\$0	\$0	(\$3,313)	\$0
12/31/2026	\$0	\$4,369	\$0	\$0	(\$4,369)	\$0
12/31/2027	\$864	\$4,369	\$114	\$352	\$0	\$5,699
12/31/2028	\$920	\$4,316	\$116	\$348	\$0	\$5,699
12/31/2029	\$978	\$4,258	\$118	\$343	\$0	\$5,698
12/31/2030	\$1,042	\$4,198	\$121	\$339	\$0	\$5,700
12/31/2031	\$1,109	\$4,133	\$123	\$333	\$0	\$5,699
12/31/2032	\$1,181	\$4,064	\$126	\$328	\$0	\$5,699
12/31/2033	\$1,257	\$3,991	\$128	\$322	\$0	\$5,698
12/31/2034	\$1,342	\$3,913	\$129	\$316	\$0	\$5,699
12/31/2035	\$1,431	\$3,830	\$129	\$309	\$0	\$5,699
12/31/2036	\$1,527	\$3,741	\$130	\$302	\$0	\$5,700
12/31/2037	\$1,627	\$3,647	\$131	\$294	\$0	\$5,699
12/31/2038	\$1,737	\$3,546	\$131	\$286	\$0	\$5,700
12/31/2039	\$1,850	\$3,438	\$132	\$277	\$0	\$5,698
12/31/2040	\$1,975	\$3,324	\$133	\$268	\$0	\$5,700
12/31/2041	\$2,107	\$3,201	\$133	\$258	\$0	\$5,700
12/31/2042	\$2,248	\$3,070	\$134	\$248	\$0	\$5,700
12/31/2043	\$2,397	\$2,931	\$135	\$236	\$0	\$5,699
12/31/2044	\$2,556	\$2,782	\$135	\$224	\$0	\$5,698
12/31/2045	\$2,728	\$2,624	\$136	\$212	\$0	\$5,699
12/31/2046	\$2,908	\$2,455	\$137	\$198	\$0	\$5,698
12/31/2047	\$3,103	\$2,274	\$137	\$183	\$0	\$5,698
12/31/2048	\$3,310	\$2,082	\$138	\$168	\$0	\$5,698
12/31/2049	\$3,531	\$1,877	\$139	\$151	\$0	\$5,698
12/31/2050	\$3,768	\$1,658	\$140	\$134	\$0	\$5,699
12/31/2051	\$4,020	\$1,424	\$140	\$115	\$0	\$5,700
12/31/2052	\$4,288	\$1,175	\$141	\$95	\$0	\$5,699
12/31/2053	\$4,576	\$909	\$142	\$73	\$0	\$5,700
12/31/2054	\$4,882	\$626	\$142	\$50	\$0	\$5,700
12/31/2055	\$5,208	\$323	\$143	\$26	\$0	\$5,700
Total	\$70,469	\$91,864	\$3,835	\$6,789	(\$7,682)	\$165,274

¹The 12/31/XX dates represent the year end for the PID Bonds.

² The interest is calculated using an **6.20%** interest rate for years 1 through 30 under the PID Bonds for the Authorized Improvements.

³Administrative Expenses are estimated and will be updated each year in the Annual Service Plan Updates. Assumes a 2% increase per year.

⁴The Annual Installments shown do not include any TIRZ Annual Credit Amount.

APPENDIX D

FORM OF OPINION OF BOND COUNSEL

(THIS PAGE IS INTENTIONALLY LEFT BLANK)

BRACEWELL

[FORM OF BOND COUNSEL OPINION]

[DATE]

§ _____
CITY OF AUBREY, TEXAS
SPECIAL ASSESSMENT REVENUE BONDS SERIES 2025
(DUCK POINT PUBLIC IMPROVEMENT DISTRICT)

WE HAVE represented the City of Aubrey, Texas (the “Issuer”), as its bond counsel in connection with an issue of assessment revenue bonds (the “Bonds”) described as follows:

CITY OF AUBREY, TEXAS SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025 (DUCK POINT PUBLIC IMPROVEMENT DISTRICT), dated February 15, 2025, issued in the principal amount of \$ _____.

IN SUCH capacity, we have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion. The scope of our engagement as bond counsel extends solely to an examination of the facts and law incident to rendering the opinions specifically expressed herein.

THE BONDS have been authorized and issued pursuant to Texas Local Government Code, Chapter 372, as amended (the “Act”) and an Ordinance adopted by the Issuer on February 27, 2025 (the “Ordinance”). The Bonds are issued pursuant to an Indenture of Trust Indenture, dated as of February 15, 2025, (the “Indenture”), by and between the Issuer and Wilmington Trust, National Association, as Trustee (the “Trustee”).

Unless the context clearly indicates otherwise, each capitalized term used in this opinion shall have the same meaning as set forth in the Indenture.

WE HAVE represented the Issuer as bond counsel for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas and with respect to the excludability of interest on the Bonds from gross income for federal income tax purposes. We have not investigated or verified original proceedings, records, data or other material, but have relied solely upon the transcript of proceedings described in the following paragraph. We have not assumed any responsibility with respect to the financial condition or capabilities of the Issuer or the disclosure thereof in connection with the sale of the Bonds. Our role in connection with the Issuer’s Limited Offering Memorandum prepared for use in connection with the sale of the Bonds has been limited as described therein. We express no opinion herein regarding the accuracy, adequacy or completeness of the Limited Offering Memorandum relating to the Bonds.

In our capacity as bond counsel, we have participated in the preparation of and have examined a transcript of certified proceedings pertaining to the Bonds, on which we have relied in giving our opinion. The transcript contains certified copies of certain proceedings of the Issuer; customary certificates of officers, agents and representatives of the Issuer and other public officials, and other certified showings relating to the authorization and issuance of the Bonds. We also have analyzed such laws, regulations, guidance, documents and other materials as we have deemed necessary to render the opinions herein. We have also examined executed Bond No. 1 of this issue.

In providing the opinions set forth herein, we have relied on representations and certifications of the Issuer and other parties involved with the issuance of the Bonds with respect to matters solely within the knowledge of the Issuer and such parties, which we have not independently verified. In addition, we have assumed for purposes of this opinion continuing compliance with the covenants in the Indenture, including, but not limited to, covenants relating to the tax-exempt status of the Bonds.

BASED ON SUCH EXAMINATION AND IN RELIANCE ON SUCH REPRESENTATIONS, CERTIFICATIONS AND ASSUMPTIONS, IT IS OUR OPINION THAT:

- (1) The transcript of certified proceedings evidences complete legal authority for the issuance of the Bonds in full compliance with the Constitution and laws of the State of Texas presently effective and, therefore, the Bonds constitute valid and legally binding obligations of the Issuer payable solely from the Pledged Revenues as and to the extent provided in the Indenture.
- (2) Interest on the Bonds is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended. In addition, interest on the Bonds is not an item of tax preference for purposes of the alternative minimum tax on individuals, but we observe that such interest is taken into account in computing the alternative minimum tax on certain corporations.

The rights of the owners of the Bonds are subject to the applicable provisions of the federal bankruptcy laws and any other similar laws affecting the rights of creditors of political subdivisions generally, and may be limited by general principles of equity which permit the exercise of judicial discretion.

We express no opinion as to the amount or timing of interest on the Bonds or, except as stated above, to any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or the acquisition, ownership or disposition of, the Bonds. This opinion is specifically limited to the laws of the State of Texas and, to the extent applicable, the laws of the United States of America. Further, in the event that the representations of the Issuer and other parties upon which we have relied are determined to be inaccurate or incomplete or the Issuer fails to comply with the covenants of the Indenture, interest on the Bonds could become includable in gross income for federal income tax purposes

Page 3

from the date of the original delivery of the Bonds, regardless of the date on which the event causing such inclusion occurs.

Our opinions are based on existing law and our knowledge of facts as of the date hereof and may be affected by certain actions that may be taken or omitted on a later date. We assume no duty to update or supplement our opinions, and this opinion letter may not be relied upon in connection with any changes to the law or facts, or actions taken or omitted, after the date hereof.

Very truly yours,

(THIS PAGE IS INTENTIONALLY LEFT BLANK)

APPENDIX E-1

FORM OF DISCLOSURE AGREEMENT OF THE ISSUER

(THIS PAGE IS INTENTIONALLY LEFT BLANK)

**CITY OF AUBREY, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025
(DUCK POINT PUBLIC IMPROVEMENT DISTRICT)**

CONTINUING DISCLOSURE AGREEMENT OF THE ISSUER

This Continuing Disclosure Agreement of the Issuer dated as of February 15, 2025 (this “Disclosure Agreement”) is executed and delivered by and among the City of Aubrey, Texas (the “Issuer”), MuniCap, Inc., (the “Administrator”), and Wilmington Trust, National Association, acting solely in its capacity as dissemination agent (the “Dissemination Agent”), with respect to the Issuer’s “Special Assessment Revenue Bonds, Series 2025 (Duck Point Public Improvement District)” (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 February 15, 2025, relating to the Bonds (the “Indenture”), which apply to any capitalized term used in this Disclosure Agreement, as amended or supplemented, including the Exhibits hereto, unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Administrative Expenses” shall have the meaning assigned to such term in the Service and Assessment Plan.

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

“Affiliate” shall have the meaning assigned to such term in Section 22 of this Disclosure Agreement.

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

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

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

“Assessment” shall have the meaning assigned to the term “Assessments” in the Indenture.

“Audited Financial Statements” shall mean the audited financial statements of the Issuer that have been prepared in accordance with generally accepted accounting principles applicable from time to time to the Issuer and that have been audited by an independent certified public accountant.

“Authorized Improvements” shall have the meaning assigned to such term in the Service and Assessment Plan.

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

“Developer” shall mean MM Aubrey 160, LLC, a Texas limited liability company, and its designated successors and assigns.

“Disclosure Agreement of Developer” shall mean the Continuing Disclosure Agreement of Developer relating to the Bonds dated as of February 15, 2025 executed and delivered by the Developer, the Administrator and the Dissemination Agent.

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

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

“District” shall mean Duck Point Public Improvement District.

“EMMA” shall mean the Electronic Municipal Market Access System available on the internet at <http://emma.msrb.org>.

“Filing Due Date” shall mean the expiration of six (6) months after the end of each fiscal year.

“Financial Obligation” shall mean a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that “financial obligation” shall not include municipal securities as 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 calendar year from October 1 through September 30.

“Foreclosure Proceeds” shall have the meaning assigned to such term in the Indenture.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

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

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

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

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

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

“SEC” shall mean the United States Securities and Exchange Commission.

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

“Trustee” shall mean Wilmington Trust, National Association, and its successors, and any other corporation or association that may at any time be substituted in its place.

SECTION 3. Provision of Annual Financial Information and Audited Financial Statements.

(a) Commencing with the Fiscal Year ending September 30, 2025, the Issuer shall provide or cause to be provided to the MSRB, in the electronic or other format required by the MSRB (i) not later than six (6) months after the end of the Issuer’s Fiscal Year, its Annual Financial Information and (ii) not later than twelve (12) months after the end of the Issuer’s Fiscal Year, its Audited Financial Statements. In each case, the Annual Financial Information and the Audited Financial Statements, as applicable, may be submitted as a single document or as separate documents comprising a package and may include by reference other information as provided in Section 4 of this Disclosure Agreement. If the Issuer’s Fiscal Year changes, it shall file notice of such change (including the date of the new Fiscal Year) with the MSRB prior to the next date by which the Issuer otherwise would be required to provide the Annual Financial Information or Audited Financial Statements, as applicable, pursuant to Section 4 of this Disclosure Agreement. All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

(b) Upon delivery by the Issuer of the Annual Financial Information or the Audited Financial Statements, as applicable, to the Dissemination Agent together, with written instructions

to file such information or financial statements, as applicable, with the MSRB, the Dissemination Agent shall:

(i) determine the filing address or other filing location of the MSRB each year prior to filing the Annual Financial Information or the Audited Financial Statements, as applicable, on the respective dates required in subsection (a); and

(ii) file the Annual Financial Information or the Audited Financial Statements, as applicable, on the respective dates required, containing or incorporating by reference the information set forth in Section 4 hereof;

(c) If the Issuer has provided the Dissemination Agent with the completed Annual Financial Information or the Audited Financial Statements, as applicable, together with written instructions to file such financial information or financial statements with the MSRB and the Dissemination Agent has filed such financial information or financial statements with the MSRB, then the Dissemination Agent shall provide written confirmation to the Issuer stating that the Annual Financial Information or the Audited Financial Statements, as applicable, has been provided pursuant to this Disclosure Agreement, stating the date it was provided and that it was filed with the MSRB, which such confirmation shall include a filing receipt from the MSRB.

SECTION 4. Content and Timing of Annual Financial Information and Audited Financial Statements. The Annual Financial Information and the Audited Financial Statements shall contain or incorporate by reference, and the Issuer agrees to provide or cause to be provided to the Dissemination Agent, the following:

(a) *Annual Financial Information.* Within six (6) months after the end of each Fiscal Year, the Annual Financial Information of the Issuer (any or all of which may be unaudited) being:

(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 and principal amount remaining Outstanding;

(B) The amounts in the funds and accounts under the Indenture 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, in substantially similar form to that shown in the tables provided under Sections 4(a)(ii)(A) and 4(a)(ii)(B) of Exhibit B attached hereto. Such information shall be provided: (a) as of the end of the Fiscal Year (for tables in Section 4(a)(ii)(A) of Exhibit B), and (b) both as of the end of the Fiscal Year and through February 1 of the calendar year immediately succeeding such Fiscal Year (for tables in Section 4(a)(ii)(B) of Exhibit B).

(iii) Updates to the information in the Service and Assessment Plan or the Annual Service Plan Update as most recently amended or supplemented, including any changes to the methodology for levying the Assessments in the District.

(iv) Until building permits have been issued for parcels or lots representing, in the aggregate, ninety-five percent (95%) of the total the Assessments levied within the District, the Annual Financial Information (in the Annual Service Plan Update or otherwise) shall include the number of final inspections performed for new homes completed in the District during such Fiscal Year and the aggregate number of final inspections performed for new homes completed within the District since filing the initial Annual Financial Information for Fiscal Year ending September 30, 2025.

(v) If the total amount of delinquencies greater than 150 days equals or exceeds ten percent (10%) of the amount of Assessments due in any fiscal year, a list of delinquent property owners.

(vi) A description of any amendment to this Disclosure Agreement and a copy of any restatements to the Issuer's Audited Financial Statements during such Fiscal Year.

(b) *Audited Financial Statements.* Within twelve (12) months after the end of each Fiscal Year, the Audited Financial Statements of the Issuer, prepared in accordance with generally accepted accounting principles applicable from time to time to the Issuer. If such Audited Financial Statements are not complete within twelve (12) months after the end of each Fiscal Year, then the Issuer shall provide unaudited financial statements within such period and shall provide Audited Financial Statements for the applicable Fiscal Year when and if the audit report on such statements becomes available.

See Exhibit B hereto for a form for submitting the information set forth in the preceding paragraphs. The Issuer has designated MuniCap, Inc., as the initial Administrator. The Administrator, and if no Administrator is designated, Issuer's staff, shall prepare the Annual Financial Information. 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 and Audited Financial Statements 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.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, each of the following is a Listed Event with respect to the Bonds:

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.

3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions, the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.
7. Modifications to rights of Owners, if material.
8. Bond calls, if material, and tender offers.
9. Defeasances.
10. Release, substitution, or sale of property securing repayment of the Bonds,
if material.
11. Rating changes.
12. Bankruptcy, insolvency, receivership or similar event of the Issuer.
13. The consummation of a merger, consolidation, or acquisition of the Issuer, or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
14. Appointment of a successor or additional trustee under the Indenture or the change of name of a trustee, if material.
15. Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material.
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

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

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

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

The Issuer intends the words used in paragraphs (15) and (16) above and the definition of Financial Obligation to have the same meanings as when they are used in the Rule, as evidenced by SEC Release No. 34-83885, dated August 20, 2018.

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

Additionally, the Issuer shall notify the MSRB, in a timely manner, of any failure by the Issuer to provide Audited Financial Statements (or unaudited financial statements, if Audited Financial Statements are not available) or Annual Financial Information, as applicable, as required under this Disclosure Agreement. See Exhibit A hereto for a form for submitting "Notice to MSRB of Failure to File."

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

In all cases, the Issuer shall have the sole responsibility for the content, design and other elements comprising substantive contents of all disclosures made pursuant to Sections 4 and 5 of this Disclosure Agreement. In addition, the Issuer shall have the sole responsibility to ensure that any notice required to be filed under this Section 5 is filed within ten (10) Business Days of the occurrence of the Listed Event.

(b) The Dissemination Agent shall, promptly, and not more than five (5) Business Days after obtaining actual knowledge of the occurrence of any Listed Event with respect to the Bonds, notify the Disclosure Representative of such Listed Event. The Dissemination Agent shall not be required to file a notice of the occurrence of such Listed Event with the MSRB unless and until it receives written instructions from the Disclosure Representative to do so. If the Dissemination Agent has been instructed in writing by the Disclosure Representative on behalf of the Issuer to report the occurrence of a Listed Event under this subsection (b), the Dissemination Agent shall file a notice of such occurrence with the MSRB no later than the Business Day immediately

following the day on which it receives written instructions from the Issuer. It is agreed and understood that the duty to make or cause to be made the disclosures herein is that of the Issuer and not that of the Trustee or the Dissemination Agent. It is agreed and understood that the Dissemination Agent has agreed to give the foregoing notice to the Issuer as an accommodation to assist it in monitoring the occurrence of such event but is under no obligation to investigate whether any such event has occurred. As used above, “actual knowledge” means the actual fact or statement of knowing, without a duty to make any investigation with respect thereto. In no event shall the Dissemination Agent be liable in damages or in tort to the Issuer, the Trustee, or any Owner, beneficial owner of any interests in the Bonds, or any other party as a result of its failure to give the foregoing notice or to give such notice in a timely fashion.

(c) If in response to a notice from the Dissemination Agent under subsection (b), the Issuer determines that the Listed Event under number 2, 7, 8 (as to Bond calls only), 10, 13, 14, or 15 of subparagraph (a) above is not material under applicable federal securities laws, the Issuer shall promptly, but in no case more than five (5) Business Days after 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 6. Termination of Reporting Obligations. The obligations of the Issuer, the Administrator, and the Dissemination Agent under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds, when the Issuer is no longer an obligated person with respect to the Bonds, or upon delivery by the Disclosure Representative to the Dissemination Agent of an opinion of nationally recognized bond counsel to the effect that continuing disclosure is no longer required. So long as any of the Bonds remain Outstanding, the Dissemination Agent may assume that the Issuer is an obligated person with respect to the Bonds until it receives written notice from the Disclosure Representative stating that the Issuer is no longer an obligated person with respect to the Bonds, and the Dissemination Agent may conclusively rely upon such written notice with no duty to make investigation or inquiry into any statements contained or matters referred to in such written notice. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event with respect to the Bonds under Section 5(a).

SECTION 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent or successor Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge such Dissemination Agent. If the Issuer discharges the Dissemination Agent, the Issuer shall use best efforts to appoint a successor Dissemination Agent within 30 days of such discharge. The Dissemination Agent may resign at any time with thirty (30) days’ written notice to the Issuer. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent. The initial Dissemination Agent appointed hereunder shall be Wilmington Trust, National Association. 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.

SECTION 8. Amendment; Waiver. Notwithstanding any other provisions of this Disclosure Agreement, the Issuer and the Dissemination Agent may amend this Disclosure

Agreement (and the Dissemination Agent shall not unreasonably withhold its consent to any reasonable amendment so requested by the Issuer in writing), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

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

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

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

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer shall describe such amendment in the next related Annual Financial Information or Audited Financial Statements, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(a), and (ii) the Audited Financial Statements 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 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Financial Information and Audited Financial Statements 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, Audited Financial Statements 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, Audited Financial Statements or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Agreement, the Dissemination Agent or any Owner or beneficial

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

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent and Administrator.

(a) Notwithstanding anything to the contrary contained herein, the Dissemination Agent shall not be responsible in any manner for the content of any notice or report (including without limitation the Annual Financial Information and the Audited Financial Statements) prepared by the Issuer pursuant to this Disclosure Agreement. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants shall be read into this Disclosure Agreement with respect to the Dissemination Agent. TO THE EXTENT PERMITTED BY LAW, THE ISSUER AGREES TO INDEMNIFY AND HOLD HARMLESS THE DISSEMINATION AGENT, ITS OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS, BUT ONLY WITH FUNDS TO BE PROVIDED BY THE DEVELOPER OR FROM ADMINISTRATIVE EXPENSES COLLECTED FROM THE PROPERTY OWNERS IN THE DISTRICT, AGAINST ANY LOSS, EXPENSE AND LIABILITIES WHICH IT MAY INCUR ARISING OUT OF OR IN THE EXERCISE OR PERFORMANCE OF ITS POWERS AND DUTIES HEREUNDER, INCLUDING THE COSTS AND EXPENSES (INCLUDING ATTORNEYS' FEES) OF DEFENDING AGAINST ANY CLAIM OF LIABILITY, BUT EXCLUDING LIABILITIES DUE TO THE DISSEMINATION AGENT'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT; PROVIDED, HOWEVER, THAT NOTHING HEREIN SHALL BE CONSTRUED TO REQUIRE THE ISSUER TO INDEMNIFY AND HOLD HARMLESS THE DISSEMINATION AGENT FOR LOSSES, EXPENSES OR LIABILITIES ARISING FROM INFORMATION PROVIDED TO THE DISSEMINATION AGENT BY THE DEVELOPER OR THE FAILURE OF THE DEVELOPER TO PROVIDE INFORMATION TO THE DISSEMINATION AGENT AS AND WHEN REQUIRED UNDER THE DISCLOSURE AGREEMENT OF DEVELOPER. THE INDEMNIFICATION OF THE DISSEMINATION AGENT AS PROVIDED IN THIS SECTION SHALL REMAIN IN FULL FORCE AND EFFECT IF LIABILITIES DIRECTLY OR INDIRECTLY RESULT FROM, ARISE OUT OF, OR RELATE TO, OR ARE ASSERTED TO HAVE RESULTED FROM, ARISEN OUT OF, OR RELATED TO, THE SOLE OR CONTRIBUTORY NEGLIGENCE OF THE DISSEMINATION AGENT. THE OBLIGATIONS OF THE ISSUER UNDER THIS SECTION SHALL SURVIVE THE TERMINATION OF THIS DISCLOSURE AGREEMENT, RESIGNATION OR REMOVAL OF THE DISSEMINATION AGENT. 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 shall not be responsible for the Issuer's failure to submit a complete Annual Financial Information or Audited Financial Statements to the MSRB. The Dissemination Agent is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder. The fact that the Dissemination Agent may have a banking or other business relationship with the Issuer or any person with whom the Issuer contracts in connection with the transaction described in the Indenture, apart from the relationship created by the Indenture or this Disclosure Agreement, shall not be construed to mean that the Dissemination Agent has actual knowledge of any event described in Section 5 above, except as may be provided by written notice to the Dissemination Agent pursuant to this Disclosure Agreement.

The Dissemination Agent may, from time to time, (which expense shall be reimbursable from the Administrative Expenses component of the Annual Installments in an amount approved in advance by the Issuer), consult with legal counsel of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its duties hereunder. 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) 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 with funds to be provided by the Developer or from Administrative Expenses collected from the property owners in the District, against any loss, expense and liabilities which the Administrator 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 arising under this Disclosure Agreement, but excluding (i) liabilities due to the Administrator's negligence or willful misconduct and (ii) liabilities resulting from claims made by the Issuer against the Dissemination Agent; provided, however, that nothing herein shall be construed to require the Issuer to indemnify and hold harmless the Administrator for losses, expenses or liabilities arising from information provided to the Administrator by third parties, or the failure of any third party to provide information to the Administrator as and when required under this Disclosure Agreement, or the failure of the Developer to provide information to the Administrator as and when required under the Disclosure Agreement of Developer. The obligations of the Issuer under this Section shall survive resignation or removal of the Administrator and payment in full of the Bonds. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Administrator is an "obligated person" under the Rule. The Administrator is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder. The Administrator shall not in any event incur any liability with respect to (i) any action taken or omitted to be taken in good faith upon advice of legal counsel given with respect to any question relating to duties and responsibilities of the Administrator hereunder, or (ii) any action taken or omitted to be taken in reliance upon any document delivered

to the Administrator and believed to be genuine and to have been signed or presented by the proper party or parties.

The Administrator may, from time to time, consult with legal counsel of its own choosing at its own expense (which expense shall be reimbursable from the Administrative Expenses component of the Annual Installments) 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.

The Issuer, the Administrator and the Dissemination Agent agree that the legal expenses of the Administrator, which it is expressly entitled to be paid under this paragraph 11(b), are Administrative Expenses.

(c) UNDER NO CIRCUMSTANCES SHALL THE DISSEMINATION AGENT, THE ADMINISTRATOR, OR THE ISSUER BE LIABLE TO THE OWNER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE ISSUER, THE ADMINISTRATOR, OR THE DISSEMINATION AGENT, RESPECTIVELY, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS DISCLOSURE AGREEMENT, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE. EXCEPT AS DESCRIBED IN SECTION 10 WITH RESPECT TO THE DISSEMINATION AGENT, NEITHER THE DISSEMINATION AGENT NOR THE ADMINISTRATOR IS UNDER ANY OBLIGATION NOR IS IT REQUIRED TO BRING SUCH AN ACTION.

SECTION 12. Assessments 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 C which is intended to illustrate the general procedures expected to be followed in enforcing the payment of delinquent Assessments. Failure to adhere to such expected timeline shall not constitute a default by the Issuer under this Disclosure Agreement, the Indenture, the Bonds or any other document related to the Bonds.

SECTION 13. 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 14. Severability. In case any section or provision of this Disclosure Agreement, or any covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder or any application thereof, is for any reasons held to be illegal or invalid, such illegality or invalidity shall not affect the remainder thereof or any other section or provision thereof or any other covenant, stipulation, obligation, agreement, act or action, or part thereof made, assumed, entered into, or taken thereunder (except to the extent that such

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

SECTION 15. Sovereign Immunity. The Dissemination Agent 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 16. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Administrator, the Dissemination Agent, 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 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 Administrative Expenses and will be included in the Annual Installments as provided in the annual updates to the Service and Assessment Plan. The Issuer shall pay or reimburse the Dissemination Agent and the Administrator, but only with funds to be provided from the Administrative Expenses component of the Annual Installments collected from the property owners in the District, for the fees and expenses for their respective services rendered in accordance with this Disclosure Agreement.

The Administrator has entered into an agreement with the Issuer, which agreement governs the administration of the District, including the payment of fees and expenses of the Administrator for its services rendered in regard to this Disclosure Agreement. Services provided under this Disclosure Agreement are pursuant to said Agreement with the Issuer.

SECTION 18. Statutory Verifications. The Dissemination Agent and Administrator each respectively makes the following representations and covenants pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as heretofore amended (the "Government Code"), in entering into this Disclosure Agreement. As used in such verifications, "affiliate" means an entity that controls, is controlled by, or is under common control with the Dissemination Agent or Administrator, as applicable, within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification during the term of this Disclosure Agreement shall survive until barred by the applicable statute of limitations, and shall not be liquidated or otherwise limited by any provision of this Disclosure Agreement, notwithstanding anything in this Disclosure Agreement to the contrary.

(a) Not a Sanctioned Company. The Dissemination Agent and Administrator each respectively represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section

2270.0201, Government Code. The foregoing representation excludes the Dissemination Agent, Administrator and each of their respective parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

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

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

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

SECTION 19. 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 20. 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 Denton County,

Texas. Each of the parties hereto hereby waives the right to trial by jury with respect to any litigation directly or indirectly arising out of, under or in connection with this Disclosure Agreement.

SECTION 21. 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.

CITY OF AUBREY, TEXAS
(as Issuer)

By: _____
City Manager

WILMINGTON TRUST, NATIONAL
ASSOCIATION
(as Dissemination Agent)

By: _____
Authorized Officer

MUNICAP, INC.,
(as Administrator)

By: _____
Authorized Officer

EXHIBIT A

**NOTICE TO MSRB OF FAILURE TO FILE
[ANNUAL FINANCIAL INFORMATION][AUDITED FINANCIAL STATEMENTS]**

Name of Issuer: City of Aubrey, Texas
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2025 (Duck Point
Public Improvement District)
Date of Delivery: _____, 20__
CUSIP Numbers: [Insert CUSIP Numbers]

NOTICE IS HEREBY GIVEN that the City of Aubrey, Texas, has not provided [an Annual Financial Information] [Audited Financial Statements] with respect to the above-named bonds as required by the Continuing Disclosure Agreement of Issuer dated as of February 15, 2025, between the Issuer, MuniCap, Inc., as Administrator and Wilmington Trust, National Association, as Dissemination Agent. The Issuer anticipates that [the Annual Financial] [Audited Financial Statements] will be filed by _____.

Dated: _____

Wilmington Trust, National Association,
on behalf of the City of Aubrey, Texas
(solely in its capacity as Dissemination Agent)

By: _____

Title: _____

cc: City of Aubrey, Texas

EXHIBIT B

**CITY OF AUBREY, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025
(DUCK POINT PUBLIC IMPROVEMENT DISTRICT)**

ANNUAL FINANCIAL INFORMATION*

Delivery Date: _____, 20__

CUSIP Nos: [Insert CUSIP Nos]

DISSEMINATION AGENT

Name: Wilmington Trust, National Association
Address: 15950 North Dallas Parkway, Suite 200
City: Dallas, Texas 75248
Telephone: 714-384-4174
Contact Person Parker Merritt

Section 4(a)(i)(A)

BONDS OUTSTANDING

CUSIP Number	Maturity Date	Interest Rate	Original Principal Amount	Outstanding Principal Amount	Outstanding Interest Amount

Section 4(a)(i)(B)

INVESTMENTS

Fund/Account Name	Investment Description	Par Value	Book Value	Market Value

Section 4(a)(i)(A)

* Excluding Audited Financial Statements of the Issuer

ASSETS AND LIABILITIES OF PLEDGED TRUST ESTATE

ASSETS

Bonds (Principal Balance)	_____
Funds and Accounts [list]	_____
TOTAL ASSETS	_____

LIABILITIES

Outstanding Bond Principal	_____
Outstanding Program Expenses (if any)	_____
TOTAL LIABILITIES	_____

EQUITY

Assets Less Liabilities	_____
Parity Ratio	_____

Form of Accounting Cash Accrual Modified Accrual

Section 4(a)(ii)(A)

FINANCIAL INFORMATION AND OPERATING DATA WITH RESPECT TO THE ISSUER OF THE GENERAL TYPE AS OF THE END OF THE FISCAL YEAR

Debt Service Requirements on the Bonds

<u>Year Ending</u> <u>(September 30)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
---	------------------	-----------------	--------------

Top Five Assessment Payers⁽¹⁾

<u>Property Owner</u>	<u>No. of</u> <u>Parcels/Lots</u>	<u>Percentage of</u> <u>Parcels/Lots</u>	<u>Outstanding</u> <u>Assessments</u>	<u>Percentage of</u> <u>Total</u> <u>Assessments</u>
-----------------------	--------------------------------------	---	--	--

⁽¹⁾ Does not include those owing less than one percent (1%) of total Assessments.

Assessed Value of the District

The [YEAR] certified total assessed value for the land in the District is approximately \$[AMOUNT] according to the Denton Central Appraisal District.

Section 4(a)(ii)(B)

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

Five-Year Foreclosure History Related to the Assessments

<u>Time Period</u>	<u>Parcels in Foreclosure Proceedings</u>	<u>Delinquent Assessment Amount in Foreclosure Proceedings</u>	<u>Foreclosure Sales</u>	<u>Foreclosure Proceeds Received</u>
[FISCAL YEAR END]		\$		\$
[FEB 1 OF CURRENT YEAR] ⁽¹⁾		\$		\$

⁽¹⁾ As of February 1, 20__.

Five-Year Collection and Delinquency History of Assessments

<u>Time Period</u>	<u>Total Assessment Levied</u>	<u>Parcels Levied⁽¹⁾</u>	<u>Delinquent Amount as of 2/1</u>	<u>Delinquent % as of 2/1</u>	<u>Delinquent Amount as of 8/1</u>	<u>Delinquent % as of 8/1</u>	<u>Total Assessments Collected⁽²⁾</u>
[FISCAL YEAR END]	\$		\$	%	\$	%	\$
[FEB 1 OF CURRENT YEAR] ⁽³⁾	\$		\$	%	N/A	N/A	\$

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

⁽²⁾ [Does/does not] include interest and penalties.

⁽³⁾ Collected as of February 1, 20__.

Five-Year History of Prepayment of Assessments

<u>Time Period</u>	<u>Number of Prepayments</u>	<u>Amount of Prepayments</u>	<u>Bond Call Date</u>	<u>Amount of Bonds Redeemed</u>
[FISCAL YEAR END]		\$		\$
[FEB 1 OF CURRENT YEAR] ⁽¹⁾		\$		\$

⁽¹⁾ As of February 1, 20__.

ITEMS REQUIRED BY SECTION 4(a)(iii) - (vi)

[Insert a line item for each applicable listing]

EXHIBIT C

BASIC EXPECTED TIMELINE FOR ASSESSMENT COLLECTIONS AND PURSUIT OF DELINQUENCIES¹

<u>Date</u>	<u>Delinquency Clock (Days)</u>	<u>Activity</u>
January 31		Assessments are due.
February 1	1	Assessments delinquent if not received.
February 15	15	Immediately upon receipt, but no 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 Bond Year.
May 1	89/90	Issuer and/or 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 June and December.
June 30	151/152	Trustee as Paying Agent / Registrar pays bond interest payments to Owners, pursuant to the terms of the Indenture.
July 1	152/153	Preliminary foreclosure activity commences in accordance with the County Tax Assessor's procedures. If Dissemination Agent has not received a foreclosure schedule and plan of collections, Dissemination Agent to request same from the Issuer.

¹ Illustrates anticipated dates and procedures for pursuing the collection of delinquent Assessments, which dates and procedures are subject to adjustment

If the Issuer has not provided the Dissemination Agent with the foreclosure schedule and plan of collections, Dissemination Agent requests that the Issuer commence foreclosure or provide plan for collection.

August 1

182/183

At this point, if total delinquencies are under 5% and if there is adequate funding in the Pledged Revenue Fund for transfer to the Principal and Interest Account for full December payments, no further action is anticipated for collection of Assessments except that the Issuer or Administrator, working with the City Attorney or an appropriate designee, will begin process to cure deficiency.

Issuer, or the Trustee, on behalf of, and at the direction of, the Issuer, pursuant to the terms of the Indenture, to notify Dissemination Agent in writing of the occurrence of draw on the Reserve Fund and, following receipt of such notice, Dissemination Agent to notify MSRB of such draw or the Reserve Fund.

August 15

197/198

The designated lawyers or law firm will be preparing the formal foreclosure documents and will provide periodic updates to the Dissemination Agent and the Trustee. The goal for the foreclosure actions is a filing by no later than August 15 (day 197/198).

Foreclosure action to be filed with the court as soon as practicable, in accordance with the County Tax Assessor's procedures.

Issuer notifies Trustee and Dissemination Agent of Foreclosure filing status in writing for inclusion in next Annual Report.

APPENDIX E-2

FORM OF DISCLOSURE AGREEMENT OF DEVELOPER

(THIS PAGE IS INTENTIONALLY LEFT BLANK)

**CITY OF AUBREY, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025
(DUCK POINT PUBLIC IMPROVEMENT DISTRICT)**

CONTINUING DISCLOSURE AGREEMENT OF DEVELOPER

This Continuing Disclosure Agreement of Developer dated as of February 15, 2025 (this “Disclosure Agreement”), is executed and delivered by and among MM Aubrey 160, LLC, a Texas limited liability company (the “Developer”), MuniCap, Inc. (the “Administrator”), and Wilmington Trust, National Association, acting solely in its capacity as dissemination agent (the “Dissemination Agent”) with respect to the captioned bonds (the “Bonds”). The 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 February 15, 2025, relating to the Bonds (the “Indenture”), which apply to any capitalized term used in this Disclosure Agreement, including the Exhibits hereto, the following capitalized terms shall have the following meanings:

“Administrative Expenses” shall have the meaning assigned to such term in the Indenture.

“Administrator” shall have the meaning assigned to such term in the Indenture. The Issuer has selected MuniCap, Inc., as the initial Administrator.

“Affiliate” shall mean an entity that owns property within the District and is controlled by, controls, or is under common control with the Developer, including any Homebuilder.

“Amenities” shall mean the amenity center with a clubhouse building, a pool, and playground equipment and an approximately 23-acre City park that will contain trails, benches, shade structure, play area, and two sports fields to be constructed by the Developer within the District.

“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.

“Authorized Improvements” 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 Homebuilder, if any, pursuant to Section 3, in substantially the form attached as Exhibit D.

“Developer” shall mean MM Aubrey 160, LLC, a Texas limited liability company, its successors and assigns, including any Affiliate of the Developer.

“Developer Listed Events” shall mean any of the events listed in Section 4(a) of this Disclosure Agreement.

“Disclosure Agreement of Issuer” shall mean the Continuing Disclosure Agreement of Issuer with respect to the Bonds dated as of even date herewith executed and delivered by the Issuer, the Administrator, and the Dissemination Agent.

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

“District” shall mean the Duck Point 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.

“Issuer” shall mean the City of Aubrey, 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 the District, any agreement between a Homebuilder and the Developer to purchase lots or to purchase land.

“MSRB” shall mean the Municipal Securities Rulemaking Board, or any other entity designated or authorized by the SEC to receive reports pursuant to the Rule.

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

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

“Parcel” shall have the meaning assigned to such term in the Indenture.

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

“Person” shall have the meaning assigned to such term in the Indenture.

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

“Quarterly Ending Date” shall mean each March 31, June 30, September 30 and December 31, beginning September 30, 2025.

“Quarterly Filing Date” shall mean for each Quarterly Ending Date, the fifteenth calendar day of the second month following such Quarterly Ending Date being February 15, May 15, August 15, November 15.

“Quarterly Information” shall have the meaning assigned to such term in Section 3 of this Disclosure Agreement.

“Quarterly Report” shall mean any Quarterly Report described in Section 3 of this Disclosure Agreement and substantially similar to that attached as Exhibit A hereto.

“Reporting Party” shall mean, collectively, the 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 44 or more of the single family residential lots within the District.

“Significant Homebuilder Listed Events” shall mean any of the events listed in Section 4(b) of this Disclosure Agreement.

“Trustee” shall mean Wilmington Trust, National Association, a national banking association, acting solely in its capacity as trustee, or any successor trustee pursuant to 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 September 30, 2025, the information in the Quarterly Report required to be provided by such Reporting Party pursuant to Section 3(d) (with respect to each Reporting Party, the “Quarterly Information”). The Reporting Party shall provide, or cause to be provided, such Quarterly Information until such party’s obligations terminate pursuant to Section 7 of this Disclosure Agreement. For the avoidance of doubt, (i) if the 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 Acknowledgment (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 recommended changes to the applicable Quarterly Information or (2) provide to the Dissemination Agent the Quarterly Report in accordance with subsection (c) below. If the Administrator advises a Reporting Party as to any recommended changes to their respective Quarterly Information, such Reporting Party shall provide, or cause to be provided, to the Administrator, not more than thirty (30) days after each Quarterly Ending Date, the revised Quarterly Information. The Administrator shall review the revised Quarterly Information within the Quarterly Report and provide the Quarterly Report to the Dissemination Agent in accordance with subsection (c) below.

If Reporting Parties provide the Quarterly Information in more than one report to the Administrator, the Administrator shall (i) prepare each Quarterly Report with the Quarterly Information provided by the Reporting Parties pursuant to subsection (a) above, and (ii) provide the Quarterly Report to the Reporting Parties for review no later than twenty (20) days after each Quarterly Ending Date. The Reporting Parties shall review and revise, as necessary, the Quarterly Report and, upon such review, shall promptly, but no later than thirty (30) days after each Quarterly Ending Date, provide the Quarterly Report and Certification Letter(s) to the Administrator and direct the Administrator to provide such Quarterly Report and Certification Letter(s) to the Issuer and the Dissemination Agent pursuant to subsection (c) below.

In all cases, each Reporting Party shall have the sole responsibility for the content, design and other elements comprising substantive contents of all of the Quarterly Information provided by such Reporting Party contained in the Quarterly Report.

(c) The Administrator shall provide to the Dissemination Agent, with a copy to each Reporting Party, no later than thirty-five (35) days after each Quarterly Ending Date, the Quarterly Report containing the information described in Section 3(d), the Certification Letter(s), if applicable, and written direction to the Dissemination Agent to file such report with the MSRB. Pursuant to the written direction of the Administrator, the Dissemination Agent shall file the Quarterly Report and the Certification Letter(s), if applicable, with the MSRB and provide a copy of such report to the Issuer and the Participating Underwriter within ten (10) days of the Dissemination Agent's receipt thereof pursuant to this subsection 3(c); provided, however, that the Quarterly Report must be submitted to the MSRB not later than each Quarterly Filing Date. In the event that any Reporting Party or the Administrator does not provide the information required by subsection (a) or (b) of this Section 3, as applicable, in a timely manner and, as a result, either an incomplete Quarterly Report is filed with the MSRB, or a Quarterly Report is not filed with the MSRB by each Quarterly Filing Date, the Dissemination Agent shall, upon written direction from the applicable Reporting Party file a notice of failure to provide Quarterly Information or failure to file a Quarterly Report with the MSRB in substantially the form attached as Exhibit B, as soon as practicable. If incomplete Quarterly Information or no Quarterly Information is provided by any Reporting Party, the Dissemination Agent and any other Reporting Party who provided complete Quarterly Information shall not be responsible for the failure to submit a complete Quarterly Report to the MSRB. If each Reporting Party timely provides the required Quarterly Information to the Administrator as described in this Section 3, the failure of the Administrator to provide the Quarterly Report to the Dissemination Agent, or the failure of the Dissemination Agent to provide such report to the Participating Underwriter in a timely manner, shall not be deemed a default by the Reporting Parties under this Disclosure Agreement.

(d) Each Quarterly Report shall consist of the information listed in Exhibit A attached hereto.

SECTION 4. Event Reporting Obligations.

(a) Pursuant to the provisions of this Section 4, each of the following is a Developer Listed Event with respect to the Bonds:

(i) Failure to pay any real property taxes or Assessments levied within the District on a parcel owned by the Developer; provided, however, that the exercise of any right of the Developer as a landowner within the District 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 the District, including the Authorized Improvements, 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 the District 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 the District owned by the Developer or any of the Developer's Affiliates;

(v) The bankruptcy, insolvency, or similar filing of the Developer or any of the Developer's Affiliates or any determination that the Developer or any of the Developer's Affiliates is unable to pay its debts as they become due;

(vi) The consummation of a merger, consolidation, or acquisition of the Developer, or the sale of all or substantially all of the assets of the Developer or any of the Developer's Affiliates, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(vii) The filing of any lawsuit with a claim for damages in excess of \$1,000,000 against the Developer or any of the Developer's Affiliates that may adversely affect the completion of development of the District, or litigation that may materially adversely affect the financial condition of the Developer or any of the Developer's Affiliates;

(viii) Any change in the legal structure, chief executive officer, or controlling ownership of the Developer; 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 the District 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 the District 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 provide written direction to the Dissemination Agent to file a notice of such occurrence with the MSRB, in the manner hereinafter described, and provide a copy of such notice to the Issuer and the Participating Underwriter. Any such notice is required to be filed within ten (10) Business Days after the Reporting Party becomes aware of the occurrence of such Listed Event. If the Reporting Party timely notifies the Dissemination Agent of the occurrence of a Listed Event, as described in this Section 4, the failure of the Dissemination Agent to provide such notice to the Participating Underwriter in a timely manner shall not be deemed a default by such Reporting Party under this Disclosure Agreement.

The Developer and each other Reporting Party, if any, shall only be responsible for reporting the occurrence of a Listed Event applicable to such Reporting Party and shall not be responsible for reporting the occurrence of a Listed Event applicable to any other Reporting Party, regardless of if a Reporting Party is providing Quarterly Information on behalf of any other Reporting Party. Additionally, if a Significant Homebuilder does not execute the assignment and assumption of disclosure obligations pursuant to Section 6 hereof, and, therefore, the Developer is reporting on behalf of the Significant Homebuilder, the Developer shall not be required to conduct an independent investigation of the occurrence of a Significant Homebuilder Listed Event.

Any notice under the preceding paragraphs shall be accompanied with the text of the disclosure that the applicable Reporting Party desires to make, the written authorization of such Reporting Party for the Dissemination Agent to disseminate such information as provided herein, and the date the Reporting Party desires for the Dissemination Agent to disseminate the information.

In all cases, the applicable Reporting Party shall have the sole responsibility for the content, design and other elements comprising substantive contents of all disclosures. In addition, the applicable Reporting Party shall have the sole responsibility to ensure that any notice required to be filed with the MSRB under this Section 4 is actually filed within ten (10) Business Days after such Reporting Party becomes aware of the Listed Event applicable to such Reporting Party.

(d) The Dissemination Agent shall, promptly, and not more than five (5) Business Days after obtaining actual knowledge of the occurrence of any Listed Event, notify in writing the Administrator and the applicable Reporting Party of such Listed Event. The Dissemination Agent shall not be required to file a notice of the occurrence of such Listed Event with the MSRB unless and until it receives written instructions from the applicable Reporting Party to do so. It is agreed and understood that the duty to make or cause to be made the disclosures herein is that of the Reporting Party and not that of the Trustee or the Dissemination Agent. It is agreed and understood that the Dissemination Agent has agreed to give the foregoing notice to the applicable Reporting Party as an accommodation to assist it in monitoring the occurrence of such event, but is under no obligation to investigate whether any such event has occurred. As used above, “actual knowledge” means the actual fact or statement of knowing, without a duty to make any investigation with respect thereto. In no event shall the Dissemination Agent be liable in damages or in tort to the Participating Underwriter, the Administrator, the Issuer, any Reporting Party, any Owner or beneficial owner of any interests in the Bonds or any other party as a result of its failure to give the foregoing notice or to give such notice in a timely fashion.

(e) If the Dissemination Agent has been instructed in writing by a Reporting Party to report the occurrence of a Listed Event in accordance with subsections (c) or (d) of this Section 4, the Dissemination Agent shall file a notice of such occurrence with the MSRB promptly after its receipt of such written instructions from such Reporting Party; provided that all such notices must be filed no later than the date specified in subsection (c) of this Section 4 for such Listed Event.

SECTION 5. Assumption of Reporting Obligations of Developer.

The Developer shall cause each Person who, through assignment, assumes the obligations, requirements, or covenants to construct one or more of the Authorized Improvements 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 Acknowledgment from each Person who assumes the obligations, requirements, or covenants to construct one or more of the Authorized Improvements 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 provide written direction to the Dissemination Agent to file a copy of each Developer Acknowledgment with the MSRB, in accordance with Sections 4(c) and 4(e) above. Upon any such transfer to a Person, and such Person’s delivery of written Acknowledgment 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 the District 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 Acknowledgment from each Significant Homebuilder, in substantially the form attached as Exhibit F, acknowledging and assuming the Developer's obligations under this Disclosure Agreement with respect to the real property transferred (the "Significant Homebuilder Acknowledgment"). Pursuant to Section 4(a)(ix) above, the Developer shall provide written direction to the Dissemination Agent to file a copy of the Significant Homebuilder Acknowledgment with the MSRB, in accordance with Sections 4(c) above. Upon any such transfer to a Significant Homebuilder and such Significant Homebuilder's delivery of the Significant Homebuilder Acknowledgment, the 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 the Significant Homebuilder Acknowledgment with respect to such real property is delivered to the Dissemination Agent, Administrator, the Issuer and the MSRB, in accordance with this Section 6(b).

(c) Notwithstanding anything to the contrary elsewhere herein, after such transfer of ownership of real property, 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 their respective affiliates and/or successors and assigns, no longer owns 44 or more single family residential lots within the District, 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 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 44 or more single family residential lots within the District, 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' written 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 Wilmington Trust, National Association.

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

(a) If the amendment or waiver relates to the provisions of Sections 3 or 4, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of a Reporting Party, or the type of business conducted; and

(b) The amendment or waiver either (i) is approved by the Owners of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or beneficial owners of the Bonds. No amendment which adversely affects the Dissemination Agent may be made without its prior written consent (which consent will not be unreasonably withheld or delayed).

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Administrator shall describe such amendment in the next related Quarterly Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type of financial information or operating data being presented by the 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 written request of any Participating Underwriter or the Owners of at least twenty-five percent (25%) aggregate principal amount of Outstanding Bonds and upon being indemnified to its satisfaction against all costs, fees, expenses and liabilities for such actions, the Dissemination Agent shall take such actions as may be necessary and appropriate to cause the applicable Reporting Party, and/or the Administrator to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture with respect to the Bonds, and the sole remedy under this Disclosure Agreement in the event of any failure of a Reporting Party, the Dissemination Agent 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) Notwithstanding anything to the contrary contained herein, 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 AND 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 DISSEMINATION AGENT'S AND ADMINISTRATOR GROSS NEGLIGENCE OR WILLFUL MISCONDUCT. THE INDEMNIFICATION OF THE DISSEMINATION AGENT AND ADMINISTRATOR AS PROVIDED IN THIS SECTION SHALL REMAIN IN FULL FORCE AND EFFECT IF LIABILITIES DIRECTLY OR INDIRECTLY RESULT FROM, ARISE OUT OF, OR RELATE TO, OR ARE ASSERTED TO HAVE RESULTED FROM, ARISEN OUT OF, OR RELATED TO, THE SOLE OR CONTRIBUTORY NEGLIGENCE OF THE DISSEMINATION AGENT AND ADMINISTRATOR. THE OBLIGATIONS OF THE DEVELOPER UNDER THIS SECTION SHALL SURVIVE TERMINATION OF THIS DISCLOSURE AGREEMENT, RESIGNATION OR REMOVAL OF THE DISSEMINATION AGENT AND ADMINISTRATOR, AND PAYMENT IN FULL OF THE BONDS. Nothing in this Disclosure Agreement shall be construed to mean or to imply that the Dissemination Agent is an "obligated person" under the Rule. If any Reporting Party or the Administrator does not provide the information required by Sections 3(a) or (b) in a timely manner or incomplete Quarterly Information is provided by any Reporting Party, the Dissemination Agent shall not be responsible for the failure to submit a complete Quarterly Information or Quarterly Report to the MSRB. The Dissemination Agent is not acting in a fiduciary capacity in connection with the performance of its respective obligations hereunder. The Dissemination Agent shall not in any event incur any liability with respect to (i) any action taken or omitted to be taken in good faith upon advice of legal counsel given with respect to any question relating to duties and responsibilities of the Dissemination Agent hereunder, or (ii) any action taken or omitted to be taken in reliance upon any document delivered to the Dissemination Agent and believed to be genuine and to have been signed or presented by the proper party or parties.

(b) 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 the Administrator may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding (i) liabilities due to the Administrator's breach, negligence, or willful misconduct, and (ii) liabilities resulting from claims made by the Developer against the Administrator. 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. The Developer, the Administrator, and the Dissemination Agent agree that the legal expenses of the Dissemination Agent or the Administrator to which it is expressly entitled to be paid pursuant to this paragraph 13(c) are Administrative Expenses.

(d) UNDER NO CIRCUMSTANCES SHALL THE DISSEMINATION AGENT, THE ADMINISTRATOR, THE DEVELOPER, OR ANY SIGNIFICANT HOMEBUILDER BE LIABLE TO THE OWNER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY ANY OTHER PARTY TO THIS DISCLOSURE AGREEMENT OR A SIGNIFICANT HOMEBUILDER, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS DISCLOSURE AGREEMENT, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE. THE DISSEMINATION AGENT AND THE ADMINISTRATOR ARE UNDER NO OBLIGATION NOR ARE THEY REQUIRED TO BRING SUCH AN ACTION, EXCEPT AS DESCRIBED IN SECTION 12 WITH RESPECT TO THE DISSEMINATION AGENT.

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

SECTION 15. Severability. In case any section or provision of this Disclosure Agreement, or any covenant, stipulation, obligation, agreement, act, or action, or part thereof, made, assumed, entered into, or taken thereunder, or any application thereof, is for any reasons held to be illegal or invalid, such illegality or invalidity shall not affect the remainder thereof or any other section or provision thereof or any other covenant, stipulation, obligation, agreement, act, or action, or part thereof,

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

SECTION 16. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Reporting Parties, the Administrator, the Dissemination Agent, the Issuer, the Participating Underwriter, and the Owners and the beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity. Nothing in this Disclosure Agreement is intended or shall act to disclaim, waive, or otherwise limit the duties of the Issuer under federal and state securities laws.

SECTION 17. Dissemination Agent Compensation. The fees and expenses incurred by the Dissemination Agent for its services rendered in accordance with this Disclosure Agreement constitute Administrative Expenses and will be included in the Annual Installments as provided in the annual updates to the Service and Assessment Plan. The Issuer shall pay or reimburse the Dissemination Agent, but only with funds to be provided from the Administrative Expenses component of the Annual Installments collected from the property owners in the District, for the fees and expenses for its services rendered in accordance with this Disclosure Agreement.

SECTION 18. Administrator Compensation. The fees and expenses incurred by the Administrator for its services rendered in accordance with this Disclosure Agreement constitute Administrative Expenses and will be included in the Annual Installments as provided in the annual updates to the Service and Assessment Plan. The Administrator has entered into a separate agreement with the Issuer, which agreement governs the administration of the District, including the payment of the fees and expenses of the Administrator for its services rendered in accordance with this Disclosure Agreement. Services provided under this Disclosure Agreement are pursuant to said agreement with the Issuer .

SECTION 19. Governing Law; Venue. This Disclosure Agreement shall be governed by the laws of the State of Texas. Venue of any action to enforce the rights and privileges existing under this Disclosure Agreement shall be brought in the state district court of Denton County, Texas. . Each of the parties hereto hereby waives the right to trial by jury with respect to any litigation directly or indirectly arising out of, under or in connection with this Disclosure Agreement

SECTION 20. Notice. Any written notice required to be given or made hereunder among or between any of the Reporting Parties, the Administrator, the Dissemination Agent and/or Participating Underwriter, shall be given or made by e-mail, 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 read or delivery receipt from the recipient confirming that the recipient received the e-mail or the e-mail was delivered with such notice. Failure of any party to this Disclosure Agreement or Significant Homebuilder to provide proof

of an e-mail read receipt or delivery receipt does not constitute a breach or default by such party or Significant Homebuilder under this Disclosure Agreement.

If to Developer: MM Aubrey 160, LLC
Attn: Matthew Dawson
1800 Valley View Lane, Suite 300
Farmers Branch, Texas 75234
Email: mdawson@centurionamerican.com

With a copy to: Boghetich Law, PLLC
Attn: Travis Boghetich
1800 Valley View Lane, Suite 360
Farmers Branch, Texas 75234
Email: travis@txreallaw.com

If to the Dissemination Agent
or Trustee: Wilmington Trust, National Association
Attn: Parker Merritt
15950 N. Dallas Parkway
Suite 200
Dallas, Texas 75248
Email: pmerritt@wilmingtontrust.com

If to Administrator: MuniCap, Inc.
600 E. John Carpenter Freeway, Suite 333
Irving, Texas 75062
Email: TXPID@municap.com

With a copy to: MuniCap, Inc.
8965 Guilford Road
Suite 210
Columbia, MD 21046
Email: Keenan.rice@municap.com

If to the Issuer: City of Aubrey, Texas
Attn: Mike English
107 S. Main Street
Aubrey, Texas 76227
Email: menglish@aubreytx.gov

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.

Wilmington Trust, National Association
Dissemination Agent

By: _____
Authorized Officer

DEVELOPER:

MM Aubrey 160, LLC,
a Texas limited liability company

By: MMM Ventures, LLC,
a Texas limited liability company
Its Manager

By: 2M Ventures, LLC,
a Delaware limited liability company
Its Manager

By: _____
Name: Mehrdad Moayed
Its: Manager

MuniCap, Inc.,
Administrator

By: _____
Name: _____
Title: _____

EXHIBIT A

**CITY OF AUBREY, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2025
(DUCK POINT PUBLIC IMPROVEMENT DISTRICT)**

DEVELOPER QUARTERLY REPORT
[INSERT QUARTERLY ENDING DATE]

Delivery Date: _____, 20__

CUSIP Numbers: [Insert CUSIP Numbers]

DISSEMINATION AGENT

Name: Wilmington Trust, National Association
Address: 15950 N. Dallas Parkway, Suite 200
City: Dallas, Texas 75248
Telephone: (714) 384-4174
Contact Person: Attn: Corporate Trust

I. Expenditures Paid from Accounts under Indenture

1. TOTAL BUDGETED COSTS REQUIRED TO COMPLETE AUTHORIZED IMPROVEMENTS: \$ _____
2. Of the budgeted costs for Authorized Improvements shown in the Service and Assessment Plan:
 - a. Actual costs drawn from the Improvement Account¹: \$ _____
 - b. Actual costs drawn from the Major Improvement Account: \$ _____²
 - c. Actual costs drawn from the Developer Improvement Account: \$ _____³

II. Status of Authorized Improvements

Projected/actual completion date of the Authorized Improvements

1. [Actual/Expected] date of completion of the Authorized Improvements:
[_____]
2. Explanation of any delay/change in projected completion date since last Quarterly Report was filed: [_____]

¹ Improvement Account means the account titled "Improvement Account" held under the Project Fund in the Indenture.

² Not applicable.

³ Not applicable.

III. Unit Mix in the District

<u>Product Type</u>	<u>Number of Units</u>
Single Family 50'	

IV. Lot Status in the District

Of the 448 lots in the District, what is the status:

1. Planned lots as of the date of issuance of the Bonds: 448
2. Planned lots as of the date of this Quarterly Report: _____
3. Lots developed: _____
4. Lots platted: _____
5. Expected completion date of all lots in the District (if incomplete): _____

V. Ownership of Lots/Units in the District

PLANNED LOTS IN THE DISTRICT: 448

Of the 448 lots in the District:

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): _____⁴
 - a. a. Number of lots owned by [*insert name of Homebuilder*]: _____⁵
 - b. b. Number of lots owned by [*insert name of Homebuilder*]: _____
4. Number of units owned by homeowners: _____

VI. Home Sales Information in the District

PLANNED HOMES IN THE DISTRICT: 448

Of the 448 homes planned for the District:

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

⁴ 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.

⁵ Include a line item for each individual Homebuilder.

- b. Number of homes closed with homebuyers during the current quarter for [insert name of Homebuilder]: _____⁶
- 3. How many total homes have closed with homebuyers **cumulatively**? _____
 - a. Number of homes closed with homebuyers cumulatively for [insert name of Homebuilder]: _____³
 - b. Number of homes closed with homebuyers cumulatively for [insert name of Homebuilder]: _____³

VII. Amenities⁷

TOTAL [EXPECTED/ACTUAL] COSTS OF AMENITIES: \$[_____]

Of the \$[_____] [expected/actual] costs of the Amenities:

- 1. Amount spent as of Quarterly Ending Date: \$[_____]
- 2. [Actual/Expected] completion date of Amenities: [_____]

VIII. Material Changes

Describe any material changes, if applicable:

- 1. **Permits and Approvals** - Since the issuance of the Bonds, have there been any material changes to permits or development approvals (including any zoning) impacting the development of the land subject to the Assessments securing the Bonds, which were not disclosed in a previously filed Quarterly Report? If so, describe the material changes.
- 2. **Mortgage Loans** - Since the issuance of the Bonds, have there been any material changes to mortgage loans (whether changes to an existing loan or incurrence of a new mortgage loan), if applicable, for the land subject to the Assessments securing the Bonds, which were not disclosed in a previously filed Quarterly Report? If so, describe the material changes.
- 3. **Builder Contracts** - Since the issuance of the Bonds, have there been any material changes to builder contracts (including but not limited to changes to price, substantial completion dates, number of lots, or other terms) with respect to the land subject to the Assessments securing the Bonds, which were not disclosed in a previously filed Quarterly Report? If so, describe the material changes.
- 4. **Ownership** - Since the issuance of the Bonds, other than a sale to a homebuilder pursuant to a Lot Purchase Agreement, has there been any sale, assignment or transfer of ownership of lands subject to the Assessments securing the Bonds by the Developer to any third-party developer/land bank, which was not disclosed in a previously filed Quarterly Report? If so,

⁶ Include a line item for each individual Homebuilder.

⁷ Amenities means the amenity center with a clubhouse building, a pool, and playground equipment and an approximately 23-acre City park that will contain trails, benches, shade structure, play area, and two sports fields to be constructed by the Developer within the District.

provide the name of the third-party and indicate whether this third-party developer/land bank has executed a Developer Acknowledgment pursuant to the Disclosure Agreement?

5. **Reserved.**
6. **Amendments** – Since the issuance of the Bonds and except as otherwise disclosed in a previously filed Quarterly Report, (i) describe any amendments or waivers to any provision of the Disclosure Agreement, including a narrative explanation of the reason for the amendment or waiver and its impact on the type of financial information or operating data being presented by the Reporting Parties and (ii) include a copy of the amendment, as applicable.
7. **Other** – Provide any other material information that should be disclosed.

EXHIBIT B

**NOTICE TO MSRB OF FAILURE TO
[PROVIDE QUARTERLY INFORMATION][FILE QUARTERLY REPORT]**

[DATE]

Name of Issuer: City of Aubrey, Texas
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2025
(Duck Point Public Improvement District) (the “Bonds”)
CUSIP Numbers: [insert CUSIP Numbers]
Date of Delivery: _____, 20__

NOTICE IS HEREBY GIVEN that _____, a
_____ (the [“Developer⁸”] [“Significant Homebuilder”]) has not provided the
[Quarterly Information][Quarterly Report] [the [Quarterly Information][Quarterly Report] was not
filed in a timely manner due to [_____]] for the period ending on [*Insert
Quarterly Ending Date*] with respect to the Bonds as required by the Continuing Disclosure
Agreement of Developer related to such Bonds, by and among MM Aubrey 160, LLC, a Texas
limited liability company (the “Developer”), MuniCap, Inc., as Administrator, and Wilmington
Trust, National Association, as Dissemination Agent. The [Developer][Homebuilder] anticipates
that the [Quarterly Information][Quarterly Report] will be [provided][filed] by _____.

Dated: _____

Wilmington Trust, National Association,
on behalf of the Developer,
as Dissemination Agent

By: _____

Title: _____

cc: City of Aubrey, Texas

⁸ If applicable, replace with applicable successor(s)/assign(s).

EXHIBIT C

TERMINATION NOTICE

[DATE]

Name of Issuer: City of Aubrey, Texas
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2025
(Duck Point Public Improvement District) (the “Bonds”)
CUSIP Numbers. [insert CUSIP Numbers]
Date of Delivery: _____, 20__

FMSbonds, Inc.
5 Cowboys Way, Suite 300-25
Frisco, Texas 75034

Wilmington Trust, National Association
15950 N. Dallas Parkway, Suite 200
Dallas, Texas 75248

City of Aubrey, Texas
107 S. Main Street
Aubrey, Texas 76227

MM Aubrey 160, LLC,
1800 Valley View Lane, Suite 300
Farmers Branch, Texas 75234

[Significant Homebuilder]

NOTICE IS HEREBY GIVEN that that _____, a
_____ (the [“Developer”] [“Significant Homebuilder”]) is no longer
responsible for providing [any Quarterly Information][the Quarterly Report] with respect to the
Bonds, thereby terminating such party’s reporting obligations under the Continuing Disclosure
Agreement of Developer related to such Bonds, by and among MM Aubrey 160, LLC, a Texas
limited liability company (the “Developer”), MuniCap, Inc., as Administrator, and Wilmington
Trust, National Association, as Dissemination Agent.

Dated: _____

MuniCap, Inc.
on behalf of the [Developer] [Significant
Homebuilder],
as Administrator)

By: _____

Title: _____

¹ If applicable, replace with applicable successor(s)/assign(s).

EXHIBIT D

CERTIFICATION LETTER

[DATE]

Name of Issuer: City of Aubrey, Texas
Name of Bond Issue: Special Assessment Revenue Bonds, Series 2025
(Duck Point Public Improvement District)
CUSIP Numbers: [insert CUSIP Numbers]
Quarterly Ending Date: _____, 20__

Re: Quarterly Report for Duck Point Public Improvement District

To whom it may concern:

Pursuant to the Continuing Disclosure Agreement of Developer related to the captioned Bonds by and among MM Aubrey 160, LLC, a Texas limited liability company¹ (the “Developer”), MuniCap, Inc., as Administrator, and HTS Continuing Disclosure Services, a division of Hilltop Securities, Inc., 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.

MM Aubrey 160, LLC,
a Texas limited liability company

By: MMM Ventures, LLC,
a Texas limited liability company
Its Manager

By: 2M Ventures, LLC,
a Delaware limited liability company
Its Manager

By: _____
Name: Mehrdad Moayed
Its: Manager

¹ If applicable, replace with applicable successor(s)/assign(s).

[OR
SIGNIFICANT HOMEBUILDER
(as Significant Homebuilder)]

By: _____
Name: _____
Title: _____

EXHIBIT E

**FORM OF ACKNOWLEDGMENT OF ASSIGNMENT
OF DEVELOPER REPORTING OBLIGATIONS**

[DATE]

[INSERT ASSIGNEE CONTACT INFORMATION]

Re: Duck Point Public Improvement District – 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 Authorized Improvements or Amenities (as those terms are defined in the Disclosure Agreement of Developer (as defined herein) within the Duck Point Public Improvement District (the “District”).

Pursuant to Section 2 of the Continuing Disclosure Agreement of Developer (the “Disclosure Agreement of Developer”) by and among MM Aubrey 160, LLC, a Texas limited liability company (the “Developer”), MuniCap, Inc. (the “Administrator”), and HTS Continuing Disclosure Services, a division of Hilltop Securities, Inc. (the “Dissemination Agent”), with respect to the “City of Aubrey, Texas, Special Assessment Revenue Bonds, Series 2025 (Duck Point Public Improvement District),” any person that, through assignment, assumes the obligations, requirements, or covenants to construct one or more of the Authorized Improvements 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,

MM Aubrey 160, LLC,
a Texas limited liability company

By: MMM Ventures, LLC,
a Texas limited liability company
Its Manager

By: 2M Ventures, LLC,
a Delaware limited liability company
Its Manager

By: _____
Name: Mehrdad Moayedi
Its: Manager

Acknowledged by:
[INSERT ASSIGNEE NAME]

By: _____
Title: _____

EXHIBIT F

**FORM OF ACKNOWLEDGMENT OF ASSIGNMENT
OF SIGNIFICANT HOMEBUILDER REPORTING OBLIGATIONS**

[DATE]

[INSERT SIGNIFICANT HOMEBUILDER CONTACT INFORMATION]

Re: Duck Point Public Improvement District – Continuing Disclosure Obligation

Dear _____,

As of _____, 20__ , you own ____ lots within the Duck Point 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 MM Aubrey 160, LLC, a Texas limited liability company (the “Developer”), MuniCap, Inc. (the “Administrator”), and HTS Continuing Disclosure Services, a division of Hilltop Securities, Inc. (the “Dissemination Agent”), with respect to the “City of Aubrey, Texas, Special Assessment Revenue Bonds, Series 2025 (Duck Point Public Improvement District),” any entity that owns 44 or more of the single family residential lots within 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(d)(iv) 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,

MM Aubrey 160, LLC,
a Texas limited liability company

By: MMM Ventures, LLC,
a Texas limited liability company
Its Manager

By: 2M Ventures, LLC,
a Delaware limited liability company
Its Manager

By: _____
Name: Mehrdad Moayed
Its: Manager

Acknowledged by:
[INSERT ASSIGNEE NAME]

By: _____
Title” _____

APPENDIX F
APPRAISAL

(THIS PAGE IS INTENTIONALLY LEFT BLANK)

Integra Realty Resources

Dallas

Appraisal of Real Property

Duck Point Public Improvement District

A Proposed Subdivision

West side of FM-1385, northwest of FM-428

Aubrey , Denton County, Texas 76227

Prepared For:

FMSbonds, Inc.

Date of the Report:

January 13, 2025

Report Format:

Appraisal Report

IRR - Dallas

File Number: 191-2024-1030



Subject Photographs



Duck Point Public Improvement District
West side of FM-1385, northwest of FM-428
Aubrey , Texas

Aerial Photograph





January 13, 2025

Mr. R. R. "Tripp" Davenport, III
Director
FMSbonds, Inc.
5 Cowboys Way, Suite 300-25
Frisco, TX 75034

SUBJECT: Market Value Appraisal
 Duck Point Public Improvement District
 West side of FM-1385, northwest of FM-428
 Aubrey , Denton County, Texas 76227
 IRR - Dallas File No. 191-2024-1030

Dear Mr. Davenport, III:

Integra Realty Resources – Dallas is pleased to submit the accompanying appraisal of the referenced property. The purpose of the appraisal is to develop an opinion of the prospective market value as completed of the fee simple interest in the property as of the effective date of the appraisal (October 1, 2026).

The client for the assignment is FMSbonds, Inc., and the intended use is for the underwriting of a proposed public improvement district bond transaction. This appraisal is not for purposes of determining the amount of any assessments to be levied by the City nor is it the basis upon which a determination of the benefit any constructed or installed public improvements will have on properties within the "PID"; provided that it is acknowledged that this appraisal will be included in a limited offering memorandum for PID bonds.

The subject represents the Duck Point Public Improvement District ("PID") which is comprised of a total of 159.939 gross acres (as shown on the preliminary plat) located in Aubrey, Denton County, Texas. Utilizing FEMA flood maps and the concept plan for the PID, the site has approximately 68.300 acres located within a flood zone/floodway. It is our understanding a total of 23.000 acres will be donated to the City for a city park and the remaining 45.300 acres will be devoted as open space in the development. The PID is planned to be developed with 448 single-family lots on 91.639 net acres (4.9 upa) with a typical lot dimension of 50' x 115' (5,750 square feet) and are designed for front access.

The PID is currently zoned as Planned Development #862-24 pursuant to Ordinance No. 0-862-24 enacted on July 25, 2024, permitting single-family residential use. Access to site utilities is provided from the neighboring Mustang Special Utility District. Substantial completion of the 448 proposed lots is expected by October 1, 2026.

The appraisal conforms to the Uniform Standards of Professional Appraisal Practice (USPAP), the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute, and applicable state appraisal regulations.

Standards Rule 2-2 (Content of a Real Property Appraisal Report) contained in the Uniform Standards of Professional Appraisal Practice (USPAP) requires each written real property appraisal report to be prepared as either an Appraisal Report or a Restricted Appraisal Report. This report is prepared as an Appraisal Report as defined by USPAP under Standards Rule 2-2(a), and incorporates practical explanation of the data, reasoning, and analysis that were used to develop the opinion of value.

Based upon the valuation analysis in the accompanying report, and subject to the definitions, assumptions, and limiting conditions expressed in the report, the concluded opinions of value are as follows:

Value Conclusion			
<u>Value Type & Appraisal Premise</u>	<u>Interest Appraised</u>	<u>Date of Value</u>	<u>Value Conclusion</u>
Prospective Market Value As Completed	Fee Simple	October 1, 2026	\$43,730,000



Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

1. All information relative to the subject property including land areas, lot totals, lot sizes, and other pertinent data that was provided by Barraza Consulting Group, LLC (engineering/surveyors), Centurion American Development Group (developer), MM Aubrey 160, LLC (owner), the city of Aubrey, and the Denton Central Appraisal District is assumed to be correct.
2. The subject is proposed construction. Therefore, this report contains a prospective opinion of value. As such, we have assumed that the market conditions as discussed and considered within this report will be similar on the prospective valuation date. Further, we cannot be held responsible for unforeseeable events that alter market conditions prior to this prospective effective date.
3. Our opinion of prospective market value at completion assumes that the proposed improvements are completed in accordance with plans and specifications as of October 1, 2026, the effective appraisal date.
4. A value presented within this report is prospective in nature. As such, we assume that local and regional lending institutions appear to remain active within the subject's market for specific projects. Therefore, we specifically assume that the financial markets will continue to function in a competitive, efficient fashion.
5. According to the concept plan and survey provided, the site has approximately 68.300 acres located within a flood zone/floodway. It is our understanding 23.000 acres of this area is to be donated to the City of Aubrey for a city park and the remaining 45.300 acres will be devoted as open space in the development. As such, the subject's 448 lots are planned to be developed on 91.639 net acres (4.9 upa). We have assumed this information to be correct.

The value conclusions are based on the following hypothetical conditions. A hypothetical condition is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

1. None

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

The opinion of value expressed in this report is based on estimates and forecasts which are prospective in nature and subject to considerable risk and uncertainty. Events may occur which could cause the performance of the property to differ materially from the estimates contained herein, such as changes in the economy, interest rates, capitalization rates, financial strength of tenants, and behavior of investors, lenders, and consumers. Additionally, the concluded opinions and forecasts are based partly on data obtained from interviews and third-party sources, which are not always completely reliable. Although the findings are considered reasonable based on available evidence, IRR is not responsible for the effects of future, unforeseen occurrences.

Mr. R. R. "Tripp" Davenport, III
FMSbonds, Inc.
January 13, 2025
Page 4

If you have any questions or comments, please contact the undersigned. Thank you for the opportunity to be of service.

Respectfully submitted,

Integra Realty Resources - Dallas



Shelley Sivakumar
Director
Texas Licensed Residential Real Estate
Appraiser
License TX #1333354 L
Telephone: 972.696.0687
Email: ssivakumar@irr.com



Jimmy H. Jackson, MAI
Senior Managing Director
Texas Certified General Real Estate Appraiser
License TX #1324004 G
Telephone: 972.725.7724
Email: jhjson@irr.com



Ernest Gatewood
Senior Director
Texas Certified General Real Estate Appraiser
License TX #1324355 G
Telephone: 972.725.7755
Email: egatewood@irr.com



Table of Contents

Quality Assurance	1	Valuation	58
Executive Summary	2	Valuation Methodology	58
Identification of the Appraisal Problem	5	Sales Comparison Approach	59
Subject Description	5	Developed Lots (50' x 115'; 5,750 SF)	59
Sale History	5	Cumulative Retail Lot Value – Duck Point PID68	
Pending Transactions	6	Summary of Net/Gross Value Analysis	
Appraisal Purpose	6	Conclusion	69
Value Type Definitions	6	Subdivision Development Analysis (As Complete)	71
Appraisal Premise Definitions	7	Discount Rate	74
Property Rights Definitions	7	Reconciliation and Conclusion of Prospective Value	78
Client and Intended User(s)	7	Conclusion	78
Intended Use	7	Exposure Time	80
Applicable Requirements	8	Marketing Time	80
Report Format	8	Certification	81
Prior Services	8	Assumptions and Limiting Conditions	83
Appraiser Competency	8	Addenda	
Scope of Work	9	A. Appraiser Qualifications	
Economic Analysis	11	B. IRR Quality Assurance Survey	
Denton County Area Analysis	11	C. Definitions	
Surrounding Area Analysis	20	D. Property Information	
Residential Analysis	30	E. Comparable Data	
Property Analysis	35	Lot Sales	
Land Description and Analysis	35		
General Description - Duck Point Public Improvement District	39		
Allocation of Authorized Improvements	53		
Real Estate Taxes	55		
Highest and Best Use	56		



Quality Assurance

IRR Quality Assurance Program

At IRR, delivering a quality report is a top priority. Integra has an internal Quality Assurance Program in which managers review material and pass an exam in order to attain IRR Certified Reviewer status. By policy, every Integra valuation assignment is assessed by an IRR Certified Reviewer who holds the MAI designation, or is, at a minimum, a named Director with at least ten years of valuation experience.

This quality assurance assessment consists of reading the report and providing feedback on its quality and consistency. All feedback from the IRR Certified Reviewer is then addressed internally prior to delivery. The intent of this internal assessment process is to maintain report quality.

Designated IRR Certified Reviewer

The IRR Certified Reviewer who provided the quality assurance assessment for this assignment is Jimmy H. Jackson, MAI.

Executive Summary

Property Name	Duck Point Public Improvement District		
Address/Location	West side of FM-1385, northwest of FM-428 Aubrey, Denton County, Texas 76227		
Property Type	Land - Single Family Development Land		
Owner of Record	MM Aubrey 160, LLC		
Tax ID	52165		
Legal Description	Frederick H. Pollard Survey, Abstract No. 995, Aubrey ETJ, Denton County, Texas		
School District	Aubrey ISD		
Land Area (Gross)	159.939 acres; 6,966,943 SF		
Land Area (Usable)	91.639 acres; 3,991,795 SF		
Number of Proposed Lots	448 Lots		
Typical Lot Dimensions	50' x 115'; 5,750 SF		
Zoning Designation	Planned Development		
Highest and Best Use	Single-family residential use		
Exposure Time; Marketing Period	6 - 12 months; 6 - 12 months		
Effective Date of the Appraisal	October 1, 2026		
Date of the Report	January 13, 2025		
Property Interest Appraised	Fee Simple		
Sales Comparison Approach			
Number of Sales	6		
Range of Sale Dates	May 23 to Sep 25		
Range of Prices per Front Footage (Unadjusted)	\$1,728 - \$2,300		
Indicated Value	\$115,000	(\$2,300/Front Footage)	
Cumulative Retail Value*	\$51,520,000	(\$115,000/Lot)	
*It should be clearly understood that the summation of lot values does not represent our opinion of the market discounted/bulk value, as if the lots are all sold in bulk in a single transaction.			

Value Conclusion

Value Type & Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Prospective Market Value As Completed	Fee Simple	October 1, 2026	\$43,730,000

The values reported above are subject to the definitions, assumptions, and limiting conditions set forth in the accompanying report of which this summary is a part. No party other than FMSbonds, Inc. may use or rely on the information, opinions, and conclusions contained in the report. It is assumed that the users of the report have read the entire report, including all of the definitions, assumptions, and limiting conditions contained therein.

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

1. All information relative to the subject property including land areas, lot totals, lot sizes, and other pertinent data that was provided by Barraza Consulting Group, LLC (engineering/surveyors), Centurion American Development Group (developer), MM Aubrey 160, LLC (owner), the city of Aubrey, and the Denton Central Appraisal District is assumed to be correct.
2. The subject is proposed construction. Therefore, this report contains a prospective opinion of value. As such, we have assumed that the market conditions as discussed and considered within this report will be similar on the prospective valuation date. Further, we cannot be held responsible for unforeseeable events that alter market conditions prior to this prospective effective date.
3. Our opinion of prospective market value at completion assumes that the proposed improvements are completed in accordance with plans and specifications as of October 1, 2026, the effective appraisal date.
4. A value presented within this report is prospective in nature. As such, we assume that local and regional lending institutions appear to remain active within the subject's market for specific projects. Therefore, we specifically assume that the financial markets will continue to function in a competitive, efficient fashion.
5. According to the concept plan and survey provided, the site has approximately 68.300 acres located within a flood zone/floodway. It is our understanding 23.000 acres of this area is to be donated to the City of Aubrey for a city park and the remaining 45.300 acres will be devoted as open space in the development. As such, the subject's 448 lots are planned to be developed on 91.639 net acres (4.9 upa). We have assumed this information to be correct.

The value conclusions are based on the following hypothetical conditions. A hypothetical condition is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

1. None

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

Strengths, Weaknesses, Opportunities, Threats (SWOT Analysis)

The analyses presented in this report consider the internal strengths and weaknesses of the subject property, as well as opportunities and external threats. The overall valuation influences are summarized in the following table.

Valuation Influences

Strengths

- Limited amount of available developed lots in market area
- High demand for residential lots in market area
- Simple development plan
- Low cost of development
- The property is located in a fast-growing area.
- The property is located within a Public Improvement District.
- Increasing population base

Weaknesses

- Potential competition from other developments
- Land loss to floodplain
- Large supply of vacant undeveloped land

Opportunities

- Profit from lot sales
- Demand for new housing remains relatively strong

Threats

- In light of the progress on inflation and the balance of risks, at the September 2024 Federal Open Market Committee (FOMC) meeting, the Federal Reserve lowered the federal funds rate by 1/2 percentage point to 4 3/4 percent. After the election in November 2024, the Federal Reserve again lowered the federal funds rate by an additional 1/4 percentage point to 4 1/2 percent easing monetary policy twice in the past four years. The Committee is strongly committed to supporting maximum employment and returning inflation to its 2 percent objective and will continue to monitor the implications of incoming information for the economic outlook. The Committee's assessments take into account readings on labor market conditions, inflation pressures and expectations, and financial and international developments. As such, depending on inflation factors/unemployment figures, there could still be emerging pressure on lending interest rates.
 - Continued economic downturn/inflation pressures testing the U.S. and local economies
-

Identification of the Appraisal Problem

Subject Description

The subject represents the Duck Point Public Improvement District ("PID") which is comprised of a total of 159.939 gross acres (as shown on the preliminary plat) located in Aubrey, Denton County, Texas. Utilizing FEMA flood maps and the concept plan for the PID, the site has approximately 68.300 acres located within a flood zone/floodway. It is our understanding a total of 23.000 acres will be donated to the City for a city park and the remaining 45.300 acres will be devoted as open space in the development. The PID is planned to be developed with 448 single-family lots on 91.639 net acres (4.9 upa) with a typical lot dimension of 50' x 115' (5,750 square feet) and are designed for front access.

The PID is currently zoned as Planned Development #862-24 pursuant to Ordinance No. 0-862-24 enacted on July 25, 2024, permitting single-family residential use. Access to site utilities is provided from the neighboring Mustang Special Utility District. Substantial completion of the 448 proposed lots is expected by October 1, 2026.

A legal description of the property is provided in the addenda.

Property Identification

Property Name	Duck Point Public Improvement District
Address	West side of FM-1385, northwest of FM-428 Aubrey, Texas 76227
Tax ID	52165
Owner of Record	MM Aubrey 160, LLC

Sale History

The most recent closed sale of the subject is summarized as follows:

Sale Date	September 30, 2021
Seller	Granscape Acquisitions, LLC
Buyer	MM Aubrey 160, LLC
Sale Price	\$5,000,000
Recording Instrument Number	2021-180618
Comments	The acquisition price equates to \$31,262/acre based on a land size of 159.939 gross acres (\$54,562/net acre based on 91.639 net acres).

No known sales or transfers of ownership have taken place within a three-year period prior to the effective appraisal date.

Pending Transactions

To the best of our knowledge, the property, as a whole, is not subject to an agreement of sale or an option to buy, nor is it listed for sale, as of the effective appraisal date. However, the proposed lots are contracted as follows:

Lot Contract Summary							
Home Builder	Total Lots	Typical Lot		Base Lot Price*	Base Price/FF	Absorption/ Month	Total Absorption Period (Months ±)
		Dimensions	Total SF				
Brightland Homes, LTD	224	50' x 115'	5,750	\$95,000	\$1,900	8.1	27.5
D. R. Horton - Texas, LTD	224	50' x 115'	5,750	\$95,000	\$1,900	8.1	27.5
Totals	448					16.2	

All lots are contracted with an annual 8% escalation with a \$2,500/lot amenity fee and a \$500/lot marketing fee.

The contracted lot price of \$95,000/lot is below our opinion of value of \$115,000/lot. This is due to the contracts tied to an earlier 2021 contract.

Appraisal Purpose

The purpose of the appraisal is to develop the following opinion of value:

- The prospective market value as completed of the fee simple interest in the subject property as of the effective date of the appraisal, October 1, 2026

The date of the report is January 13, 2025. The appraisal is valid only as of the stated effective date or dates.

Value Type Definitions

The definitions of the value types applicable to this assignment are summarized below.

Market Value

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their own best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and



5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.¹

Appraisal Premise Definitions

The definitions of the appraisal premises applicable to this assignment are specified as follows.

Prospective Opinion of Value

A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.

(Source: Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 7th ed. [Chicago: Appraisal Institute, 2022])

Prospective Market Value As Completed

The market value of a property as of a future date when all construction is expected to be completed. It is based on market conditions forecasted to exist as of the completion date. This value premise assumes the project is complete.²

Property Rights Definitions

The property rights appraised which are applicable to this assignment are defined as follows.

Fee Simple Estate

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.³

Client and Intended User(s)

The client is FMSbonds, Inc. and the intended users are the client and the City of Aubrey. No other party(s) is intended to rely on the information, opinions, and conclusions contained in this report; provided that it is acknowledged that this appraisal will be used in a limited offering memorandum for PID bonds.

Intended Use

The intended use of the appraisal is for the underwriting of a proposed public improvement district bond transaction. This appraisal is not for purposes of determining the amount of any assessments to be levied by the City nor is it the basis upon which a determination of the benefit any constructed or

¹ Code of Federal Regulations, Title 12, Chapter I, Part 34.42[h]; also, Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472

² Compiled and summarized from several industry sources

³ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 7th ed. (Chicago: Appraisal Institute, 2022)

installed public improvements will have on properties within the “PID”. The appraisal is not intended for any other use.

Applicable Requirements

This appraisal report conforms to the following requirements and regulations:

- Uniform Standards of Professional Appraisal Practice (USPAP)
- Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute
- Applicable state appraisal regulations

Report Format

Standards Rule 2-2 (Content of a Real Property Appraisal Report) contained in the Uniform Standards of Professional Appraisal Practice (USPAP) requires each written real property appraisal report to be prepared as either an Appraisal Report or a Restricted Appraisal Report. This report is prepared as an Appraisal Report as defined by USPAP under Standards Rule 2-2(a), and incorporates practical explanation of the data, reasoning, and analysis used to develop the opinion of value.

Prior Services

USPAP requires appraisers to disclose to the client any other services they have provided in connection with the subject property in the prior three years, including valuation, consulting, property management, brokerage, or any other services. We have previously appraised the property that is the subject of this report for another client. We have provided no other services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding the agreement to perform this assignment.

Appraiser Competency

No steps were necessary to meet the competency provisions established under USPAP. The assignment participants have appraised several properties similar to the subject in physical, locational, and economic characteristics, and are familiar with market conditions and trends; therefore, appraiser competency provisions are satisfied for this assignment. Appraiser qualifications and state credentials are included in the addenda of this report.

Scope of Work

Introduction

The appraisal development and reporting processes require gathering and analyzing information about the assignment elements necessary to properly identify the appraisal problem. The scope of work decision includes the research and analyses necessary to develop credible assignment results, given the intended use of the appraisal. Sufficient information includes disclosure of research and analyses performed and might also include disclosure of research and analyses not performed.

To determine the appropriate scope of work for the assignment, the intended use of the appraisal, the needs of the user, the complexity of the property, and other pertinent factors were considered. The concluded scope of work is described below.

Research and Analysis

The type and extent of the research and analysis conducted are detailed in individual sections of the report. The steps taken to verify comparable data are disclosed in the addenda of this report. Although effort has been made to confirm the arms-length nature of each sale with a party to the transaction, it is sometimes necessary to rely on secondary verification from sources deemed reliable.

Subject Property Data Sources

The legal and physical features of the subject property, including size of the site, flood plain data, property zoning, existing easements and encumbrances, access and exposure were confirmed and analyzed.

Inspection

Details regarding the property inspection conducted as part of this appraisal assignment are summarized as follows:

Property Inspection		
Party	Inspection Type	Inspection Date
Shelley Sivakumar	On-site	November 26, 2024
Jimmy H. Jackson, MAI	None	N/A
Ernest Gatewood	On-site	November 26, 2024

Valuation Methodology

Three approaches to value are typically considered when developing a market value opinion for real property. These are the cost approach, the sales comparison approach, and the income capitalization approach. Use of the approaches in this assignment is summarized as follows:

Approaches to Value		
Approach	Applicability to Subject	Use in Assignment
Cost Approach	Not Applicable	Not Utilized
Sales Comparison Approach	Applicable	Utilized
Income Capitalization Approach - (Subdivision Development Analysis)	Applicable	Utilized

The Sales Comparison Approach involves research, verification, and comparison of sales of other vacant lots. The sales are then adjusted for value-related differences. Because Texas is not a full disclosure state, sales prices must be obtained from grantors, grantees, brokers, lenders, other persons involved in the transaction, or other appraisers when the information is believed to be reliable. In many cases, the sources of the information wish to remain anonymous and are not included; however, the sale data is used only if the data is believed to be accurate, and the sources of the information are kept on file.

The Cost Approach involves research, verification, and comparison of sales of other vacant land with the subject land. The sales are then adjusted for value-related differences. Because Texas is not a full disclosure state, sales prices must be obtained from grantors, grantees, brokers, lenders, other persons involved in the transaction, or other appraisers when the information is believed to be reliable. In many cases, the sources of the information wish to remain anonymous and are not included; however, the sale data is used only if the data is believed to be accurate, and the sources of the information are kept on file. Cost figures were obtained from the developer and compared to cost figures on competing developments. The cost figures are based on actual costs provided by the developer. Developer's profit is based on profit expectations reported by developers as well as actual profit on similar developments.

In the Income Capitalization Approach, specific appraisal techniques are applied to develop a value indication for a property based on its earning capability and calculated by the capitalization of property income.

In the Subdivision Development Approach, the retail value of the lots has been estimated. The individual lot values are based on lot sales in competing developments. The absorption rates, expenses, and discount rates are also based on competing developments. The indicated value by the Income Capitalization Approach is based on the sellout of the lots with deductions for holding costs and discounted to a net present value.

Economic Analysis

Denton County Area Analysis

Denton County is located in North Central Texas. It is 878 square miles in size and has a population density of 1,160 persons per square mile.

Population

Denton County has an estimated 2024 population of 1,019,105, which represents an average annual 3.0% increase over the 2020 census of 906,422. Denton County added an average of 28,171 residents per year over the 2020-2024 period, and its annual growth rate exceeded the Dallas MSA rate of 1.6%.

Looking forward, Denton County's population is projected to increase at a 2.0% annual rate from 2024-2029, equivalent to the addition of an average of 21,182 residents per year. Denton County's growth rate is expected to exceed that of the Dallas MSA, which is projected to be 1.0%.

Population Trends

	Population			Compound Ann. % Chng	
	2020 Census	2024 Estimate	2029 Projection	2020 - 2024	2024 - 2029
Denton County, TX	906,422	1,019,105	1,125,017	3.0%	2.0%
Dallas-Fort Worth-Arlington, TX Metro	7,637,387	8,126,208	8,541,837	1.6%	1.0%
Texas	29,145,505	30,665,339	32,119,807	1.3%	0.9%
USA	331,449,281	336,157,119	344,209,992	0.4%	0.5%

Source: Claritas

Employment

Total employment in Denton County was estimated at 304,116 jobs as of June 2023. Between year-end 2013 and 2023, employment rose by 104,933 jobs, equivalent to a 52.7% increase over the entire period. There were gains in employment in ten out of the past ten years. Denton County's rate of employment growth over the last decade surpassed that of the Dallas MSA, which experienced an increase in employment of 27.3% or 854,880 jobs over this period.

A comparison of unemployment rates is another way of gauging an area's economic health. Over the past decade, the Denton County unemployment rate has been consistently lower than that of the Dallas MSA, with an average unemployment rate of 4.0% in comparison to a 4.5% rate for the Dallas MSA. A lower unemployment rate is a positive indicator.

Recent data shows that the Denton County unemployment rate is 3.4% in comparison to a 3.6% rate for the Dallas MSA, a positive sign that is consistent with the fact that Denton County has outperformed the Dallas MSA in the rate of job growth over the past two years.

Year	Total Employment (Year End)				Unemployment Rate (Ann. Avg.)	
	%		%		Denton County	Dallas MSA
	Denton County	Change	Dallas MSA	Change		
2013	199,183		3,127,712		5.4%	6.2%
2014	211,482	6.2%	3,254,583	4.1%	4.5%	5.1%
2015	224,936	6.4%	3,360,668	3.3%	3.6%	4.1%
2016	233,551	3.8%	3,441,839	2.4%	3.4%	3.9%
2017	244,353	4.6%	3,526,930	2.5%	3.4%	3.7%
2018	253,596	3.8%	3,606,436	2.3%	3.2%	3.6%
2019	267,253	5.4%	3,719,023	3.1%	3.0%	3.3%
2020	267,588	0.1%	3,595,494	-3.3%	6.5%	7.2%
2021	290,438	8.5%	3,829,259	6.5%	4.4%	5.1%
2022	300,599	3.5%	3,966,180	3.6%	3.2%	3.5%
2023*	304,116	1.2%	3,982,592	0.4%	3.6%	3.8%
Overall Change 2013-2023	104,933	52.7%	854,880	27.3%		
Avg Unemp. Rate 2013-2023					4.0%	4.5%
Unemployment Rate - May 2024					3.4%	3.6%

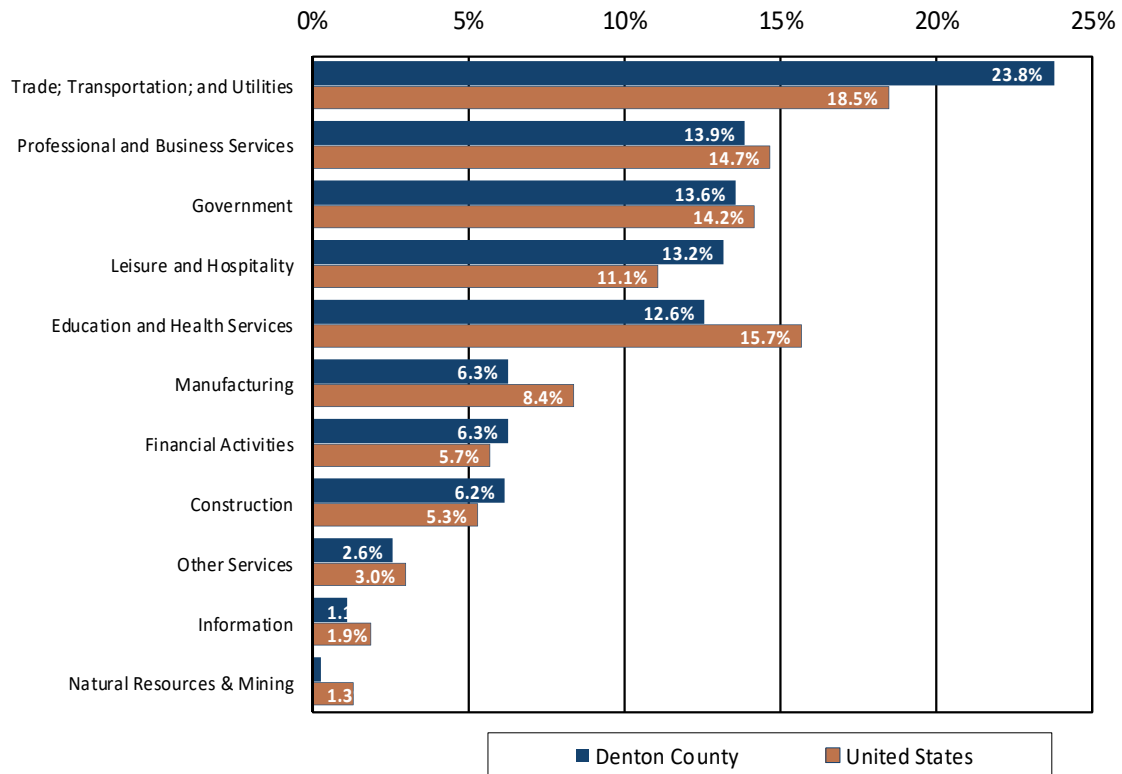
*Total employment data is as of June 2023.

Source: U.S. Bureau of Labor Statistics and Moody's Analytics. Employment figures are from the Quarterly Census of Employment and Wages (QCEW). Unemployment rates are from the Current Population Survey (CPS). The figures are not seasonally adjusted.

Employment Sectors

The composition of the Denton County job market is depicted in the chart below. A complete data set is not available for the Dallas MSA, so Denton County will be compared to the United States. Total employment for the two areas is broken down by major employment sector, and the sectors are ranked from largest to smallest based on the percentage of Denton County jobs in each category.

Employment Sectors - 2023



Source: U.S. Bureau of Labor Statistics and Moody's Analytics



Denton County has greater concentrations than the United States in the following employment sectors:

1. Trade; Transportation; and Utilities, representing 23.8% of Denton County payroll employment compared to 18.5% for the nation overall. This sector includes jobs in retail trade, wholesale trade, trucking, warehousing, and electric, gas, and water utilities.
2. Leisure and Hospitality, representing 13.2% of Denton County payroll employment compared to 11.1% for the nation overall. This sector includes employment in hotels, restaurants, recreation facilities, and arts and cultural institutions.
3. Financial Activities, representing 6.3% of Denton County payroll employment compared to 5.7% for the nation overall. Banking, insurance, and investment firms are included in this sector, as are real estate owners, managers, and brokers.
4. Construction, representing 6.2% of Denton County payroll employment compared to 5.3% for the nation overall. This sector includes construction of buildings, roads, and utility systems.

Denton County is underrepresented in the following sectors:

1. Professional and Business Services, representing 13.9% of Denton County payroll employment compared to 14.7% for the nation overall. This sector includes legal, accounting, and engineering firms, as well as management of holding companies.
2. Government, representing 13.6% of Denton County payroll employment compared to 14.2% for the nation overall. This sector includes employment in local, state, and federal government agencies.
3. Education and Health Services, representing 12.6% of Denton County payroll employment compared to 15.7% for the nation overall. This sector includes employment in public and private schools, colleges, hospitals, and social service agencies.
4. Manufacturing, representing 6.3% of Denton County payroll employment compared to 8.4% for the nation overall. This sector includes all establishments engaged in the manufacturing of durable and nondurable goods.

Major Employers

Major employers in Denton County are shown in the following table.

Major Employers - Denton County, TX	
Name	Number of Employees
1 Peterbilt Motors	3,075
2 Texas Health Presbyterian Hospital Denton	1,076
3 Medical City - Denton	950
4 Sally Beauty Company, Inc.	950
5 Safran Electrical & Power	700
6 Flowers Baking Company	480
7 Jostens, Inc.	450
8 ESAB Victor Technologies	450
9 Tetra Pak Materials, LP	425
10 Fastenal	380

Major employers in the DFW metro area are shown in the following table.

Major Employers - DFW Metro	
Name	Number of Employees
1 AMR Corporation	24,700
2 Bank of America Corporation	20,000
3 Texas Health Resources Inc.	19,230
4 Dallas ISD	18,314
5 Baylor Health Care System	17,097
6 AT&T	15,800
7 Lockheed Martin Aeronautics	14,126
8 JP Morgan Chase & Co.	13,500
9 UT-Southwestern Medical Center	13,122
10 City of Dallas	12,836

Source: <http://www.destinationdfw.com/Largest-Employers-in-Dallas-Fort-Worth-Texas/>

Gross Domestic Product

Gross Domestic Product (GDP) is a measure of economic activity based on the total value of goods and services produced in a defined geographic area, and annual changes in Gross Domestic Product (GDP) are a gauge of economic growth.

Economic growth, as measured by annual changes in GDP, has been considerably higher in Denton County than the Dallas MSA overall during the past five years. Denton County has grown at a 7.1% average annual rate while the Dallas MSA has grown at a 4.1% rate. Denton County continues to perform better than the Dallas MSA. GDP for Denton County rose by 6.4% in 2022 while the Dallas MSA's GDP rose by 5.7%.

Denton County has a per capita GDP of \$46,935, which is 37% less than the Dallas MSA's GDP of \$74,582. This means that Denton County industries and employers are adding relatively less value to the economy than their counterparts in the Dallas MSA.

Gross Domestic Product

Year	(\$,000s)		(\$,000s)	
	Denton County	% Change	Dallas MSA	% Change
2017	32,503,089	–	483,732,021	–
2018	33,816,542	4.0%	506,219,605	4.6%
2019	35,977,333	6.4%	525,852,321	3.9%
2020	39,570,027	10.0%	519,282,910	-1.2%
2021	43,110,011	8.9%	560,290,164	7.9%
2022	45,868,233	6.4%	592,452,179	5.7%
Compound % Chg (2017-2022)		7.1%		4.1%
GDP Per Capita 2022	\$46,935		\$74,582	

Source: U.S. Bureau of Economic Analysis and Moody's Analytics; data released December 2023.

The release of state and local GDP data has a longer lag time than national data. The data represents inflation-adjusted "real" GDP stated in 2017 dollars.

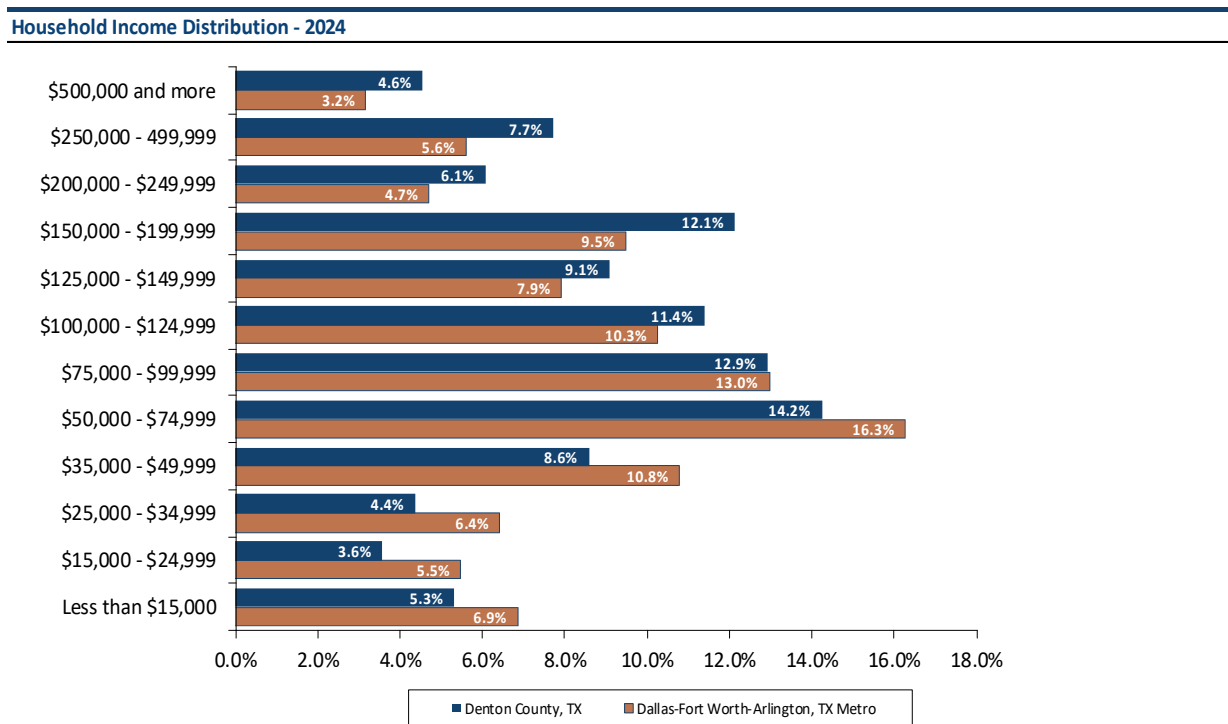
Household Income

Denton County is more affluent than the Dallas MSA. Median household income for Denton County is \$102,026, which is 23.8% greater than the corresponding figure for the Dallas MSA.

Median Household Income - 2024	
	Median
Denton County, TX	\$102,026
Dallas-Fort Worth-Arlington, TX Metro	\$82,381
Comparison of Denton County, TX to Dallas-Fort Worth-Arlington	+ 23.8%

Source: Claritas

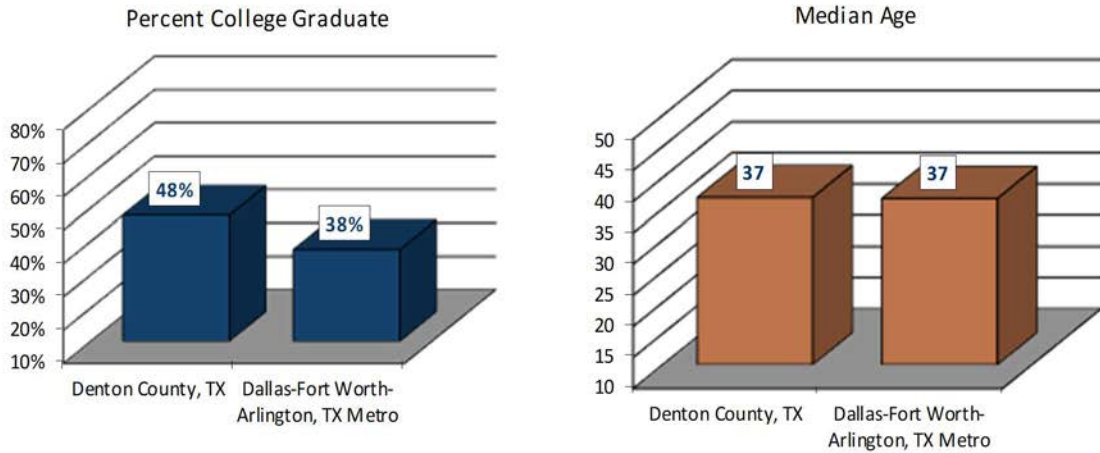
The following chart shows the distribution of households across twelve income levels. Denton County has a greater concentration of households in the higher income levels than the Dallas MSA. Specifically, 30% of Denton County households are at the \$150,000 or greater levels in household income as compared to 23% of Dallas MSA households. A lesser concentration of households is apparent in the lower income levels, as 22% of Denton County households are below the \$50,000 level in household income versus 30% of Dallas MSA households.



Education and Age

Residents of Denton County have a higher level of educational attainment than those of the Dallas MSA. An estimated 48% of Denton County residents are college graduates with four-year degrees, versus 38% of Dallas MSA residents. People in Denton County are similar in age to their Dallas MSA counterparts. The median age of both Denton County and the Dallas MSA is 37 years.

Education & Age - 2024



Source: Claritas

Conclusion

The Denton County economy will benefit from a growing population base and higher income and education levels. Denton County experienced growth in the number of jobs and has maintained a consistently lower unemployment rate than the Dallas MSA over the past decade. It is anticipated that the Denton County economy will improve, and employment will grow, strengthening the demand for real estate.

Surrounding Area Analysis

Boundaries

The PID is located in the city of Aubrey in northeastern Denton County, Texas. This area is generally delineated as follows:

Boundaries & Delineation

Boundaries

Market Area	Dallas-Fort Worth, TX
Submarket	Aubrey
Area Type	Suburban

Delineation

North	FM-455
South	US-380
East	SH-289 (Preston Road)
West	US-377/Lake Ray Roberts

A map identifying the location of the property follows this section.

Access and Linkages

Access & Linkages

Vehicular Access

Major Highways	US-380, US-377, Dallas Parkway, SH-289 (Preston Road)
Primary Corridors	FM-1385, FM-428
Vehicular Access Rating	Average

Airport(s)

Name	Dallas/Fort Worth International Airport
Distance	38 Miles
Driving Time	45 Minutes

Primary Transportation Mode	Automobile
-----------------------------	------------

Life Cycle

Real estate is affected by cycles involving development trends within a market area as well as market and economic forces. Trends in demand for development in a particular market are described by the Market Area Life Cycle, while market and economic trends are described by the Real Estate Cycle.

A Market Area Life Cycle typically evolves through four stages:⁴

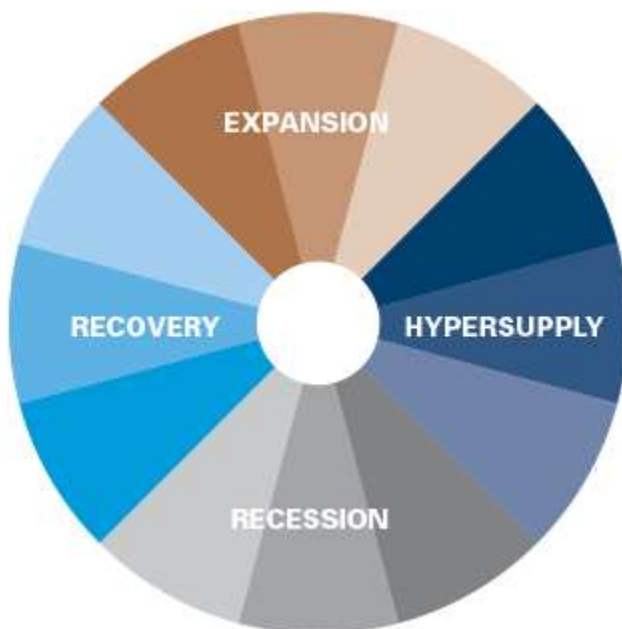
- Growth – a period during which the market area gains public favor and acceptance
- Stability – a period of equilibrium without marked gains or losses
- Decline – a period of diminishing demand
- Revitalization – a period of renewal, redevelopment, modernization, and increasing demand

The subject's market area is in the growth stage of the Market Area Life Cycle.

The Real Estate Cycle also impacts a neighborhood. The stages of the Real Estate Cycle include:

- Expansion – Sustained growth in demand, increasing construction
- Hypersupply – Positive but falling demand, increasing vacancy
- Recession – Falling demand, increasing vacancy
- Recovery – Increasing demand, decreasing vacancy

These stages are illustrated below, along with a summary of common characteristics of each stage of the Real Estate Cycle. The subject is in the expansion stage of the Real Estate Cycle.



⁴ Appraisal Institute, *The Appraisal of Real Estate*, 15th ed. (Chicago: Appraisal Institute, 2020)

EXPANSION	HYPERSUPPLY	RECESSION	RECOVERY
Decreasing Vacancy Rates Moderate/High New Construction High Absorption Moderate/High Employment Growth Med/High Rental Rate Growth	Increasing Vacancy Rates Moderate/High New Construction Low/Negative Absorption Moderate/Low Employment Growth Med/Low Rental Rate Growth	Increasing Vacancy Rates Moderate/Low New Construction Low Absorption Low/Negative Employment Growth Low/Neg Rental Rate Growth	Decreasing Vacancy Rates Low New Construction Moderate Absorption Low/Moderate Employment Growth Neg/Low Rental Rate Growth

Demographic Factors

A demographic profile of the surrounding area, including population, households, and income data, is presented in the following table.

Surrounding Area Demographics

2024 Estimates	3-Mile Radius	5-Mile Radius	10-Mile Radius	Denton County, TX	Dallas-Fort Worth-Arlington, TX Metro
Population 2020	8,453	59,817	288,092	906,422	7,637,387
Population 2024	11,961	75,401	341,322	1,019,105	8,126,208
Population 2029	14,465	87,645	382,920	1,125,017	8,541,837
Compound % Change 2020-2024	9.1%	6.0%	4.3%	3.0%	1.6%
Compound % Change 2024-2029	3.9%	3.1%	2.3%	2.0%	1.0%
Households 2020	2,789	18,894	93,178	328,884	2,760,991
Households 2024	4,069	23,669	109,412	369,987	2,938,027
Households 2029	4,983	27,514	122,514	408,878	3,091,922
Compound % Change 2020-2024	9.9%	5.8%	4.1%	3.0%	1.6%
Compound % Change 2024-2029	4.1%	3.1%	2.3%	2.0%	1.0%
Median Household Income 2024	\$115,366	\$124,138	\$129,152	\$102,026	\$82,381
Average Household Size	2.9	3.2	3.1	2.7	2.7
College Graduate %	50%	52%	53%	48%	38%
Median Age	34	35	36	37	37
Owner Occupied %	90%	79%	77%	63%	59%
Renter Occupied %	10%	21%	23%	37%	41%
Median Owner Occupied Housing Value	\$419,391	\$413,101	\$475,174	\$427,811	\$351,083
Median Year Structure Built	2018	2015	2011	2002	1992
Average Travel Time to Work in Minutes	43	40	35	30	30

Source: Claritas

As shown above, the current population within a 5-mile radius of the subject is 75,401, and the average household size is 3.2. Population in the area has grown since the 2020 census, and this trend is projected to continue over the next five years. Compared to Denton County overall, the population within a 5-mile radius is projected to grow at a faster rate.

Median household income is \$124,138, which is higher than the household income for Denton County. Residents within a 5-mile radius have a higher level of educational attainment than those of Denton County, while median owner-occupied home values are lower.



Land Use

In the immediate vicinity of the subject, predominant land uses are a mixture of single-family residential and agricultural uses. Other land use characteristics are summarized as follows:

Immediate Surroundings	
North	Vacant Land
South	Vacant Land/Single-Family Residential
East	Single-Family Residential
West	Vacant Land



Development Activity and Trends

Following is a summary of recent development trends which affect the neighborhood area and include nearby developments near Aubrey as follows:

Lake Ray Roberts is an artificial 29,350-acre American reservoir located 10 miles north of Denton, Texas between the cities of Pilot Point, and Sanger, Texas. The reservoir supplies water to Cooke, Grayson, and Denton counties. Ray Roberts is also used for recreation and is home to the Ray Roberts Lake State Park.

Aubrey Independent School District is a public-school district based in Aubrey, Texas. In addition to Aubrey, the district also serves the city of Krugerville and a portion of Cross Roads and Providence Village. The district operates one high school, one middle school, two elementary schools, and an early bird learning center.

High Point Ranch is a proposed residential development on 460.75 acres located east of US-377, north of Spring Hill Road, and south of Blackjack Road in Aubrey, Texas. A total of 1,430 single-family lots are planned with 40', 50', 55', 60', 65', and 75' frontages.

Sandbrock Ranch is an 800-acre master-planned community in Aubrey, Texas. Home prices range from \$407,000 to \$751,000.

Duck Point – a proposed residential development planned with 448 single-family lots on 159.939 acres located on the west side of FM-1385, south of FM-428 in Aubrey and within the Aubrey ISD.

Aspen Meadows – a 310-lot residential development located on FM-2931 north of US-380 in the city of Aubrey and is within the Aubrey ISD. Home prices range from \$299,000 to \$466,000. Homebuilders include Gehan Homes, Impression Homes, and Lennar Homes.

Aubrey Creek Estates is a residential development located on the east side of US-377 north of Woodlands Drive in Aubrey and is within the Aubrey ISD. Home prices range from \$327,000 to \$495,000. Homebuilders include Impression Homes and Pacesetter Homes.

Silverado is a residential development located at the northwest corner of FM-2931 and is within the Aubrey ISD. Home prices range from \$311,000 to 453,000. D.R. Horton Homes is the exclusive homebuilder.

The Woodlands is a 134-lot residential development located at Spanish Oak Drive in Aubrey and is within the Aubrey ISD. Home prices range from \$429,000 to \$550,000. Homebuilders include Sumeer Homes and Terrata Homes.

Sutton Fields is a master-planned subdivision being developed by Centurion America Development Group and located on the east side of FM-1385, north of US-380. The planned development is one of a series of large residential community developments near the towns of Prosper and Celina. A total of 1,710 lots have been developed with an additional 549 lots planned. Home prices are ranging from \$260,000 to \$704,000.

Providence is a 500-acre master-planned residential development located at the northeast quadrant of FM-2931 and US-380 in Denton County which is developed with 2,760 single-family lots. The development features amenities typically found in a higher-end community, yet its homes sell for \$287,000 to \$481,000. Providence harkens back to the early 1900s, a pedestrian-friendly development with short-block streets and small setbacks. Homes are designed in a neo-traditional, Cape Cod style. Eight different models are available, with some featuring wrap-around porches. Amenities at Providence include an 8,200-square-foot, two-story clubhouse with 24-hour fitness facility, a water park with two water slides, three swimming pools, gardens, irrigated soccer and baseball fields, hike and bike trails, and three stocked lakes.

Savannah is a 575-acre, 2,466-lot Huffines development located at the northwest corner of FM-1385 and US-380 in Denton County and is within the Denton ISD. Approximately 18 acres have been developed as a school site and community center. The 20,000-square foot club house includes a spectacular ballroom with 45' soaring cathedral ceiling, two sitting areas, plasma TV, an elegant library with huge fireplace and a commercial kitchen set up for catering, cooking shows, and future summer burger café. The facility also includes a complete weight room with marble locker rooms with separate men's and women's saunas, a jetted gunite hot tub on the verandah overlooking pool. Outdoor recreation at the Club Savannah includes regulation baseball field, sand volleyball court, four lighted regulation tennis courts, full court covered basketball court/rollerblading, a party pavilion, irrigated landscaped soccer field, play structure, and numerous picnic areas. In addition, the project includes a recreation/swim center, Junior Olympic swimming pool with racing lanes for the Savannah Swim Team, a separate adult pool with water volleyball, 16' and 25' tall open-air inner tube slides, separate waterslide pool which cascades three feet to main pool, and a 15'-tall rock waterfall in surrounding lake. Other amenities include a huge rock grotto in pool, spray park beach entry kiddie pool with island, and separate covered sand beach. The park system includes a six-acre stocked lake surrounding Club Savannah, a one-acre stocked lake at the development's entry, motorized paddle boats, a six-foot-wide hike and bike trail system, extensive landscaping, greenbelts, and mature trees. Home prices range from \$450,000 to \$905,000.

Windsong Ranch (aka Three Stones/Mahard Ranch/Prosper Ranch) is a \$1.2 billion master-planned community located north of US-380 between FM-423 and Fields Road (future Teel Parkway) and approximately 2.5 miles west of the Dallas North Tollway in Prosper, Texas. The 2,030±-acre development has been developed to date with 2,390 lots with another 476 lots planned in future phases. The development features 50 acres of park land, hike/bike trails, and multiple lighted sports fields. The community also includes a three-building amenity complex which includes a community coffee shop, marketing center, outdoor gathering spaces, poolside pavilion with fireplace, a fitness center/exercise room, play areas, lap pool, and a resort-style pool (lagoon). Homebuilders include Highland Homes, American Legend Homes, Belclaire Homes, Britton Homes, Tradition Homes, Southgate Homes, Darling Homes, Drees Homes, Huntington Homes, MainVue Homes, and Shaddock Homes. Home prices are ranging from \$300,000 to \$1,250,000.

Pilot Point Square located between Main and Liberty Streets was the location of the famous bank robbery scene in the 1968 movie about Bonnie and Clyde.

Western Son Distillery located on Division Street in Pilot Point, is a vodka making distillery which offers tours and vodka tasting.

Green Meadows - Addison-based Tomlin Investments is developing a \$2 billion master-planned community on 1,408 acres with approximately 4,509 homes known as Green Meadows. A total of 396 lots have been developed to date. This development is located about 40 miles north of Dallas. The development offers a \$4.5 million amenity center, multiple resort-style pools, dog park, community garden, playgrounds, sand volleyball courts, grilling area, party center, and daycare center. Homes are ranging from \$273,000 to \$788,000 in the initial phases.

Collin County Outer Loop - In its current state, the Outer Loop runs 4.6 miles from US-75 in Anna to SH-121 just northeast of Melissa. This section was built at a cost of \$21 million. This section of road runs as a bi-directional two-lane road, which will eventually be the north frontage road. The Outer Loop is planned to run for approximately 50 miles from the future northern extension of the Dallas North Tollway in Celina to IH-30 near Royse City. The loop will be built in five segments (including Segment 1 which is already open).

Segment 1: U.S. 75 to S.H. 121 (Between Anna and Melissa)

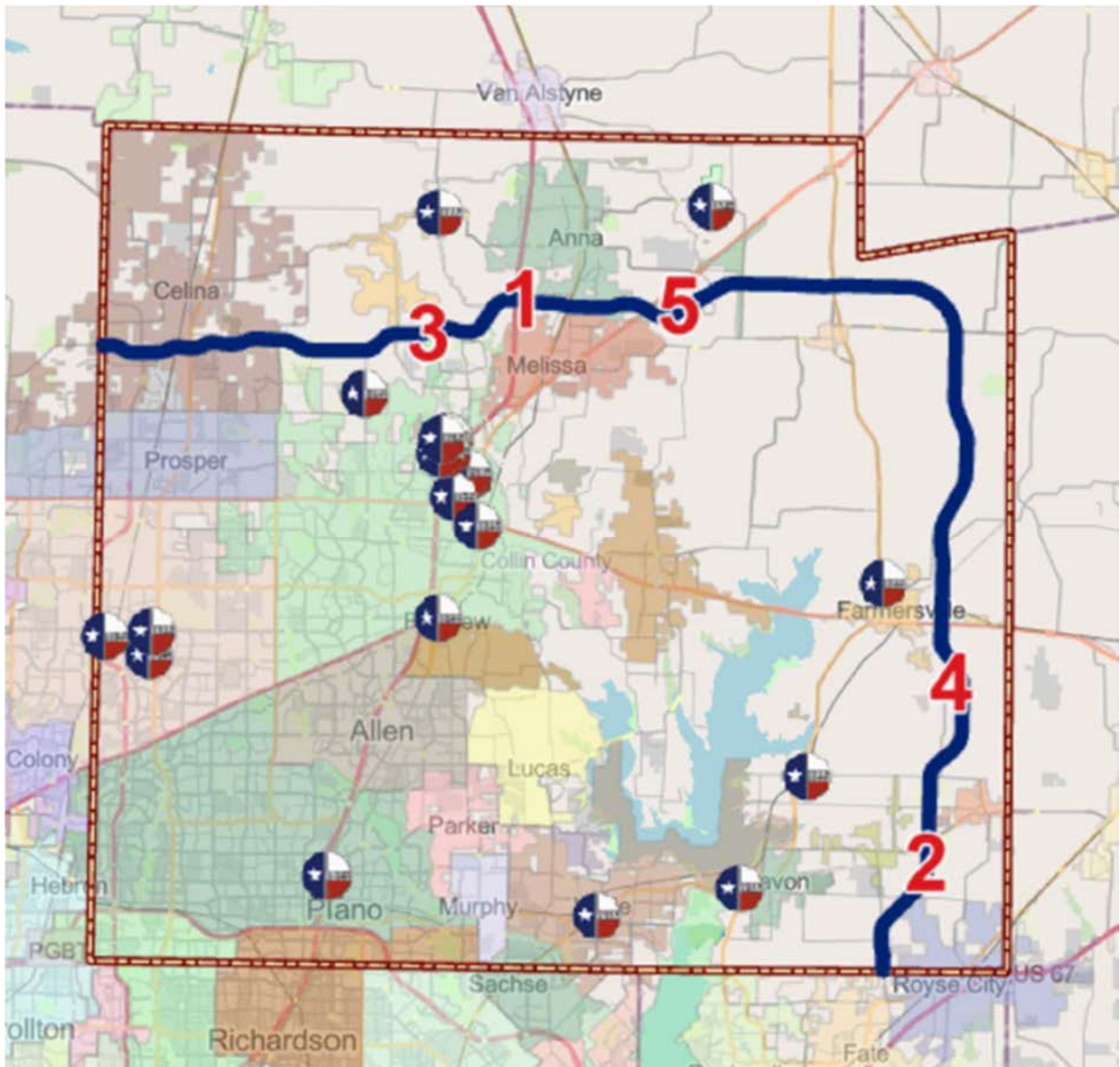
The County completed the two-lane roadway, which will function as the future westbound service road of the freeway, from US 75 to SH-121.

Segment 2: FM 6 (Between Nevada and Josephine) to Rockwall County line (E. of Royse City)

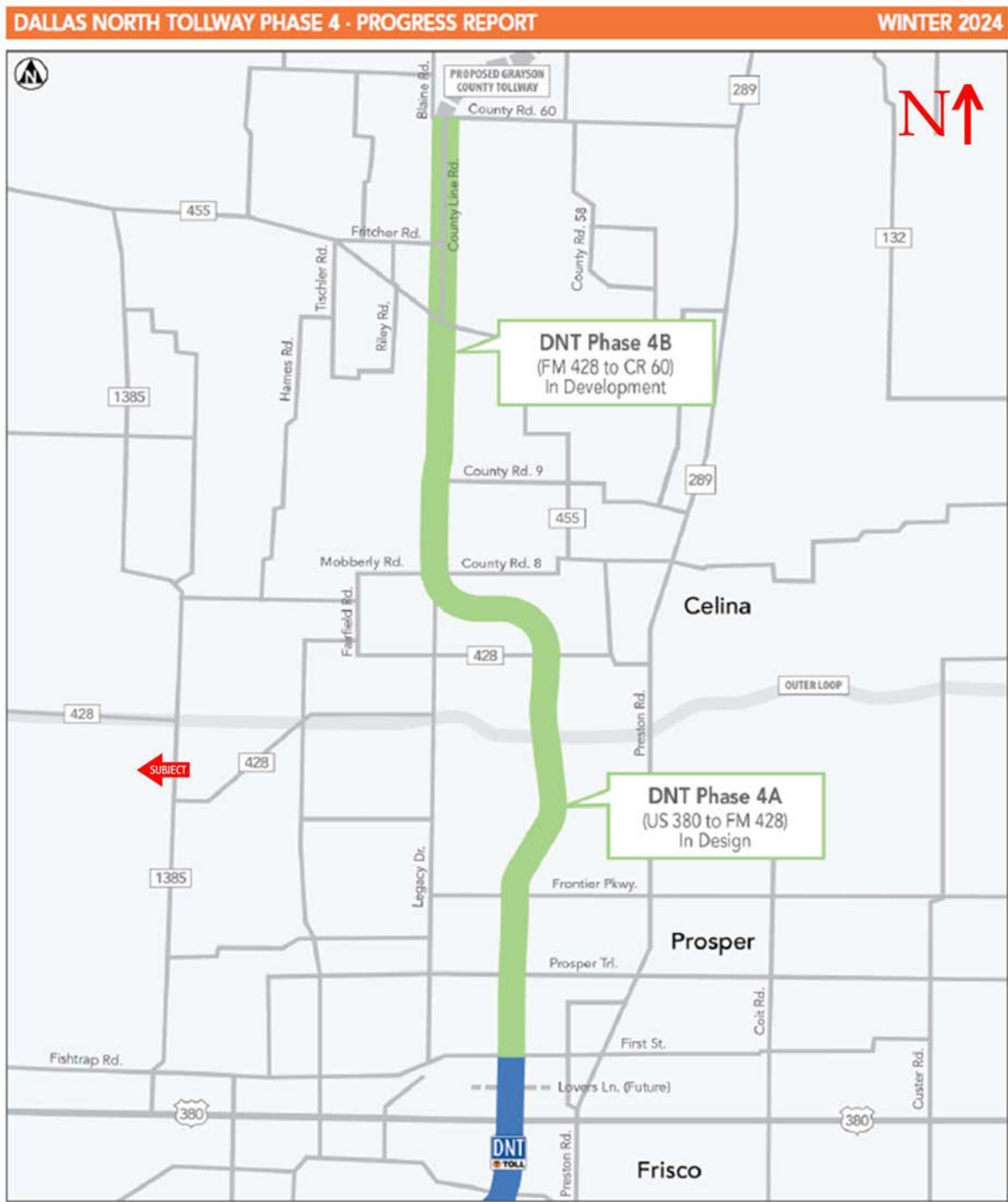
The technically preferred alignment was approved in 2009. Collin County is in the early process of moving forward on the development of the schematic.

Segment 3: Denton/Collin County Line (in Celina) to U.S. 75 (Between Anna and Melissa)

The county completed the two-lane roadway from Dallas Parkway to FM-2478 (Custer Road) Construction of a two-lane roadway from FM 2478 (Custer Road) to US 75 began February 2024.



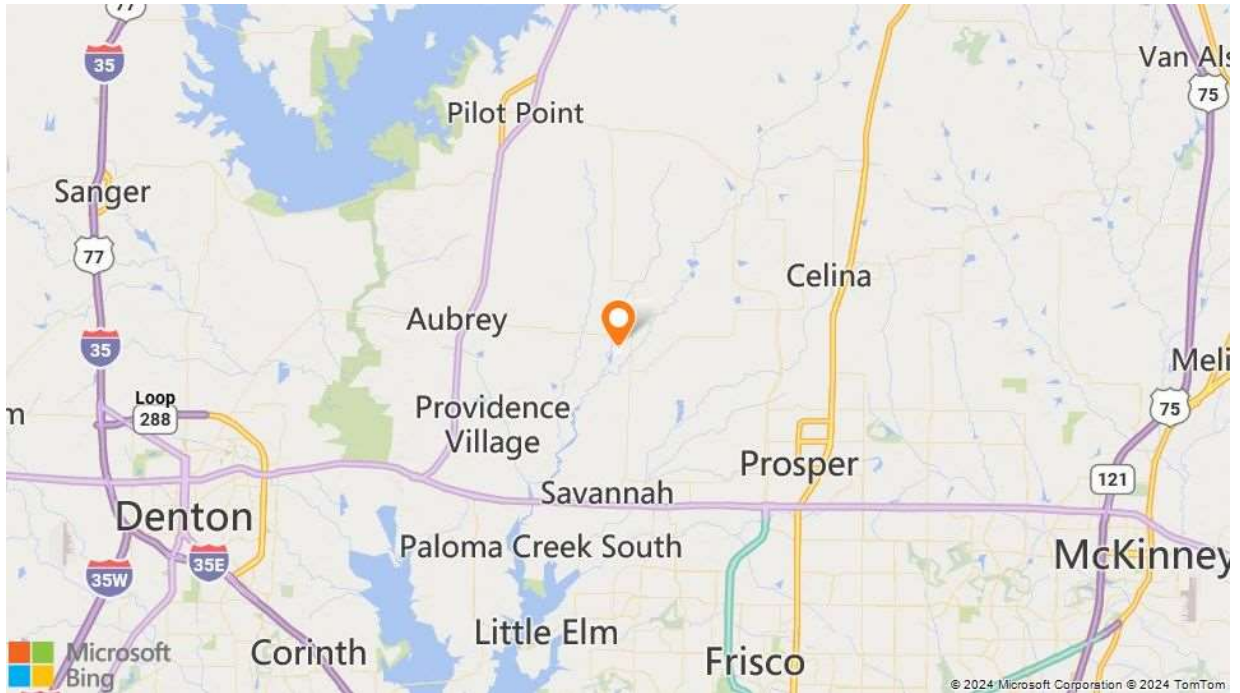
North Texas Tollway Authority (NTTA) opened a new bridge on the Dallas North Tollway (DNT) over US-380 in March 2023. The bridge extends the DNT into Prosper and is the first part of a Phase 4 project for Collin and Denton counties. The project will eventually extend DNT main lanes to the Grayson County line. The next phase, which will involve the construction of the main lanes north of the bridge has begun. The Phase 4A extension will extend the DNT by six (6) miles from US-380 to FM-428. The capital plan includes \$236.9 million for design and construction. The total project costs are estimated at \$350 million. The Phase 4B extension will then run an additional eight (8) miles from FM-428 to Grayson County.



Outlook and Conclusions

The area is in the growth stage of its life cycle. Given the history of the area and the growth trends, it is anticipated that property values will increase in the near future.

Surrounding Area Map

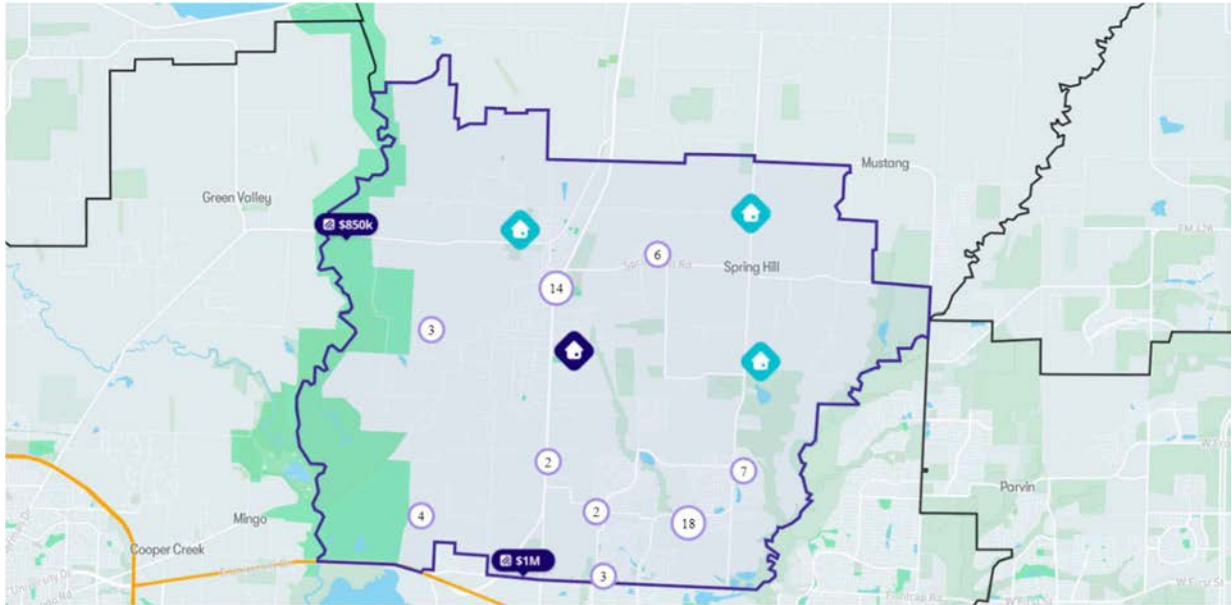


Residential Analysis

When analyzing the financially feasible and maximally productive use of the site, all of the uses that are both physically possible and legally permissible must be considered. For the subject, the primary potential use is considered to be single-family residential development. As mentioned, the subject is proposed to be developed with single-family lots. Thus, an important factor affecting development of the subject is the surrounding land usage. The neighborhood is predominantly vacant land that is being developed into single-family residential uses. The immediate area surrounding the subject is residential in nature.

During the past decade, the residential real estate market has seen many positive changes. With the steady increase in multifamily residential rental rates, coupled with the low interest rates and the large numbers pertaining to job growth, there has been a trend of individuals choosing to purchase homes rather than to rent apartments and multifamily housing. Furthermore, with the decline in the availability of vacant developable land, population growth has quickly expanded into the suburban areas of the Dallas/Fort Worth area. As such, the proposed absorption of single-family home lots in the subject's neighborhood will be analyzed using historical absorption data provided by Zonda, a nationally recognized information provider, as well as information obtained from area market participants and developers. It is important to note that our absorption data is based on historical trends. Inasmuch as we are forecasting an economy for this area that is at least equal to recent trends, using these historical trends is felt to be quite justifiable. The subject development is physically located within the city of Aubrey in Denton County and is within the Aubrey Independent School District. Therefore, data obtained from Zonda as of Third Quarter 2024 for the defined area of "Aubrey ISD", as shown in the following map, will be analyzed with a summary of the details following. (See Addenda for more details.)

Defined Submarket Map Area – Aubrey ISD



Historical Housing Activity Summary – Aubrey ISD

	4Q 2020	4Q 2021	4Q 2022	4Q 2023	1Q 2024	2Q 2024	3Q 2024	YOY Change
VacantDevelopedLots	759	808	1097	1369	1213	1204	1167	41.80%
QuarterlyStarts	334	270	284	298	255	390	282	-
Annual Closings	477	1011	1399	1124	1138	1313	1301	1225

	4Q 2020	1Q 2021	2Q 2021	3Q 2021	4Q 2021	1Q 2022	2Q 2022	3Q 2022	4Q 2022	1Q 2023	2Q 2023	3Q 2023	4Q 2023	1Q 2024	2Q 2024	3Q 2024	YOY Change	
LotStatus	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VacantDevelopedLots	759	625	573	505	808	947	808	1134	1097	1496	1094	823	1369	1213	1204	1167	41.80%	
QuarterlyStarts	334	281	188	208	270	506	485	138	284	80	402	358	298	255	390	282	-	
Annual Closings	477	737	952	988	1011	947	1172	1469	1399	1413	987	904	1124	1138	1313	1301	1225	

Defined Submarket Area

According to Zonda, the submarket area absorbed the following total homes/lots from 2020 to Third Quarter 2024:

Zonda Analysis	Historical Absorption	
	Annual	Past 3 QTR
Year 1 (2020)	477	
Year 2 (2021)	1,011	
Year 3 (2022)	1,399	
Year 4 (2023)	1,124	
Past 4 Qtrs	1,301	927
Historical Annual Average	1,062	1,040
Existing VDL	1,167	
Historical Absorption Average	1,040	
Past 12 Month	1,301	
Lot Supply (4.75± Year Historical)	1.1	Years Supply
Lot Supply (12 Months)	0.9	Years Supply

As can be seen, since 2020 (4.75 years), the annual average of homes/lots absorbed was 1,040 homes/lots. Utilizing the more recent 12-month absorption of homes/lots, the number of homes/lots absorbed significantly increases to 1,301 homes/lots in the submarket. According to Zonda, the existing supply of available housing is currently below ideal levels in the submarket. The number of vacant developed lots in the submarket has substantially increased from a low of 759 vacant developed lots in Fourth Quarter 2020 to its current level of 1,167 lots in Third Quarter 2024.

Based upon the Zonda absorption figures of the past 4.75 years, there is currently only a 1.1±-year (1,167 lots ÷ 1,040 lots = 1.1±-years) total supply of existing lots available in the submarket. This total supply is considered to be significantly below the optimum lot supply levels of 2.0 to 2.5 years per Zonda. Also, when utilizing the more current 12-month absorption of 1,301 home/lots, the total supply of existing lots available in the subject's defined submarket decreases further to only 0.9±-years (1,167 lots ÷ 1,301 lots/year = 0.9±-years), which is substantially below the low end of optimum lot supply levels in the submarket.

Thus, the total lot supply within the subject's submarket is estimated to be between 0.9±-years to 1.1± years. Currently, this total lot supply is considered to be well below the optimum supply levels. Also, taking into consideration that new developments require a typical nine to 12-month construction period, with increasing demand and dwindling lot supply, it appears that additional lot product in the submarket is feasible at the current time.

We will now narrow our residential analysis to the absorption history of specific competing subdivisions in the subject's market area with similar lot features and amenities relative to the subject to determine the projected absorption and feasibility of the subject's proposed lots as follows.

Subject Market Area

The similarities considered to be most important are lot size, home price range, and amenity features. The tables that follow detail the active subdivisions that are considered to compete with the subject's lots. All data is per Zonda as of Third Quarter 2024.

Competitive Supply – 50' Frontage Lots

The competitive supply presented recognizes residential developments which are located in the subject's immediate and surrounding vicinity. The lot sizes, home prices, and amenities in the subdivisions shown are generally similar relative to the subject's 50' frontage lots. Thus, the competing residential developments are considered to be the immediate competition for the subject's proposed lots and are believed to accurately reflect the potential absorption levels for the subject's lots at this time.

Competitive Supply		50' Frontage Lots			
Subdivisions	School District	Home Prices (000's)	Available Lots	Typical Lot Dimensions	Typical Lot SF
The Enclave at Pecan Creek Providence Village, Texas	Aubrey	\$311-\$400	94	50' x 100'	5,000
Keeneland Aubrey, Texas	Aubrey	\$334-\$488	75	50' x 120'	6,000
Silverado Aubrey, Texas	Aubrey	\$284-\$485	243	50' x 115'	5,750
Woodstone Providence Village, Texas	Aubrey	\$336-\$515	78	50' x 120' 55' x 115'	6,000 - 6,325
ArrowBrooke Aubrey, Texas	Denton	\$245-\$730	108	50' x 120'	6,000
Sutton Fields Aubrey, Texas	Prosper	\$255-\$736	460	50' x 115'/120'	5,750 - 6,000
Winn Ridge Aubrey, Texas	Denton	\$328-\$485	1	50' x 120'	6,000
Mobberly Farms Pilot Point, Texas	Pilot Point	\$285-\$450	301	50' x 110'	5,500
Edgewood Creek Celina, Texas	Prosper	\$445-\$721	46	50' x 115'	5,750
Total			1,406		
Subject: Duck Point PID	Aubrey ISD			50' x 115'	5,750
Source: Zonda as of Third Quarter 2024					

Having addressed the immediate competition, we will estimate the approximate absorption time frame for the subject by analyzing absorption trends of the previously shown developments.

Absorption Analysis – 50' Frontage Lots

The following table outlines the monthly absorption of the residential developments listed in the competitive supply. It should be noted that all data is as of Third Quarter 2024.

Monthly Absorption Performance		50' Frontage Lots			
Subdivisions	Available Lots	Building Starts	No. Months	Units/Month	Months Supply
The Enclave at Pecan Creek	94	279	12	23.3	4.0
Keeneland	75	30	6	5.0	15.0
Silverado	243	505	12	42.1	5.8
Woodstone	78	66	6	11.0	7.1
ArrowBrooke	108	80	12	6.7	16.2
Sutton Fields	460	248	12	20.7	22.3
Winn Ridge	1	134	12	11.2	0.1
Mobberly Farms	301	38	6	6.3	47.5
Edgewood Creek	46	136	12	11.3	4.1
Totals/Averages	1,406	1,516		137.5	10.2
Average Units/Month				15.3	
Subject: Duck Point PID					
Source: Zonda as of Third Quarter 2024					

Based upon the number of available lots and average absorption per month, the 1,406 lots remaining within these residential developments indicates only a 10.2±-month supply (0.9± years). This appears to be representative of a significant under-supply of lots within the subject's projected price/lot size range.



Overall, the competing residential developments indicate an absorption range of 5.0 units to 42.1 units per month, with an overall average of 15.3 units per month. To summarize, it is important to note the following facts:

- Eight of the nine residential developments presented are projected to be sold out within 22.3± months. Thus, it is reasonable that the subject, upon completion, may capture a portion of the demand that these projects currently enjoy.
- The subject’s competitive supply is significantly under-supplied with only a 10.2± month-supply of developed lots.
- At the effective date of this appraisal, 448 of the subject lots are under contract to two homebuilders. The lot contracts are summarized as follows:

Lot Contract Summary

Home Builder	Total Lots	Typical Lot		Base Lot Price*	Base Price/FF	Absorption/ Month	Total Absorption Period (Months ±)
		Dimensions	Total SF				
Brightland Homes, LTD	224	50' x 115'	5,750	\$95,000	\$1,900	8.1	27.5
D. R. Horton - Texas, LTD	224	50' x 115'	5,750	\$95,000	\$1,900	8.1	27.5
Totals	448					16.2	

All lots are contracted with an annual 8% escalation with a \$2,500/lot amenity fee and a \$500/lot marketing fee.

- The overall lot supply within the defined submarket (Aubrey ISD) is estimated to range from 1.0± to 1.1± years (13± to 11± months) which is below equilibrium lot supply levels of 2.0 – 2.5 years.

Absorption Projection – 50'

The preceding data supports a projected absorption for the subject’s lots with 50' frontages at 15.0 units per month (45.0 units per quarterly period) which is supported by the overall average of the competitive supply (15.3 upm). As such, our absorption projection is considered reasonable based upon the lot supply and demand levels within the subject’s submarket area for 50' frontage lots.

Overall Absorption Summary Projection

Our quarterly absorption projections are summarized as follows for the subject:

Projected Absorption Summary											Total Aborp. Period	
Lot Type	Oct-26	Jan-27	Apr-27	Jul-27	Oct-27	Jan-28	Apr-28	Jul-28	Oct-28	Jan-29	Total Lots	(Months±)
50' Lots	45	45	45	45	45	45	45	45	45	43	448	29.9

As shown, the overall absorption for the subject’s 448 lots is estimated to be 29.9± months.



Property Analysis

Land Description and Analysis

Location

The PID is located on the west side of FM-1385, south of FM-428 in Aubrey, Denton County, Texas and is within the Aubrey Independent School District. Although the site has a large amount of road frontage, it is noted that the site has only limited access due to the large amount of flood loss along the road frontage, as well as the location of an existing bridge. The concept plan provided indicates a proposed four-lane, divided entry road (Redfearn Road) at FM-1385 narrowing to a two-lane road along the northern boundary of the proposed development. This roadway will provide two access/exits to the development from the northern boundary.

Land Area

The following table summarizes the subject's land area.

Land Area Summary						
	SF	Usable SF	Unusable SF	Acres	Usable Acres	Unusable Acres
Subject	6,966,943	3,991,795	2,975,148	159.939	91.639	68.300

Source: Preliminary Plat & Concept Plan

Shape and Dimensions

The overall site is irregular in shape while the proposed lots are generally rectangular in shape. Site utility based upon shape and dimensions is considered to be average.

Topography

The overall site is gently sloping. The topography does not result in any particular development limitations.

Drainage

No particular drainage problems were observed or disclosed at the time of field inspection. This appraisal assumes that surface water collection, both on-site and in public streets adjacent to the subject, is adequate.

Environmental Hazards

A Phase I environmental report was prepared for the subject by Rone Engineering, dated July 2021. The assessment revealed no evidence of recognized environmental conditions in connection with the subject property.



Flood Hazard Status

The following table indicates applicable flood hazard information for the subject property, as determined by review of available flood maps obtained from the Federal Emergency Management Agency (FEMA).

Flood Hazard Status	
Community Panel Number	48121C0270G
Date	April 18, 2011
Zone	AE
Description	Within 100-year floodplain
Insurance Required?	Yes
Comments	It is noted a portion of the overall property is located within Flood Zone AE. This area will be devoted as open space (45.300 acres) with 23.000 acres to be dedicated to the City of Aubrey for a city park.

It is noted the existing creeks or drainage channels traversing along or across the subdivision will remain as open channels and will be maintained by the individual property owners of the lot or lots that are traversed by or adjacent to the drainage courses along or across the lots. Further, all finished floor elevations shall be a minimum of two feet above the 100-year flood elevation.

Ground Stability

A soils report was not provided for review. Based on the viewing of the subject and development on nearby sites, there are no apparent ground stability problems. However, soils analyses are beyond the scope of expertise of the assignment participants. It is assumed the subject's soil bearing capacity is sufficient to support a variety of uses, including those permitted by the development agreement with the City of Aubrey.

Streets, Access and Frontage

Details pertaining to street access and frontage are provided in the following table.

Streets, Access and Frontage	
Street	FM-1385
Frontage Feet (±)	1,827
Paving	Asphalt
Curbs	None
Sidewalks	None
Lanes	2 way, 1 lane each way
Direction of Traffic	North/South
Condition	Average
Traffic Levels	Low
Signals/Traffic Control	None
Access/Curb Cuts	Yes
Visibility	Average

Although the site has a large amount of road frontage, it is noted that the site has only limited access due to the large amount of flood loss along the road frontage, as well as the location of an existing bridge. The concept plan provided indicated a proposed four-lane, divided entry road (Redfearn Road) at FM-1385 narrowing to a two-lane road located along the northern boundary of the proposed development which will provide access to the proposed subdivision.

Utilities

Utilities available to the subject are summarized below.

Utilities	
Service	Provider
Water	Mustang Special Utility District
Sewer	Mustang Special Utility District

Zoning

The PID is currently zoned as Planned Development #862-24 pursuant to Ordinance No. 0-862-24 enacted on July 25, 2024. The following table summarizes the applicable development requirements affecting the subject.

Zoning Summary	
Zoning Jurisdiction	City of Aubrey, Texas
Zoning Designation	Planned Development #862-24
Legally Conforming?	Not Applicable
Zoning Change Likely?	No
Permitted Uses	Single-family residential use
Category	Zoning Requirement
Minimum Lot Area	5,500 SF
Minimum Lot Width (Feet)	50'
Minimum Lot Depth (Feet)	110'
Minimum Setbacks (Feet)	Side: 5'; Rear: 15'; Front: 20'
Maximum Building Height	45'
Maximum Site Coverage	53%
Maximum Lots	450
Other	A minimum of 23 acres will be dedicated to the City to be utilized as a city park.

According to the local planning department, there are no pending or prospective zoning changes.

Interpretation of zoning ordinances is beyond the scope of expertise of the assignment participants. An appropriately qualified land use attorney should be engaged if a determination of compliance is required.



Other Land Use Regulations

There are no other known land use regulations that would affect the property.

Easements, Encroachments and Restrictions

Based upon a review of the property survey and preliminary plat, there are no apparent easements, encroachments, or restrictions that would adversely affect value. This valuation assumes no adverse impacts from easements, encroachments, or restrictions, and further assumes that the subject has clear and marketable title.

Conclusion of Site Analysis

Overall, the physical characteristics and the availability of utilities result in a functional site, suitable for a variety of uses including those permitted by the development agreement. Uses permitted by the development agreement include single-family residential use according to the approved Duck Point concept plan with public improvement district rights. No other restrictions on development are apparent.



General Description - Duck Point Public Improvement District

The PID is comprised of a total of 159.939 gross acres (based on the preliminary plat) located in Aubrey, Denton County, Texas. Utilizing FEMA flood maps and the concept plan for the PID, the site has approximately 68.300 acres located within a flood zone/floodway. It is our understanding a total of 23.000 acres will be donated to the City for a city park and the remaining 45.300 acres will be devoted as open space in the development. The PID is planned to be developed with 448 single-family lots on 91.639 net acres (4.9 upa) with a typical lot dimension of 50' x 115' (5,750 square feet) and are designed for front access.

The PID is currently zoned as Planned Development #862-24 pursuant to Ordinance No. 0-862-24 enacted on July 25, 2024, permitting single-family residential use. Access to site utilities is provided from the neighboring Mustang Special Utility District. Substantial completion of the 448 proposed lots is expected by October 1, 2026.

Improvements will also include an amenity center, two sport fields, play area, shade structures, concrete streets with curbs and gutters, streetlights, landscaping, and an entry feature.





Subject



Subject



Subject



FM-1385



FM-1385



Subject



Subject



Subject

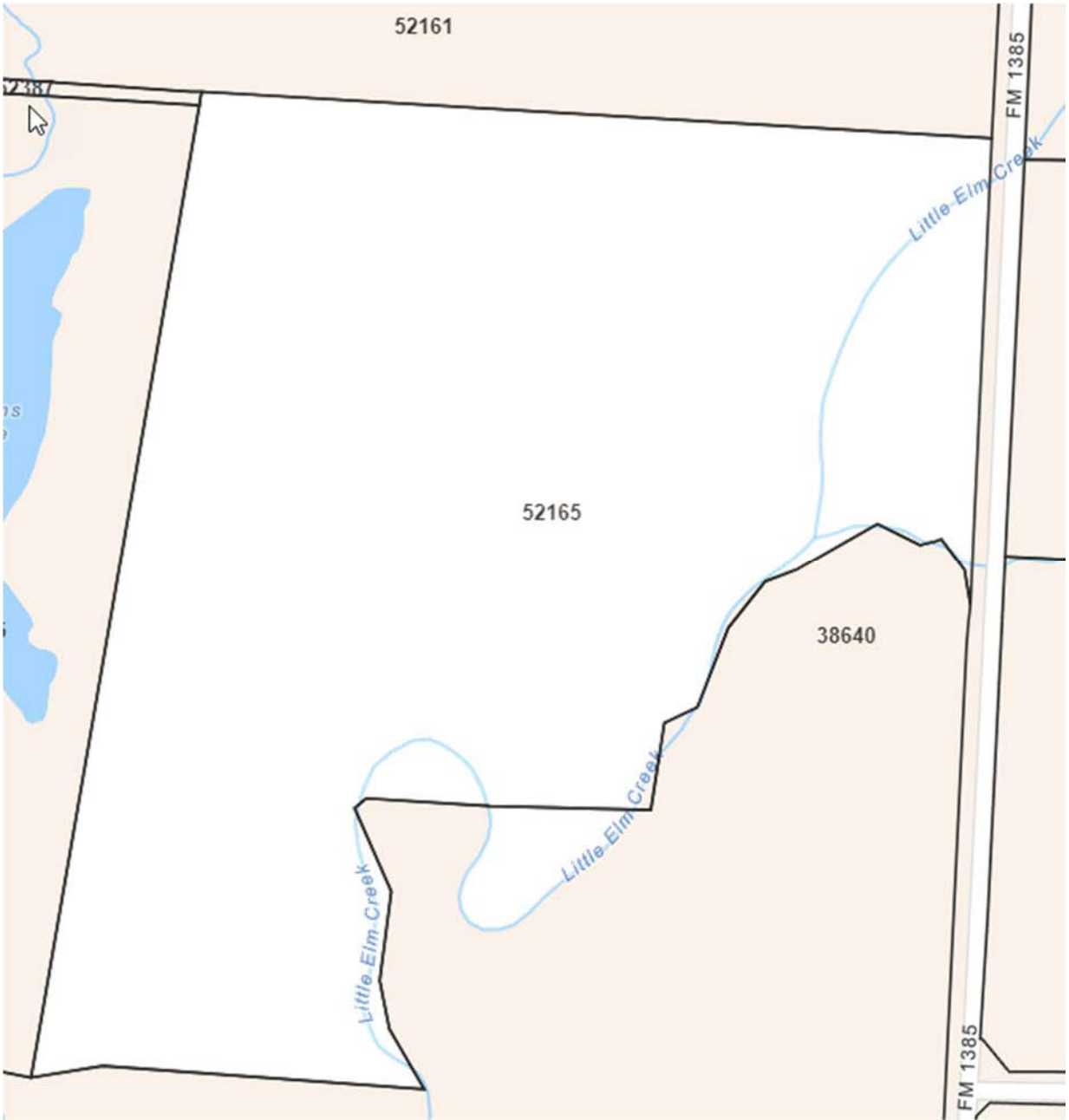
Aerial Photograph



Open Space/City Park Exhibit



Tax Plat Map



Preliminary Plat, Duck Point

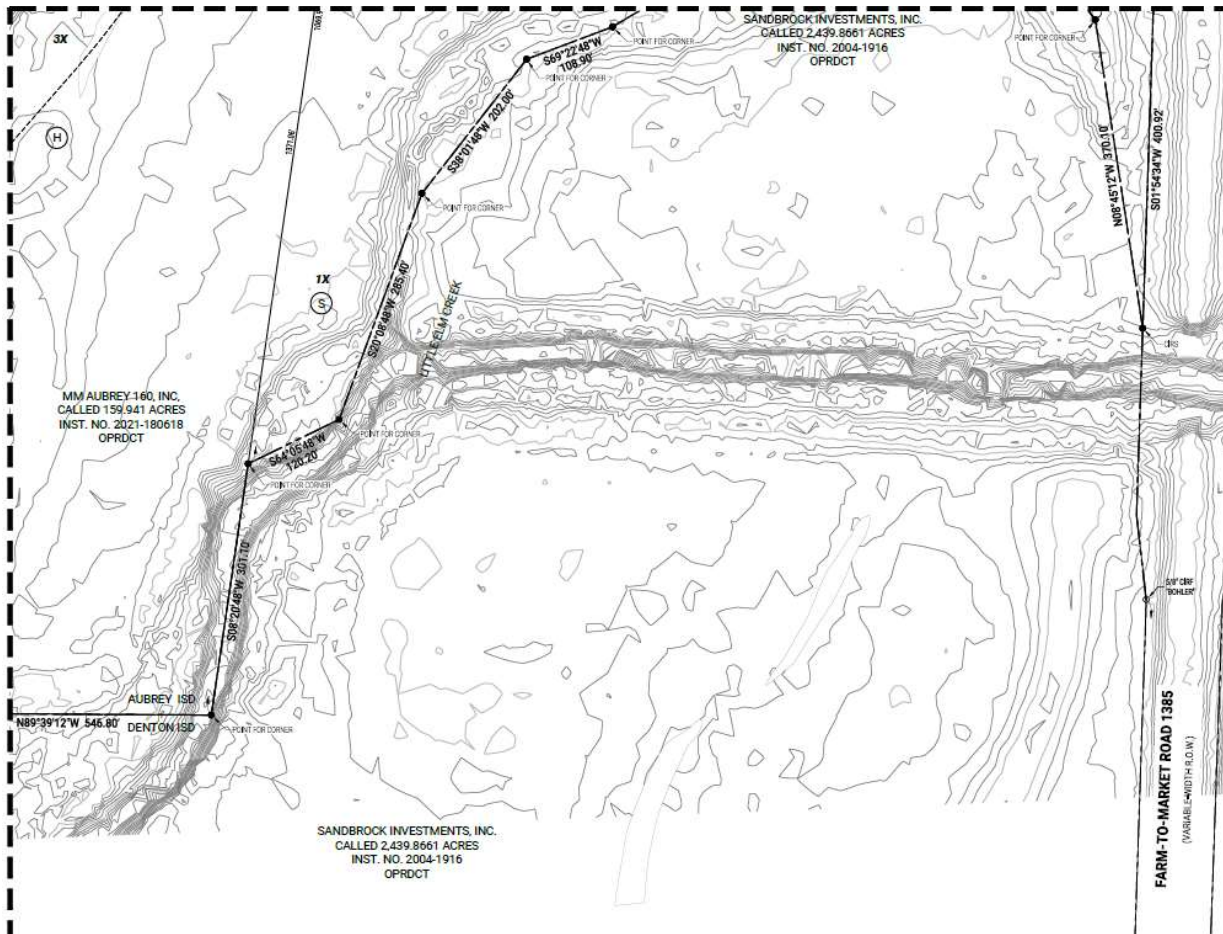






JSTI PARTNERS, LLC.
 ALLED 80.612 ACRES
 ST. NO. 2021-18038
 OPRDCT





PRELIMINARY PLAT
DUCK POINT

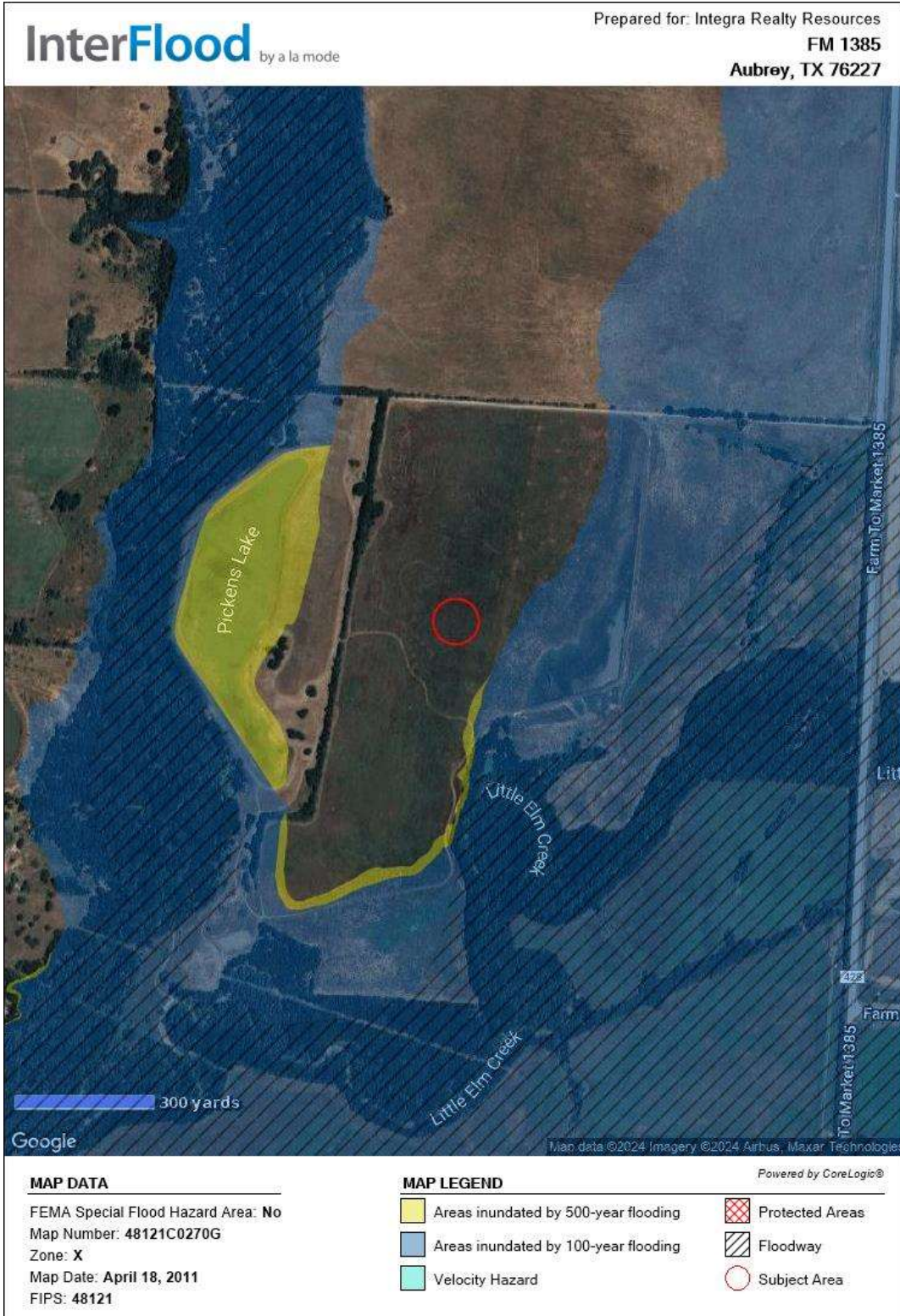
159.939 ACRES
 448 RESIDENTIAL LOTS
 8 NON-RESIDENTIAL LOTS

- LOTS 1X, & 1-20, BLOCK A; LOTS 1X, & 1-15, BLOCK B;
- LOTS 1-20, BLOCK C; LOTS 1-20, BLOCK D; LOTS 1-22,
- BLOCK E; LOTS 1-24, BLOCK F; LOTS 1-18, BLOCK G;
- LOTS 1X, 2X, 3X & 1-35, BLOCK H; LOTS 1-45, BLOCK I;
- LOTS 1-20, BLOCK J; LOTS 1X & 1-15, BLOCK K;
- LOTS 1-35, BLOCK L; LOTS 1-29, BLOCK M;
- LOTS 1-23, BLOCK N; LOTS 1-22, BLOCK O;
- LOTS 1-22, BLOCK P; LOTS 1-22, BLOCK Q;
- LOTS 1X, 2X & 1-37, BLOCK R; LOTS 1X & 1-8, BLOCK S;

SITUATED IN THE
 FREDRICK H. POLLARD SURVEY,
 ABSTRACT NO. 995
 CITY OF AUBREY ETJ,
 DENTON COUNTY, TEXAS



Flood Hazard Map





MAP DATA

FEMA Special Flood Hazard Area: Yes
 Map Number: 48121C0270G
 Zone: AE
 Map Date: April 18, 2011
 FIPS: 48121

MAP LEGEND

- Areas inundated by 500-year flooding
- Areas inundated by 100-year flooding
- Velocity Hazard
- Protected Areas
- Floodway
- Subject Area

Powered by CoreLogic®



Allocation of Authorized Improvements

The Authorized Improvements benefit the entire PID. The costs of the Authorized Improvements are allocated proportionally throughout the entire PID, excluding Non-Benefited Property, in a manner that anticipates planned development of the PID based on the anticipated number of units.

The Authorized Improvements descriptions are presented below as provided by the project engineer. The Budgeted Costs are shown in Table III-A, and may be revised in Annual Service Plan Updates, including such other improvements deemed necessary to further improve the properties within the PID.

A description of the Authorized Improvements are as follows:

Roadway Improvements

The street improvement within the PID include the construction of road and thoroughfare improvements, including related paving, drainage, bridges, curbs, gutters, sidewalks, retaining walls, signage, and traffic control devices, which benefit the PID. All Roadway improvements will be designed and constructed in accordance with City standard and specifications and will be owned and operated by the City.

Water Improvements

The water improvements within the PID consists of construction and installation of a looped water main network, waterlines, mains, pipes, valves and appurtenances, necessary for the portion of the water distribution system that will service the PID. The water improvements will be designed and constructed in accordance with Mustang SUD standards and specifications and will be owned and operated by the Mustang SUD.

Sanitary Sewer Improvements

The sanitary sewer improvements within the PID consists of construction and installation of pipes, service lines, manholes, encasements, and appurtenances necessary to provide sanitary sewer service within the PID. The sanitary sewer improvements will be designed and constructed in accordance with Mustang SUD standards and specifications and will be owned and operated by the Mustang SUD.

Storm Drainage Improvements

The storm drainage improvements within the PID consist of reinforced concrete pipes, reinforced concrete boxes, multi-reinforced box culverts, and floodplain excavation which benefit the PID. The storm drainage improvements will be designed and constructed in accordance with City standards and specifications and will be owned and operated by the City.

Landscaping

The landscaping improvements within the PID consist of certain public landscaping and amenities for the benefit of the PID. All landscaping and amenities will be designed and constructed according to City standards.

Other Soft and Miscellaneous Costs

The other soft and miscellaneous costs within the PID consists of engineering and surveying, project management fees, City inspection fees, contingency, district formation costs, and other soft and miscellaneous costs.

Table III-A
Budgeted Costs- PID

Authorized Improvements	Total Costs
Roadway Improvements	\$8,946,509
Water Improvements	\$3,066,829
Sanitary Sewer Improvements	\$3,002,715
Storm Drainage Improvements	\$2,240,000
Landscaping	\$59,000
Other Soft and Miscellaneous Cost ¹	\$5,110,730
Total	\$22,425,783

Note: Costs provided by Barraza Consulting Group, LLC. The figures shown in Table III-A may be revised in Annual Service Plan Updates and may be reallocated between line items so long as the total Assessment relating to the Authorized Improvements does not increase.

¹Includes \$1,300,000 in District Formation Costs incurred by the Developer.

Real Estate Taxes

Real estate tax assessments are administered by the Denton Central Appraisal District and are estimated by jurisdiction on a county basis for the subject. Real estate taxes in this state and this jurisdiction represent ad valorem taxes, meaning a tax applied in proportion to value. The tax rates are certified in October. Real estate taxes and assessments for the current tax year are shown in the following table.

Taxes and Assessments - 2024							
Tax ID	Assessed Value			Taxes and Assessments			
	Land	Improvements	Total	Tax Rate	Ad Valorem Taxes	Agriculture Assessment	Total
52165	\$5,000,000	\$0	\$5,000,000	1.446985%	\$72,349	\$13,438	\$194

The assessed value as vacant land is irrelevant to our prospective valuation upon completion. Furthermore, the estimated taxes for the subject’s 448 proposed lots within the PID will be based upon our market value opinions within the discounted cash flow statements within this report.

It is also important to note that all of the subject’s undeveloped land is presently taxed under an agricultural exemption which serves to limit the taxable value of the site. As such, under development, the developer of the site may be liable for three years of back real estate taxes, plus interest annually. This is considered typical of properties located in growth corridors such as the subject. The impact of roll-back taxes due to the termination of the agricultural exemption is not reflected herein.

Texas is a non-disclosure State with a mandate to assess property at 100% of market value. Some Texas County Assessors are more successful at achieving the mandate than others. In Texas Counties with little or no transaction activity, values can lag the market. However, there is no limit on increases in the event of a re-assessment.

Property owners in Texas may protest ad valorem assessments using the one of two tests, 1) Market Value or 2) "Equal Appraisal". Market Value is self-explanatory. "Equal Appraisal" means there is a burden on the District's Assessor to ensure mass appraisal methods produce consistent results from property to property. To measure equality, the Appraisal Review Board will consider the assessed values of competing properties in the District. The process involves generation of "ratio study" in which, after appropriate adjustments, the "median value" is the conclusion of "Equal Appraisal".



Highest and Best Use

The highest and best use of a property is the reasonably probable use resulting in the highest value and represents the use of an asset that maximizes its productivity.

Process

Before a property can be valued, an opinion of highest and best use must be developed for the subject site, both as though vacant, and as improved or proposed. By definition, the highest and best use must be:

- Physically possible.
- Legally permissible under the zoning regulations and other restrictions that apply to the site.
- Financially feasible.
- Maximally productive, i.e., capable of producing the highest value from among the permissible, possible, and financially feasible uses.

As Though Vacant

First, the property is evaluated as though vacant, with no improvements.

Physically Possible

The physical characteristics of the site do not appear to impose any unusual restrictions on development. Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses.

Legally Permissible

The PID is currently zoned as Planned Development #862-24 pursuant to Ordinance No. 0-862-24 enacted on July 25, 2024, which permits single-family residential use. There are no apparent legal restrictions, such as easements or deed restrictions, effectively limiting the use of the property. Given prevailing land use patterns in the area, only single-family residential use is given further consideration in determining highest and best use of the site.

Financially Feasible

Based on the accompanying analysis of the market, there is currently adequate demand for single-family residential use in the subject's area. It appears a newly developed single-family residential use on the site would have a value commensurate with its cost. Therefore, single-family residential use is considered to be financially feasible.

Maximally Productive

There does not appear to be any reasonably probable use of the site that would generate a higher residual land value than single-family residential use. Accordingly, single-family residential use, developed to the normal market density level permitted by zoning, is the maximally productive use of the property.

Conclusion

Development of the site for single-family residential use is the only use which meets the four tests of highest and best use. Therefore, it is concluded to be the highest and best use of the property.

Most Probable Buyer

Taking into account the characteristics of the site, as well as area development trends, the probable buyer is a developer / homebuilder.

Valuation

Valuation Methodology

Appraisers usually consider three approaches to estimating the market value of real property. These are the cost approach, sales comparison approach and the income capitalization approach.

The **cost approach** assumes that the informed purchaser would pay no more than the cost of producing a substitute property with the same utility. This approach is particularly applicable when the improvements being appraised are relatively new and represent the highest and best use of the land or when the property has unique or specialized improvements for which there is little or no sales data from comparable properties.

The **sales comparison approach** assumes that an informed purchaser would pay no more for a property than the cost of acquiring another existing property with the same utility. This approach is especially appropriate when an active market provides sufficient reliable data. The sales comparison approach is less reliable in an inactive market or when estimating the value of properties for which no directly comparable sales data is available. The sales comparison approach is often relied upon for owner-user properties.

The **income capitalization approach** reflects the market's perception of a relationship between a property's potential income and its market value. This approach converts the anticipated net income from ownership of a property into a value indication through capitalization. The primary methods are direct capitalization and discounted cash flow analysis, with one or both methods applied, as appropriate. This approach is widely used in appraising income-producing properties.

Reconciliation of the various indications into a conclusion of value is based on an evaluation of the quantity and quality of available data in each approach and the applicability of each approach to the property type.

The methodology employed in this assignment is summarized as follows:

Approaches to Value		
Approach	Applicability to Subject	Use in Assignment
Cost Approach	Not Applicable	Not Utilized
Sales Comparison Approach	Applicable	Utilized
Income Capitalization Approach - (Subdivision Development Analysis)	Applicable	Utilized

Sales Comparison Approach

To develop an opinion of the subject's lot values, as if vacant and available to be developed to its highest and best use, we utilize the sales comparison approach. This approach develops an indication of value by researching, verifying, and analyzing sales of similar properties.

Developed Lots (50' x 115'; 5,750 SF)

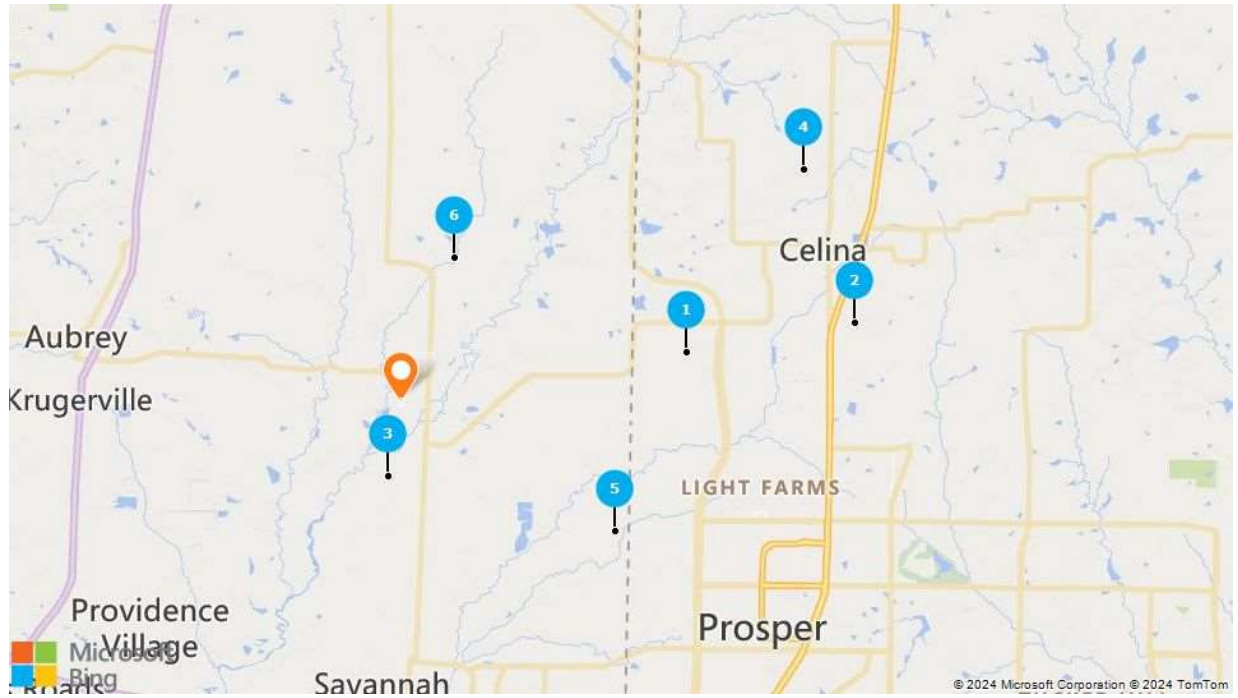
To apply the sales comparison approach to the 50' frontage lots, the research focused on transactions within the following parameters:

- Location: General Market Area
- Size: 45' – 50' Frontage Lots
- Use: Residential
- Transaction Date: May 2023+

For this analysis, price per front footage is used as the appropriate unit of comparison because market participants typically compare sale prices and property values on this basis. The most relevant sales are summarized in the following table:

Summary of Comparable Land Sales								
No.	Name/Address	Sale Date; Status	Effective Sale Price	SF; Acres	Front Footage	Zoning	\$/Front Footage	\$/SF Land
1	Cambridge Crossing, Phase 3 - 50' Lots North side of Punk Carter Parkway, west of Huddleston Drive Celina Collin County TX Comments: Lots in this development are located in the Celina ISD.	Feb-24 Closed	\$100,000	6,000 0.14	50	Planned Development	\$2,000	\$16.67
2	Hillside Village, Phase 1A - 50' Lots Northwest quadrant of Glendenning Parkway and CR-89 Celina Collin County TX Comments: This subdivision is located within the Hillside Village Public Improvement District and is in the Celina ISD.	May-24 Closed	\$97,250	6,000 0.14	50	Development Agreement	\$1,945	\$16.21
3	Sandbrock Ranch, Phase 9 - 50' Lots Northeast side of Crepe Myrtle Street at Harkness Drive Aubrey Denton County TX Comments: Lots in this development are located in the Denton ISD. Premium lot contracts range in base lot prices from \$87,000/lot to \$92,500/lot (\$1,740/FF to \$1,850/FF).	May-23 Closed	\$86,400	6,000 0.14	50	Development Agreement	\$1,728	\$14.40
4	The Cottages, Phase 1 - 45' Lots 1624 Pintail Place Celina Collin County TX Comments: Lots in this development are located in the Celina ISD. Home prices are ranging from \$442K - \$530K for 45' frontage lots. Phase 1 was also developed with 107 lots with 35' frontages.	Feb-24 Closed	\$87,450	4,500 0.10	45	PD-80	\$1,943	\$19.43
5	Mosaic - 50' Lots Southwest corner of Frontier Parkway and Legacy Drive Celina Denton County TX Comments: Lots in this development are located within the Prosper ISD.	Sep-23 Closed	\$115,000	6,000 0.14	50	PD	\$2,300	\$19.17
6	Bryson Ranch - 50' Lots Northeast corner of FM-1385 and Moberly Road Pilot Point ETJ Denton County TX Comments: Lots in this master-planned development are located in the Pilot Point ISD.	Sep-25 In-Contract	\$90,000	6,000 0.14	50	Development Agreement	\$1,800	\$15.00
	Subject Duck Point Public Improvement District Aubrey, TX			5,750 0.13	50	Planned Development #862-24		

Comparable Lot Sales Map





Sale 1
Cambridge Crossing, Phase 3 - 50' Lots

Sale 2
Hillside Village, Phase 1A - 50' Lots



Sale 3
Sandbrock Ranch, Phase 9 - 50' Lots

Sale 4
The Cottages, Phase 1 - 45' Lots



Sale 5
Mosaic - 50' Lots

Sale 6
Bryson Ranch - 50' Lots

Analysis and Adjustment of Sales

Adjustments are based on a rating of each comparable sale in relation to the subject. The adjustment process is typically applied through either quantitative or qualitative analysis, or a combination of both analyses. Quantitative adjustments are often developed as dollar or percentage amounts and are most credible when there is sufficient data to perform a paired sales analysis.

While percentage adjustments are presented in the adjustment grid, they are based on qualitative judgment rather than empirical research, as there is not sufficient data to develop a sound quantitative estimate. Although the adjustments appear to be mathematically precise, they are merely intended to illustrate an opinion of typical market activity and perception. With the exception of market conditions, the adjustments are based on a scale, with a minor adjustment in the range of 1-5% and a substantial adjustment considered to be 20% or greater.

The rating of each comparable sale in relation to the subject is the basis for the adjustments. If the comparable is superior to the subject, its sale price is adjusted downward to reflect the subject's relative attributes; if the comparable is inferior, its price is adjusted upward.

Transactional adjustments are applied for property rights conveyed, financing, conditions of sale, expenditures made immediately after purchase, and market conditions. In addition, property adjustments include – but are not limited to – location, access/exposure, size, quality, effective age, economic and legal characteristics, and non-realty components of value. Adjustments are considered for the following factors, in the sequence shown below.

Transactional Adjustments

Real Property Rights Conveyed

The opinion of value in this report is based on a fee simple estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat, as well as non-detrimental easements, community facility districts, and conditions, covenants and restrictions (CC&Rs). All the comparables represent fee simple estate transactions. Therefore, adjustments for property rights are not necessary.

Financing Terms

In analyzing the comparables, it is necessary to adjust for financing terms that differ from market terms. Typically, if the buyer retained third-party financing (other than the seller) for the purpose of purchasing the property, a cash price is presumed and no adjustment is required. However, in instances where the seller provides financing as a debt instrument, a premium may have been paid by the buyer for below-market financing terms, or a discount may have been demanded by the buyer if the financing terms were above market. The premium or discounted price must then be adjusted to a cash equivalent basis. The comparable sales represented cash-to-seller transactions and, therefore, do not require adjustment.

Conditions of Sale

Adverse conditions of sale can account for a significant discrepancy from the sale price actually paid, compared to that of the market. This discrepancy in price is generally attributed to the motivations of the buyer and the seller. Certain conditions of sale are considered non-market and may include the following:

- a seller acting under duress (e.g., eminent domain, foreclosure);
- buyer motivation (e.g., premium paid for assemblage, certain 1031 exchanges);
- a lack of exposure to the open market;
- an unusual tax consideration;
- a sale at legal auction.

None of the comparable sales had atypical or unusual conditions of sale. Thus, adjustments are not necessary.

Expenditures Made Immediately After Purchase

This category considers expenditures incurred immediately after the purchase of a property. There were no issues of deferred maintenance reported for any of the properties. No adjustments are required for expenditures after sale.

Market Conditions

A market conditions adjustment is applied when market conditions at the time of sale differ from market conditions as of the effective date of value. Adjustments can be positive when prices are rising, or negative when markets are challenged by factors such as a deterioration of the economy or adverse changes in supply and/or demand in the market area. Consideration must also be given to when the property was placed under contract, versus when the sale actually closed.

In evaluating market conditions, changes between the comparable sale date and the effective date of this appraisal may warrant adjustment; however, if market conditions have not changed, then no adjustment is required.

In addition to transaction data, which is slowly materializing, we have interviewed market participants (developers, investors, lenders, brokers) as a leading indicator of where the market is currently, and where they believe the market is heading. These survey results have been analyzed and incorporated into our analysis and conclusions.

It is noted that most all lot contracts still contain interest carry clauses providing for increased sale prices through the take down period. The most current take down contracts found in the market area still include from 6-8% interest carry with some contracts reportedly renegotiated to include up to 9.0% carry in exchange for extended absorption periods. As such, we have included a market conditions adjustment of 8% through the date of valuation. The sales took place from May 2023 to September 2025. Thus, the adjustment grid accounts for this trend with upward adjustments through the date of valuation.

Property Adjustments

Location

Factors considered in evaluating location include, but are not limited to, demographics, growth rates, surrounding uses and property values.

Sales 1, 2, 3 and 4 are similar to the subject. No adjustments are necessary. Sale 5 is adjusted downward for superior location. Sale 6 is adjusted upward for inferior location.

Access/Exposure

Convenience to transportation facilities, ease of site access, and overall visibility of a property can have a direct impact on property value. High visibility, however, may not translate into higher value if it is not accompanied by good access. In general, high visibility and convenient access, including proximity to major linkages, are considered positive amenities when compared to properties with inferior attributes.

All of the comparables are similar to the subject. No adjustments are necessary.

Size

Due to economies of scale, the market exhibits an inverse relationship between land area and price per square foot, such that larger sites generally sell for a lower price per square foot than smaller lots, all else being equal. To account for this relationship, applicable adjustments are applied for differences in land area. The comparables that are larger than the subject are adjusted upward, and vice versa.

Sales 1, 2, 3, 5 and 6 are similar to the subject and require no adjustment. Sale 4 is smaller than the subject, and a downward adjustment is applied.

Shape and Topography

This category accounts for the shape of the site influencing its overall utility and/or development potential, as well as the grade of the land.

All of the comparables are similar to the subject. No adjustments are necessary.

Zoning

This element of comparison accounts for government regulations that can affect the types and intensities of uses allowable on a site. Moreover, this category includes considerations such as allowable density or floor area ratio, structure height, setbacks, parking requirements, landscaping, and other development standards. The subject has a zoning designation of Planned Development #862-24.

All of the comparables are similar to the subject. No adjustments are necessary.

Adjustments Summary

The sales are compared to the subject and adjusted to account for material differences that affect value. The following table summarizes the adjustments applied to each sale.

Land Sales Adjustment Grid

	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5	Comparable 6
Name	Duck Point Public Improvement District	Cambridge Crossing, Phase 3 - 50' Lots	Hillside Village, Phase 1A - 50' Lots	Sandbrock Ranch, Phase 9 - 50' Lots	The Cottages, Phase 1 - 45' Lots	Mosaic - 50' Lots	Bryson Ranch - 50' Lots
Address	West side of FM-1385, northwest of FM-428	North side of Punk Carter Parkway, west of Huddleston Drive	Northwest quadrant of Glendenning Parkway and CR-89	Northeast side of Crepe Myrtle Street at Harkness Drive	1624 Pintail Place	Southwest corner of Frontier Parkway and Legacy Drive	Northeast corner of FM-1385 and Moberly Road
City	Aubrey	Celina	Celina	Aubrey	Celina	Celina	Pilot Point ETJ
County	Denton	Collin	Collin	Denton	Collin	Denton	Denton
State	Texas	TX	TX	TX	TX	TX	TX
Sale Date		Feb-24	May-24	May-23	Feb-24	Sep-23	Sep-25
Sale Status		Closed	Closed	Closed	Closed	Closed	In-Contract
Sale Price		\$100,000	\$97,250	\$86,400	\$87,450	\$115,000	\$90,000
Effective Sale Price		\$100,000	\$97,250	\$86,400	\$87,450	\$115,000	\$90,000
Square Feet	5,750	6,000	6,000	6,000	4,500	6,000	6,000
Price per Front Footage		\$2,000	\$1,945	\$1,728	\$1,943	\$2,300	\$1,800
Transactional Adjustments							
Property Rights		Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
% Adjustment		-	-	-	-	-	-
Financing Terms		Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller
% Adjustment		-	-	-	-	-	-
Conditions of Sale		-	-	-	-	-	-
% Adjustment		-	-	-	-	-	-
Expenditures Made Immediately After Purchase		-	-	-	-	-	-
\$ Adjustment		-	-	-	-	-	-
Market Conditions	10/1/2026	Feb-24	May-24	May-23	Feb-24	Sep-23	Sep-25
Annual % Adjustment	8%	21%	19%	27%	21%	24%	8%
Cumulative Adjusted Price		\$2,420	\$2,315	\$2,195	\$2,351	\$2,852	\$1,944
Property Adjustments							
Location		-	-	-	-	-15%	15%
Access/Exposure		-	-	-	-	-	-
Size		-	-	-	-5%	-	-
Shape and Topography		-	-	-	-	-	-
Zoning		-	-	-	-	-	-
Net Property Adjustments (\$)		\$0	\$0	\$0	-\$118	-\$428	\$292
Net Property Adjustments (%)		0%	0%	0%	-5%	-15%	15%
Final Adjusted Price		\$2,420	\$2,315	\$2,195	\$2,234	\$2,424	\$2,236
Range of Adjusted Prices		\$2,195 - \$2,424					
Average		\$2,304					
Indicated Value		\$2,300					

Lot Value Conclusion

Prior to adjustments, the sales reflect a range of \$1,728 - \$2,300 per front footage. After adjustment, the range is narrowed to \$2,195 - \$2,424 per front footage, with an average of \$2,304 per front footage. To arrive at an indication of value, equal weight is given to all sales.

Based upon the preceding analysis, the lot value conclusion for the subject is presented as follows:

Land Value Conclusion

Indicated Value per Front Footage	\$2,300
Subject Front Footages	<u>50</u>
Indicated Value	\$115,000
Rounded	\$115,000

Cumulative Retail Lot Value – Duck Point PID

Following is the calculation for the total cumulative retail lot value for the subject's 448 proposed lots within the PID.

Cumulative Retail Lot Value Calculation

Total Lots	Front Footage	Average Price/Lot	Price/FF	Total Cumulative Retail Value
448	50	\$115,000	\$2,300	\$51,520,000

As shown, the total cumulative retail lot value equates to \$51,520,000 or \$115,000/lot average.

It should be clearly understood that the summation of lot values does not represent our opinion of the market discounted/bulk value, as if the lots are all sold in bulk in a single transaction.

Summary of Net/Gross Value Analysis Conclusion

The preceding value was based on a retail sale of small batches of lots (less than 20 lots at a time). However, frequently entire subdivisions are sold to builders, or other investors, at a discount. These builders will then warehouse the land themselves, or the investors will resell the lots to builders over a longer-term takedown schedule. Thus, to determine the appropriate discount for the subject, we have assembled a number of bulk sales of other developed subdivision lots located throughout North Texas. The comparables presented represent the bulk sale of developed lots to homebuilders and/or investors. As shown below, the discount for the sales presented ranged from no discounts up to 18.6% of the retail value from 2020 to May 2024. The data indicates that discounts for bulk lot sales were decreasing through 2024 in many submarket areas. However, with the recent rise in interest rates suggest that larger discounts may be supportable.

Our bulk sale comparables from 2020 – May 2024 are listed in the following summary table.

Bulk Lot Sale Summary							
Subdivision	Date of Sale	Total Lots	Lot Dimensions	Total SF	Bulk Price/Lot	Retail Price/Lot	N/G Ratio
<u>Ventana, Ph. 2</u>	May-20	62	50' x 120'	6,000	\$60,000	\$66,250	90.6%
Fort Worth, Texas							
<u>Inspiration, Ph. 9</u>	Mar-20	125	50' x 120'	6,000	\$76,125	\$79,170	96.1%
St. Paul, Texas							
<u>The Highlands</u>	Feb-21	34	50' x 140'	7,000	\$109,000	\$115,000	94.8%
Rockwall, Texas							
<u>LakePointe, Phase 2</u>	Dec-21	118	50' x 120'	6,000	\$48,825	\$52,500	93.0%
Lavon, Texas		142	60' x 120'	7,200	\$56,265	\$60,500	93.0%
<u>Painted Tree Village</u>	Oct-22	74	40' x 110'	4,400	\$84,000	\$94,000	89.4%
McKinney, Texas		111	50' x 118'	5,900	\$105,000	\$117,500	89.4%
<u>Northlake Estates, Phase 3</u>	Jan-23	92	65' x 125'	8,125	\$85,000	\$104,000	81.7%
Little Elm ETJ, Texas							
<u>Waterscape, Phase 3B</u>	Sep-23	58	40' x 110'	4,400	\$66,000	\$66,000	100.0%
Royse City, Texas		70	50' x 120'	6,000	\$80,000	\$80,000	100.0%
<u>Gulf Breeze</u>	Oct-23	100	30' x 100'	3,000	\$40,000	\$45,000	88.9%
Hitchcock City, Texas							
<u>Mustang Lakes Annex, Ph. 2</u>	Jan-24	31	40' x 115'	4,600	\$132,000	\$132,000	100.0%
Celina, Texas		43	50' x 120'	6,000	\$165,000	\$165,000	100.0%
<u>Solterra, Phases 2 & 4</u>	May-24	19	35' x 115'	4,025	\$76,125	\$82,250	92.6%
Mesquite, Texas		94	40' x 120'	4,800	\$87,000	\$90,000	96.7%
		130	50' x 120'	6,000	\$100,000	\$107,500	93.0%
<u>Mosaic, Phase 2</u>	May-24	99	40' x 120'	4,800	\$142,000	\$142,000	100.0%
Celina, Texas		141	50' x 130'	6,500	\$177,500	\$177,500	100.0%
		114	60' x 130'	7,800	\$213,000	\$213,000	100.0%
		60	70' x 130'	9,100	\$248,500	\$248,500	100.0%

Source: Developers 2020-2024

Thus, when consideration is given to the subject's projected marketing period of 29.9± months, a net to gross sales price ratio (average bulk sale value per lot/average retail sales price per lot) of 85% is deemed appropriate for the subject, as proposed.

Net/Gross Value Analysis Conclusion

Based upon the preceding, it is our opinion that the net/gross market value for the subject utilizing overall average retail lot value of \$115,000 for the lots and a net/gross ratio of 85% is \$43,790,000, or an overall average of \$97,746/lot (R).

Net/Gross Ratio Market Value Summary	
Average Lot Value	\$115,000
Total Lots	448
N/G Ratio %	85%
Total Market Value (R)	\$43,790,000
Average/Lot	\$97,746

Subdivision Development Analysis (As Complete)

Having completed the retail valuation section of the assignment, we will now provide an opinion of the market value of the property to a single purchaser, as of this date. Obviously, this value will include a provision for compensating the developer/sponsor, i.e., profit for risk and expenditure of time. This value contemplates that the developer/sponsor of the subject would sell the subject property to another developer who would in turn sell the developed lots on a retail basis. This value represents the concept of market value to a single purchaser as of this date, wherein a portion of the overall real property rights or physical asset would typically be sold to its ultimate users over some future time period. Valuations involving such properties must fully reflect all appropriate deductions and discounts as well as the anticipated cash flows to be derived from the disposition of the asset over time. Appropriate deductions and discounts are considered to be those which reflect all expenses associated with the disposition of the realty, as of the date of completion, as well as the cost of capital and entrepreneurial profit. This latter item of entrepreneurial profit is accounted for herein as part of the discount rate. Based on our experience, profit is not expensed as a line item as it is not realized until the project's expenses (including debt) are paid.

The various assumptions necessary to complete our subdivision development analysis (discounted cash flow analysis) for the developed subject subdivision are discussed in detail in the following paragraphs.

Absorption

As discussed in detail in the "Single-Family Analysis" section of our analysis, we have projected the overall absorption for the subject to be 29.9± months for the subject's 448 proposed lots in the PID.

Our quarterly absorption projection is summarized as follows:

Projected Absorption Summary											Total Aborp. Period	
Lot Type	Oct-26	Jan-27	Apr-27	Jul-27	Oct-27	Jan-28	Apr-28	Jul-28	Oct-28	Jan-29	Total Lots	(Months±)
50' Lots	45	45	45	45	45	45	45	45	45	43	448	29.9

Price/Value Increases Over the Sellout Period

Per the Zonda September 2024 Market Report, Dallas is among the top destinations for moves with its population growing by more than 150,000 residents. Favorable demographics and a dynamic economy have kept housing demand strong and builders busy. And while permit issuances have fallen from the recent highs of 2021 and 2022, they remain on par with pre-pandemic levels, enough to keep Dallas at the top of the list for total new home closings and starts in the nation. However, robust building activity has meant that overall housing supply is less constrained, and active listings are now above pre-pandemic levels and may shift the balance in favor of buyers as price appreciation slows.

Quarterly housing starts decreased 5.1% from a year ago, while the number of available vacant developed lots sits at 81,614 up 8.0% over the same quarter last year. In terms of supply/demand balance, the market area is 2.07% undersupplied.

Declining affordability may be shaping new developments as lot sizes are under pressure. Homes on 50’ to 70’ lots dominate the landscape, but they are also the ones seeing the biggest declines in starts. At the same time, smaller lots have seen an increase.

In conclusion, economists expect home prices to grow at a much slower pace (2-4% range) over the next five years. Inventory is expected to increase slightly as interest rates start to come down in 2025.

Trends in National Inflation and Interest Rates

Year	U.S. Prime	Increase in	
	Rate	U.S. CPI	Real Rate of Return
2013	3.25%	1.50%	1.75%
2014	3.25%	1.30%	1.95%
2015	3.50%	0.70%	2.80%
2016	3.75%	1.40%	2.35%
2017	4.25%	2.11%	2.14%
2018	5.50%	1.95%	3.55%
2019	4.75%	2.29%	2.46%
2020	3.25%	0.13%	3.12%
2021	3.25%	0.07%	3.18%
2022	7.50%	6.06%	1.44%
2023	8.50%	3.35%	5.15%
09/2024*	8.00%	2.44%	5.56%

Source: Federal Reserve Bank of St. Louis, U.S. Financial Data

*Increase is compared to the previous year-to-year figures

As shown in the preceding table, CPI increases ranged from 0.70% to 6.06% from 2013 through September 2024 with prime rates ranging from 3.25% to 8.50% resulting in real annual rates of returns ranging from 1.44% - 5.60% (with the most current real rate of return at 5.56% with an 8.00% prime rate). Thus, the real rates of return are substantially affected with fluctuations in the prime rates and the increases/decreases in the consumer price index. (The increase is calculated relative to the previous year-to-year index rates).



Historically, in the sales contracts of the volume lot sales in the marketplace, the lot prices are typically adjusted upward at rates ranging from 6.0% up to 9.0% with the prime rate at 8.5%. Thus, for valuation purposes herein, we have estimated an annual escalation on the sale of the subject units at 8% per year for the subject lots. This is considered reasonable given the supply of available housing product in the area and the historical collection of interest carry/appreciation by developers within the Dallas/Fort Worth and surrounding market areas.

Expenses

Cost of Sales has been estimated at 2.5% of gross sales proceeds for various closing costs and title policies.

Taxes are paid by the developer annually. The estimation of taxes paid per period is based upon the premise that taxes are prorated at closing and are paid in arrears. Therefore, we have deducted taxes based upon the estimated retail market value of the unsold lots. The taxes are prorated in each calendar year based upon the projected sales in each period. Based upon our experience and information gathered from numerous reputable builders/ developers and taxing authorities, this methodology and percentage estimate (2.0%) is well founded. Rollback taxes are not deducted herein.

Marketing expense is not included in this analysis as the subject lots are contracted to one volume homebuilder who traditionally provides for marketing.

HOA Dues – In a newly constructed subdivision, the developer controls the property until a certain percentage of lots are sold, then the fees are turned over to the HOA. As such, new home buyers pay HOA, but not the developers. There may be minimal maintenance fees over the absorption period, but this would not significantly affect value.

Management Expense/Entrepreneurial Coordination/Remuneration: The last major deduction is that for Entrepreneurial (i.e., the developer/sponsor)/coordination talent expenditure. The Dictionary of Real Estate Appraisal defines entrepreneurial profit as a market-derived figure that represents the amount an entrepreneur receives for his or her contribution to a project and risk; the difference between the total cost of a property (cost of development) and its market value (property value after completion), which represents the entrepreneur's compensation for the risk and expertise associated with development. Inasmuch as the discount rate will include a provision for return on the equity investment, this deduction will be for actual time and expenses only.

Typically, the developer will allow a budgeted line item equal to 0.5% to 2.0% of sales and/or costs, depending on the size of the project, expertise required, and management developmental time involved. Based upon these items, an expense of 1.0% is deemed appropriate and will be a direct line-item deduction from the gross sales proceeds.

Discount Rate

According to the Dictionary of Real Estate Appraisal, 7th Addition, Discount Rate is defined as “a rate of return on capital used to convert future payments or receipts into present value.” The discount rate may or may not be the same as the internal rate of return (IRR), or yield rate, depending on how it is extracted from the market and/or used in the analysis. Furthermore, Internal Rate of Return (IRR) is defined as “the annualized yield rate or rate of return on capital that is generated within an investment or portfolio over a period of ownership.” The IRR is the rate of discount that makes the net present value of the investment equal to zero. The IRR discounts all returns from the investment, including returns from its reversion, to equal the original capital outlay. This rate is similar to the equity yield rate. As a measure of investment performance, the IRR is the rate of discount that produces a profitability index of one and a net present value of zero. It may be used to measure profitability after income taxes, i.e., the after-tax equity yield rate. In other words, it is a rate of profit (or loss) or a measure of performance. It is literally, an interest rate. The effective interest rate on a real estate investment is the equity investor's IRR. The yield to maturity on a bond is the bond holder's IRR, when the bond is held for its full term. The IRR is the rate of return on capital expressed as a ratio per unit of time; for example, 10% per annum. The discount rate utilized herein is essentially an anticipated IRR for the subject property, as estimated from investment performance realized by market participants. Although the investment vehicle being analyzed herein is real property, competition for investment dollars in other investment media is intense, and the prudent investment manager must carefully consider all options. Because of the element of risk involved in real estate investment versus alternative investment vehicles, the prudent investment manager must compare rates of return. The performance of real estate is dependent upon and could fluctuate with the degree of quality of management, unexpected competition, disasters, or economic cycles, particularly in the subject's market area. Therefore, it entails a greater degree of risk than instruments such as government-backed bonds or fixed-rate mortgages.

Following is a summary of yield comparisons as of July 1, 2024, provided by PwC Real Estate Investor, as published by PricewaterhouseCoopers, Third Quarter, 2024.

YIELD COMPARISON
July 1, 2024

	2019 AVERAGE	2020 AVERAGE	2021 AVERAGE	2022 AVERAGE	2023 AVERAGE	2024 JANUARY	2024 APRIL	2024 JULY
PwC Yield Indicator (PYI) ^a	7.47%	7.50%	7.51%	7.43%	8.29%	8.83%	9.17%	9.22%
Long-Term Mortgages ^b	4.71%	3.95%	4.53%	5.61%	7.42%	7.41%	8.20%	8.29%
10-Year Treasuries ^c	2.21%	0.97%	1.40%	2.64%	3.94%	3.95%	4.33%	4.48%
Consumer Price Index Change ^d	1.76%	1.19%	6.09%	7.54%	3.21%	0.97%	6.65%	1.27%
SPREAD TO PYI (Basis Points)								
Long-Term Mortgages	276	361	298	182	87	142	97	93
10-Year Treasuries	526	659	611	479	435	488	484	474
Consumer Price Index Change	571	755	142	(11)	508	786	252	795

a. A composite IRR average of all markets surveyed (excluding hotels, development land, self storage, and student housing).
 b. Source: Survey; Select Commercial Funding; Commercial Loan Direct; conventional funding, 60% to 80% LTV loans; fixed rates; 6- to 30-year terms.
 c. Source: Federal Reserve; the annual average change is the mean of the four corresponding quarters.
 d. Source: U.S. Department of Labor; quarterly changes are annualized based on the index change from the prior quarter; the annual average change is the mean of the four corresponding quarters.



The subject’s discount rate should be less than a typical land project, as the value to be determined is for a fully developed project that is available for immediate resale, and which will ultimately possess less risk than that of the total development process. Therefore, a “risk-adjusted discount rate” is deemed appropriate herein.

RealtyRates.com in their most recent Second Quarter 2024 “Developer Survey” with First Quarter 2024 data summarizes discount rates for conventionally financed (interest-only interim or construction financing) subdivisions and Planned Development Districts (PUDs) in the State of Texas. Actual Rates are historical rates achieved by survey respondents, while Pro-Forma Rates reflect forward-looking revenue and development costs. Subdivision rates do include provisions for developer’s profit, i.e., profit is not treated as a line-item expense.

RealtyRates.com DEVELOPER SURVEY - 2nd Quarter 2024						
Texas - Subdivisions & PUDs						
	Actual Rates			Pro-Forma Rates		
	Min	Max	Avg	Min	Max	Avg
Site-Built Residential	15.51%	33.81%	22.88%	14.89%	32.46%	21.97%
-100 Units	15.51%	29.15%	21.88%	14.89%	27.98%	21.00%
100-500 Units	15.89%	32.06%	23.02%	15.26%	30.78%	22.10%
500+ Units	16.28%	33.52%	23.41%	15.63%	32.18%	22.47%
Mixed Use	16.67%	33.81%	23.22%	16.00%	32.46%	22.29%
Manufactured Housing	16.00%	36.94%	24.56%	15.36%	35.47%	23.58%
-100 Units	16.00%	32.13%	23.58%	15.36%	30.84%	22.64%
100-500 Units	16.40%	35.34%	24.83%	15.74%	33.92%	23.84%
500+ Units	16.80%	36.94%	25.26%	16.13%	35.47%	24.25%
Business Parks	15.95%	34.33%	23.35%	15.31%	32.95%	22.42%
-100 Acres	15.95%	29.85%	22.44%	15.31%	28.66%	21.54%
100-500 Acres	16.35%	32.83%	23.61%	15.69%	31.52%	22.66%
500+ Acres	16.75%	34.33%	24.00%	16.08%	32.95%	23.04%
Industrial Parks	16.04%	29.80%	21.35%	15.40%	28.60%	20.49%
-100 Acres	16.04%	25.91%	20.55%	15.40%	24.87%	19.73%
100-500 Acres	16.44%	28.50%	21.57%	15.78%	27.36%	20.71%
500+ Acres	16.84%	29.80%	21.92%	16.17%	28.60%	21.04%

*1st Quarter 2024 Data

Copyright 2024 RealtyRates.com™

As shown above, the minimum actual rates in Texas are 15.51% for less than 100 units; 15.89% for 100 to 500+ units; and 16.28% for 500+ units with minimum pro-forma rates ranging from 14.89% to 15.63%.



The 7th Edition of the Dictionary of Real Estate Appraisal defines this term as “a discount rate that is adjusted to offset one or more risk factors, i.e., when a future downswing in the business cycle is likely, the risk associated with a project may increase near the end of its term, necessitating a special adjustment to the discount rate. Such discount rates include all of the elements of risk associated with an income stream for a specified period adjusted to offset additional term risk”.⁵ Thus, it is our opinion that a potential purchaser would expect to receive a much lower return on his investment for a completed project similar to the subject, which has a purchaser of the end product relative to that of a vacant tract of land awaiting eventual development (higher risk of escalating costs to site development and of the eventual timing of completion).

Based upon the preceding, an IRR that is slightly below the minimum rates provided by the RealtyRates “Developer Survey” for Texas of 15.51% for less than 100 units; 15.89% for 100 to 500+ units; and 16.28% for 500+ units with minimum pro-forma rates ranging from 14.89% to 15.63% is considered reasonable for the subject. Hence, taking into consideration the supply and demand levels within the subject’s submarket area, we have selected a discount rate of 14% for the subject which takes into consideration the degree of risk and developer profit. It should be noted that our cash flow also deducts a straight 1.0% entrepreneurial coordination/remuneration (management cost) from all sales proceeds, which effectively increases the discount rate to approximately 15%. To be consistent with the timing of the cash flows, the annual income stream is discounted quarterly. With each of the required elements now identified, we are able to analyze the subject in the DCF analysis as shown on the following page.

Subdivision Development Analysis – Duck Point Public Improvement District

Based upon the preceding, and the cash flow presented on the following page, our prospective opinion of value as complete for the subject is \$43,730,000 or \$97,612/lot.

⁵ The Dictionary of Real Estate Appraisal, 7th Edition, the Appraisal Institute, Chicago, Illinois

Duck Point Public Improvement District

Duck Point PID Aubrey, Texas		Prepared By: S. Sivakumar Number of Units: 448		Scenario: As Complete		Periods: Quarterly		Period 3		Period 4		Period 5		Period 6		Period 7		Period 8		Period 9		Period 10		Project Totals			
Cash Flows Beginning		Oct-2026		Jan-2027		Apr-2027		Jul-2027		Oct-2027		Jan-2028		Apr-2028		Jul-2028		Oct-2028		Jan-2029							
Inventory		Unit Sales	No.	Unit Sales	No.	Unit Sales	No.	Unit Sales	No.	Unit Sales	No.	Unit Sales	No.	Unit Sales	No.	Unit Sales	No.	Unit Sales	No.	Unit Sales	No.	Unit Sales	No.	Unit Sales	No.	Unit Sales	No.
Average/50' Lot		\$115,000	45	\$117,300	45	\$119,646	45	\$122,039	45	\$124,480	45	\$126,969	45	\$129,509	45	\$132,099	45	\$134,741	45	\$137,436	43	\$56,389,935	448				
Revenues		Appreciation → 2.00%		2.00%		2.00%		2.00%		2.00%		2.00%		2.00%		2.00%		2.00%		2.00%							
Revenues		\$5,175,000	45	\$5,278,500	45	\$5,384,070	45	\$5,491,751	45	\$5,601,586	45	\$5,713,618	45	\$5,827,891	45	\$5,944,448	45	\$6,063,337	45	\$5,909,733	43	\$56,389,935	448				
Expenses		Period 1		Period 2		Period 3		Period 4		Period 5		Period 6		Period 7		Period 8		Period 9		24526							
Taxes on 50' Lots		\$257,600		\$236,360		\$214,166		\$190,991		\$166,803		\$141,571		\$115,263		\$87,846		\$59,286		\$29,549		\$1,499,435					
COST OF SALES 2.5%		\$129,375		\$131,963		\$134,602		\$137,294		\$140,040		\$142,840		\$145,697		\$148,611		\$151,583		\$147,743		\$1,409,748					
MARKETING 0.0%		\$0		\$0		\$0		\$0		\$0		\$0		\$0		\$0		\$0		\$0		\$0					
REMUNERATION 1.0%		\$51,750		\$52,785		\$53,841		\$54,918		\$56,016		\$57,136		\$58,279		\$59,444		\$60,633		\$59,097		\$563,899					
Total Expenses		\$438,725		\$421,108		\$402,608		\$383,202		\$362,859		\$341,548		\$319,239		\$295,902		\$271,503		\$236,390		\$3,473,083					
Net Income		\$4,736,275		\$4,857,393		\$4,981,462		\$5,108,549		\$5,238,728		\$5,372,071		\$5,508,651		\$5,648,547		\$5,791,834		\$5,673,343		\$52,916,852					
Annual Discount Rate: 14.00%		0.96618		0.93351		0.90194		0.87144		0.84197		0.81350		0.78599		0.75941		0.73373		0.70892							
Discounted Value		\$4,576,111		\$4,534,428		\$4,492,993		\$4,451,805		\$4,410,868		\$4,370,183		\$4,329,750		\$4,289,572		\$4,249,648		\$4,021,940		\$43,727,298					
Net Present Value		\$43,727,298																									
Rounded		\$43,730,000																									

Powered by @Value Software - www.atvalue.com



Reconciliation and Conclusion of Prospective Value

In the previous sections, we have provided an opinion of the market value of the fee simple interest in the subject property using three approaches. Following is a summary of the values indicated by these approaches.

The first approach used was the sales comparison approach to value the subject property. This approach is based on the theory of substitution and implies that a purchaser would pay no more for an individual property/lot than it would cost to buy, or build, a substitute property. This approach is the most common technique for valuing individual lots, and it is the preferred method when comparable sales are available and is considered to provide a very good indication of value.

As previously discussed, the Cost Approach is judged to be inapplicable and is not utilized.

The next approach used was the net/gross ratio analysis to value. This is also sometimes known as a sales ratio study. This is a ratio study that uses sales prices as proxies for market values. In this instance we utilized market data to estimate value as a percentage of gross (or retail) sales price.

The final approach used was the subdivision development analysis (discounted cash flow analysis) utilizing a projection of the future individual lot sales, historical absorption data upon development, and deducting taxes on the developed lots, costs of sales, marketing, and management expenses. In conclusion, the subdivision development analysis is considered to provide a generally good indication of value for the subject.

Summary of Prospective Opinion of Values

Summary of Prospective Market Value at Completion Indications

Net/Gross Ratio Market Value	\$43,790,000
Subdivision Development Analysis (DCF)	\$43,730,000
Final Opinion of Prospective Value	\$43,730,000

Conclusion

Based upon the preceding valuation analysis and subject to the definitions, assumptions, and limiting conditions expressed in the report, the concluded opinion of value is as follows:

Value Conclusion

Value Type & Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Prospective Market Value As Completed	Fee Simple	October 1, 2026	\$43,730,000

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

1. All information relative to the subject property including land areas, lot totals, lot sizes, and other pertinent data that was provided by Barraza Consulting Group, LLC (engineering/surveyors), Centurion American Development Group (developer), MM Aubrey 160, LLC (owner), the city of Aubrey, and the Denton Central Appraisal District is assumed to be correct.
2. The subject is proposed construction. Therefore, this report contains a prospective opinion of value. As such, we have assumed that the market conditions as discussed and considered within this report will be similar on the prospective valuation date. Further, we cannot be held responsible for unforeseeable events that alter market conditions prior to this prospective effective date.
3. Our opinion of prospective market value at completion assumes that the proposed improvements are completed in accordance with plans and specifications as of October 1, 2026, the effective appraisal date.
4. A value presented within this report is prospective in nature. As such, we assume that local and regional lending institutions appear to remain active within the subject's market for specific projects. Therefore, we specifically assume that the financial markets will continue to function in a competitive, efficient fashion.
5. According to the concept plan and survey provided, the site has approximately 68.300 acres located within a flood zone/floodway. It is our understanding 23.000 acres of this area is to be donated to the City of Aubrey for a city park and the remaining 45.300 acres will be devoted as open space in the development. As such, the subject's 448 lots are planned to be developed on 91.639 net acres (4.9 upa). We have assumed this information to be correct.

The value conclusions are based on the following hypothetical conditions. A hypothetical condition is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

1. None

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

The opinion of value expressed in this report is based on estimates and forecasts that are prospective in nature and subject to considerable risk and uncertainty. Events may occur that could cause the performance of the property to differ materially from the stated estimates, such as changes in the economy, interest rates, capitalization rates, financial strength of tenants, and behavior of investors, lenders, and consumers. Additionally, these opinions and forecasts are based partly on data obtained from interviews and third-party sources, which are not always completely reliable. Although the findings are considered reasonable based on available evidence, the assignment participants are not responsible for the effects of future occurrences that cannot reasonably be foreseen at this time.

Exposure Time

Exposure time is the length of time the subject property would have been exposed for sale in the market had it sold on the effective valuation date at the concluded market value. Exposure time is always presumed to precede the effective date of the appraisal. Based on review of recent sales transactions for similar properties and analysis of supply and demand in the local land market, the probable exposure time for the subject at the concluded market value stated previously is 6 - 12 months.

Marketing Time

Marketing time is an estimate of the amount of time it might take to sell a property at the concluded market value immediately following the effective date of value. As no significant changes in market conditions are foreseen in the near term, a reasonable marketing period for the subject is likely to be the same as the exposure time. Accordingly, the subject's marketing period is estimated at 6 - 12 months.

Certification

We certify that, to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. We have previously appraised the property that is the subject of this report for another client. We have provided no other services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding the agreement to perform this assignment.
5. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice as well as applicable state appraisal regulations.
9. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
11. Shelley Sivakumar has made a personal inspection of the property that is the subject of this report. Jimmy H. Jackson, MAI has not personally inspected the subject. Ernest Gatewood has personally inspected the subject.
12. No one provided significant real property appraisal assistance to the persons signing this certification.
13. We have experience in appraising properties similar to the subject and are in compliance with the Competency Rule of USPAP.

- 14. As of the date of this report, Jimmy H. Jackson, MAI, has completed the continuing education program for Designated Members of the Appraisal Institute.
- 15. As of the date of this report, Ernest Gatewood has completed the Standards and Ethics Education Requirements for Practicing Affiliates of the Appraisal Institute.



Shelley Sivakumar
Director
Texas Licensed Residential Real Estate
Appraiser
License TX #1333354 L
Telephone: 972.696.0687
Email: ssivakumar@irr.com



Jimmy H. Jackson, MAI
Senior Managing Director
Texas Certified General Real Estate Appraiser
License TX #1324004 G
Telephone: 972.725.7724
Email: jhjson@irr.com



Ernest Gatewood
Senior Director
Texas Certified General Real Estate Appraiser
License TX #1324355 G
Telephone: 972.725.7755
Email: egatewood@irr.com

Assumptions and Limiting Conditions

This appraisal and any other work product related to this engagement are limited by the following standard assumptions, except as otherwise noted in the report:

1. The title is marketable and free and clear of all liens, encumbrances, encroachments, easements and restrictions. The property is under responsible ownership and competent management and is available for its highest and best use.
2. There are no existing judgments or pending or threatened litigation that could affect the value of the property.
3. There are no hidden or undisclosed conditions of the land or of the improvements that would render the property more or less valuable. Furthermore, there is no asbestos in the property.
4. The revenue stamps placed on any deed referenced herein to indicate the sale price are in correct relation to the actual dollar amount of the transaction.
5. The property is in compliance with all applicable building, environmental, zoning, and other federal, state and local laws, regulations and codes.
6. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

This appraisal and any other work product related to this engagement are subject to the following limiting conditions, except as otherwise noted in the report:

1. An appraisal is inherently subjective and represents our opinion as to the value of the property appraised.
2. The conclusions stated in our appraisal apply only as of the effective date of the appraisal, and no representation is made as to the effect of subsequent events.
3. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated.
4. No environmental impact studies were either requested or made in conjunction with this appraisal, and we reserve the right to revise or rescind any of the value opinions based upon any subsequent environmental impact studies. If any environmental impact statement is required by law, the appraisal assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.
5. Unless otherwise agreed to in writing, we are not required to give testimony, respond to any subpoena or attend any court, governmental or other hearing with reference to the property without compensation relative to such additional employment.

6. We have made no survey of the property and assume no responsibility in connection with such matters. Any sketch or survey of the property included in this report is for illustrative purposes only and should not be considered to be scaled accurately for size. The appraisal covers the property as described in this report, and the areas and dimensions set forth are assumed to be correct.
7. No opinion is expressed as to the value of subsurface oil, gas or mineral rights, if any, and we have assumed that the property is not subject to surface entry for the exploration or removal of such materials, unless otherwise noted in our appraisal.
8. We accept no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal descriptions and other legal matters such as legal title, geologic considerations such as soils and seismic stability; and civil, mechanical, electrical, structural and other engineering and environmental matters. Such considerations may also include determinations of compliance with zoning and other federal, state, and local laws, regulations and codes.
9. The distribution of the total valuation in the report between land and improvements applies only under the reported highest and best use of the property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. The appraisal report shall be considered only in its entirety. No part of the appraisal report shall be utilized separately or out of context.
10. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or any reference to the Appraisal Institute) shall be disseminated through advertising media, public relations media, news media or any other means of communication (including without limitation prospectuses, private offering memoranda and other offering material provided to prospective investors) without the prior written consent of the persons signing the report.
11. Information, estimates and opinions contained in the report and obtained from third-party sources are assumed to be reliable and have not been independently verified.
12. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute predictions of future operating results.
13. If the property is subject to one or more leases, any estimate of residual value contained in the appraisal may be particularly affected by significant changes in the condition of the economy, of the real estate industry, or of the appraised property at the time these leases expire or otherwise terminate.
14. Unless otherwise stated in the report, no consideration has been given to personal property located on the premises or to the cost of moving or relocating such personal property; only the real property has been considered.
15. The current purchasing power of the dollar is the basis for the values stated in the appraisal; we have assumed that no extreme fluctuations in economic cycles will occur.
16. The values found herein are subject to these and to any other assumptions or conditions set forth in the body of this report, but which may have been omitted from this list of Assumptions and Limiting Conditions.

17. The analyses contained in the report necessarily incorporate numerous estimates and assumptions regarding property performance, general and local business and economic conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will vary from our estimates, and the variations may be material.
18. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific survey or analysis of the property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. We claim no expertise in ADA issues and render no opinion regarding compliance of the subject with ADA regulations. Inasmuch as compliance matches each owner's financial ability with the cost to cure the non-conforming physical characteristics of a property, a specific study of both the owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.
19. The appraisal report is prepared for the exclusive benefit of you, your subsidiaries and/or affiliates. It may not be used or relied upon by any other party. All parties who use or rely upon any information in the report without our written consent do so at their own risk.
20. No studies have been provided to us indicating the presence or absence of hazardous materials on the subject property or in the improvements, and our valuation is predicated upon the assumption that the subject property is free and clear of any environment hazards including, without limitation, hazardous wastes, toxic substances and mold. No representations or warranties are made regarding the environmental condition of the subject property. IRR - Dallas, Integra Realty Resources, Inc., and their respective officers, owners, managers, directors, agents, subcontractors or employees (the "Integra Parties"), shall not be responsible for any such environmental conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because we are not experts in the field of environmental conditions, the appraisal report cannot be considered as an environmental assessment of the subject property.
21. The persons signing the report may have reviewed available flood maps and may have noted in the appraisal report whether the subject property is located in an identified Special Flood Hazard Area. However, we are not qualified to detect such areas and therefore do not guarantee such determinations. The presence of flood plain areas and/or wetlands may affect the value of the property, and the value conclusion is predicated on the assumption that wetlands are non-existent or minimal.
22. We are not a building or environmental inspector. The Integra Parties do not guarantee that the subject property is free of defects or environmental problems. Mold may be present in the subject property and a professional inspection is recommended.
23. The appraisal report and value conclusions for an appraisal assume the satisfactory completion of construction, repairs or alterations in a workmanlike manner.

24. **IRR - Dallas is an independently owned and operated company. The parties hereto agree that Integra shall not be liable for any claim arising out of or relating to any appraisal report or any information or opinions contained therein as such appraisal report is the sole and exclusive responsibility of IRR - Dallas. In addition, it is expressly agreed that in any action which may be brought against the Integra Parties arising out of, relating to, or in any way pertaining to the engagement letter, the appraisal reports or any related work product, the Integra Parties shall not be responsible or liable for any incidental or consequential damages or losses, unless the appraisal was fraudulent or prepared with intentional misconduct. It is further expressly agreed that the collective liability of the Integra Parties in any such action shall not exceed the fees paid for the preparation of the assignment (unless the appraisal was fraudulent or prepared with intentional misconduct). It is expressly agreed that the fees charged herein are in reliance upon the foregoing limitations of liability.**
25. IRR - Dallas is an independently owned and operated company, which has prepared the appraisal for the specific intended use stated elsewhere in the report. The use of the appraisal report by anyone other than the Client is prohibited except as otherwise provided. Accordingly, the appraisal report is addressed to and shall be solely for the Client's use and benefit unless we provide our prior written consent. We expressly reserve the unrestricted right to withhold our consent to your disclosure of the appraisal report or any other work product related to the engagement (or any part thereof including, without limitation, conclusions of value and our identity), to any third parties. Stated again for clarification, unless our prior written consent is obtained, no third party may rely on the appraisal report (even if their reliance was foreseeable).
26. The conclusions of this report are estimates based on known current trends and reasonably foreseeable future occurrences. These estimates are based partly on property information, data obtained in public records, interviews, existing trends, buyer-seller decision criteria in the current market, and research conducted by third parties, and such data are not always completely reliable. The Integra Parties are not responsible for these and other future occurrences that could not have reasonably been foreseen on the effective date of this assignment. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance. While we are of the opinion that our findings are reasonable based on current market conditions, we do not represent that these estimates will actually be achieved, as they are subject to considerable risk and uncertainty. Moreover, we assume competent and effective management and marketing for the duration of the projected holding period of this property.
27. All prospective value opinions presented in this report are estimates and forecasts which are prospective in nature and are subject to considerable risk and uncertainty. In addition to the contingencies noted in the preceding paragraph, several events may occur that could substantially alter the outcome of our estimates such as, but not limited to changes in the economy, interest rates, and capitalization rates, behavior of consumers, investors and lenders, fire and other physical destruction, changes in title or conveyances of easements and deed restrictions, etc. It is assumed that conditions reasonably foreseeable at the present time are consistent or similar with the future.

28. The appraisal is also subject to the following:

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

1. All information relative to the subject property including land areas, lot totals, lot sizes, and other pertinent data that was provided by Barraza Consulting Group, LLC (engineering/surveyors), Centurion American Development Group (developer), MM Aubrey 160, LLC (owner), the city of Aubrey, and the Denton Central Appraisal District is assumed to be correct.
2. The subject is proposed construction. Therefore, this report contains a prospective opinion of value. As such, we have assumed that the market conditions as discussed and considered within this report will be similar on the prospective valuation date. Further, we cannot be held responsible for unforeseeable events that alter market conditions prior to this prospective effective date.
3. Our opinion of prospective market value at completion assumes that the proposed improvements are completed in accordance with plans and specifications as of October 1, 2026, the effective appraisal date.
4. A value presented within this report is prospective in nature. As such, we assume that local and regional lending institutions appear to remain active within the subject's market for specific projects. Therefore, we specifically assume that the financial markets will continue to function in a competitive, efficient fashion.
5. According to the concept plan and survey provided, the site has approximately 68.300 acres located within a flood zone/floodway. It is our understanding 23.000 acres of this area is to be donated to the City of Aubrey for a city park and the remaining 45.300 acres will be devoted as open space in the development. As such, the subject's 448 lots are planned to be developed on 91.639 net acres (4.9 upa). We have assumed this information to be correct.

The value conclusions are based on the following hypothetical conditions. A hypothetical condition is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

1. None

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

Addendum A
Appraiser Qualifications

Jimmy H. Jackson, MAI

Experience

Senior Managing Director with the Dallas, Lubbock/West Texas and Oklahoma City offices of Integra Realty Resources, a full-service real estate consulting and appraisal firm.

Jimmy H. Jackson, MAI has over 38 years of experience as a commercial appraiser as well as years of experience as a seasoned real estate investor. Prior to joining Integra Realty Resources, Jackson was one of the original two founding partners of Jackson Claborn, Inc. (JCI), a real estate consulting/valuation firm that was established in 1992. JCI grew to have one of the largest staffs of commercial and residential appraisers in the Southwest and has performed valuation and consulting on a vast number of commercial property types across Texas as well as the United States. Mr. Jackson holds the MAI designation and has been involved in the analysis of virtually all types of commercial and residential properties. Mr. Jackson has experience in state and federal courts as an expert witness. Testimony has involved such varied issues as bankruptcy, taxation and condemnation. Mr. Jackson has also been involved in numerous real estate developments and personal real estate investments.

A major philanthropic achievement for Mr. Jackson was consulting with and influencing family members to provide the start-up expertise as well as the seed funding in 1994 for the formation of The Parent Project for Muscular Dystrophy/PPMD (www.parentprojectmd.org). The PPMD organization has developed into a worldwide non-profit centered to provide research funds for children suffering from Duchenne Muscular Dystrophy. Since inception, the PPMD organization has directly funded more than \$50 million in direct research and assisted and helped leverage more than \$500 million of other research related to other genetic diseases through government grants and other private funding sources. In 2008, Mr. Jackson received a Humanitarian Award from Texas Gov. Rick Perry for charitable work associated with National Jewish Hospital/NJH in Denver. Mr. Jackson currently serves as a national trustee for NJH which is the #1 respiratory care hospital in the world.

Mr. Jackson graduated from Texas Tech University in 1984 with a B.B.A. in Finance with a Real Estate Emphasis. Mr. Jackson has served on numerous professional boards, including serving on the Ethics and Counseling Panel of the North Texas Chapter of the Appraisal Institute as well as serving on the Board of Directors as well as being Chair and Co-Chair of the Public Relations Committee.

As a college student, Mr. Jackson was a member of Phi Delta Theta social fraternity and the Texas Tech Finance Association. Mr. Jackson served for eight (8) years on the Advisory Board for the Jerry Rawls College of Business Administration (COBA) at Texas Tech University. Mr. Jackson has also served as a guest lecturer on real estate entrepreneurship to upper-level COBA students at Texas Tech over the years.



Integra Realty Resources - Dallas

1100 Mira Vista Boulevard
Suite 300
Plano, TX 75093

T 972.881.7191
F 972.733.1403

Integra Realty Resources - Lubbock

6309 Indiana Avenue
Suite A
Lubbock, TX 79413

T 806.656.3058

Integra Realty Resources - Oklahoma

13913 Technology Drive
Suite A1
Oklahoma City, OK, 73134

T 405.422.0718

irr.com

jhackson@irr.com - 972.725.7724

Duck Point Public Improvement District



Jimmy H. Jackson, MAI

Experience (Cont'd)

Basic Core Real Estate Appraisal Services

Feasibility Studies, Absorption Studies & Demographic Studies
Highest & Best Use Studies for All Property Types
3rd Party Appraisal Reviews
Detrimental Conditions Valuation & Consulting
Encroachment Analysis
Land Use Studies & Planning/Zoning Studies
Litigation/Litigation Support
In-Depth Market Analysis for All Property Types
Tax Assessment & Mass Appraisal Analysis
Fair & Equitable Appraisal Analysis
Right of Way Analysis Appraisals
Mediation, Arbitration, & Dispute Resolution
Portfolio Valuation & Analysis
Retrospective Valuation Opinions

Appraisal of all property types including the following:

Residential

High-Rise Condominium and Garden-Style Multi-Family and Townhome Projects
High-End Residential Property
Historical Residential Property
All types of Single-Family Appraisals (Conventional, Relocation, Unique / Historical Property)

Land

Acreage (Commercial Mixed-Use)
Subdivided Land (Mixed-Use, Commercial and Industrial)
Standard Single-Family Subdivision Lot development appraisals
PID/MUD Single-Family Subdivision Lot development appraisals

Commercial, Office & Retail

Branch Banks / Financial Building
Convenience Stores / Service Stations
Convention Center / Hotel / Resort /Motel
Office Building (High Rise, over three stories)
Office Building (Low Rise, three stories or less)
Parking Facility (Lot or Garage)
Retail (Single Tenant or Free Standing)
Shopping Center (Local, Strip, Neighborhood, Community, Etc.)
Shopping Center (Power Center, Outlet Center, Lifestyle, Etc.)
Shopping Center (Super Regional, Regional Mall)

Integra Realty Resources - Dallas

1100 Mira Vista Boulevard
Suite 300
Plano, TX 75093

T 972.881.7191
F 972.733.1403

Integra Realty Resources - Lubbock

6309 Indiana Avenue
Suite A
Lubbock, TX 79413

T 806.656.3058

Integra Realty Resources - Oklahoma

13913 Technology Drive
Suite A1
Oklahoma City, OK, 73134

T 405.422.0718

irr.com



Jimmy H. Jackson, MAI

Experience (Cont'd)

Industrial

Industrial (Heavy (Manufacturing))
Industrial (Small Office Warehouse / Mfg.)
Industrial Light (Distribution, Storage)

Special Purpose

Automobile Dealerships
Church Facilities
Collegiate Student Housing
Self-Serve and Full-Service Car Wash Facilities
Self-Storage Facilities

Professional Activities & Affiliations

Appraisal Institute, Member (MAI) Appraisal Institute

Licenses

Texas, Certified General Real Estate Appraiser, TX 1324004 G, Expires November 2026
Oklahoma, Certified General Real Estate Appraiser, 13279CGA, Expires September 2026
New Mexico, Certified General Real Estate Appraiser, 03819-G, Expires April 2025

Education

Mr. Jackson is a graduate of Texas Tech University where he received a Bachelor of Business Administration in Finance with a Real Estate Emphasis.

Miscellaneous

Member of Region 8 Ethics and Counseling Regional Panel (1992-1995)
Chair - Public Relations North Texas Chapter (2003, 2004)
Co-Chair - Public Relations North Texas Chapter (2005)
Board Member - North Texas Chapter (2005-2007)

Integra Realty Resources - Dallas

1100 Mira Vista Boulevard
Suite 300
Plano, TX 75093

T 972.881.7191
F 972.733.1403

Integra Realty Resources - Lubbock

6309 Indiana Avenue
Suite A
Lubbock, TX 79413

T 806.656.3058

Integra Realty Resources - Oklahoma

13913 Technology Drive
Suite A1
Oklahoma City, OK, 73134

T 405.422.0718

irr.com





**Certified General
Real Estate Appraiser**

Appraiser: **Jimmy Huel Jackson**
License #: **TX 1324004 G** License Expires: **11/30/2026**

Having provided satisfactory evidence of the qualifications required by the Texas Appraiser Licensing and Certification Act, Occupations Code, Chapter 1103, authorization is granted to use this title:
Certified General Real Estate Appraiser

For additional information or to file a complaint please contact TALCB at www.talcb.texas.gov.


Chelsea Buchholtz
Executive Director



Shelley Sivakumar

Experience

Shelley Sivakumar has over 26 years of experience as a commercial appraiser representing Jackson Claborn, Inc. and later Integra Realty Resources. This extensive experience has formed a knowledge of the Texas real estate market with an understanding of the dynamics of market forces in both increasing, as well as declining markets. After graduating from the University of Texas at Dallas with a Bachelor of Science degree with a double major of Accounting/Finance, Ms. Sivakumar began her career in tax accounting. For the next 20 years, she managed a private multi-million-dollar individual asset portfolio. Since 1998, she has specialized in appraising master-planned residential developments and subdivisions including Public Improvement Districts in the Dallas/Fort Worth metroplex as well as outlying areas in Dallas, Collin, Rockwall, Ellis, Tarrant, Grayson, and Denton Counties. Ms. Sivakumar's appraisal experience also includes single and multi-tenant office/medical buildings, retail developments, industrial facilities, educational centers, religious facilities, townhome developments, right-of-ways (road), as well as vacant land.

In her spare time, Ms. Sivakumar enjoys equestrian riding and working out. She has competed in the 100-mile "Hotter'N Hell Hundred bike ride, one of the oldest and largest cycling events in the nation held in Wichita Falls, Texas every August.

Licenses

Texas, Licensed Residential Real Estate Appraiser, 1333354-L, Expires February 2026

Education

University of Texas at Dallas, Dallas, Texas: Bachelor of Science 1978

University of North Texas, Denton, Texas 1977

Marshall University, Huntington, West Virginia: Associate of Science 1974

Appraisal Institute Courses

A Review of Disciplinary Cases

Workfile Documentation for Appraisers

Basic Appraisal Procedures

General Appraiser Market Analysis Highest and Best Use

General Appraiser Sales Comparison Approach

General Report Writing and Case Studies

A Review of Disciplinary Cases

Workfile Documentation for Appraisers

Appraising Residential Properties

Income Property Appraisal

Real Estate Appraisal

Basic Income Capitalization

Appraisal Math & Statistics

Owner-Occupied Commercial Properties

Residential Report Writing

Modern Green Building Concepts

Ad Valorem Tax Consultation

ssivakumar@irr.com - 972.696.0687 x232

Duck Point Public Improvement District



Integra Realty Resources - Dallas

1100 Mira Vista Boulevard
Suite 300
Plano, TX 75093

T 972.732.0051

F 972.733.1403

irr.com



Shelley Sivakumar

Education (Cont'd)

The Dirty Dozen
Essential Elements of Disclosure & Disclaimer
Land & Site Valuation
Commercial Clients Want Appraisers to Know

1100 Mira Vista Boulevard
Suite 300
Plano, TX 75093

T 972.732.0051
F 972.733.1403

Market Analysis/STDB
USPAP
Expert Witness for Commercial Appraisers
General Appraiser Site Valuation
& Cost Approach
Commercial Appraisal Review
Fair Housing, Bias & Discrimination
Market Analysis/STDB
USPAP
Environmental Issues
Texas Real Estate Contracts
Texas Real Estate Agency
Modern Real Estate Practice in Texas
Statistics, Modeling and Finance
General Appraiser Income Approach
Market Disturbances in Atypical Markets & Cycles

irr.com



**Licensed Residential
Real Estate Appraiser**

Appraiser: **Shelley Marie Sivakumar**
License #: **TX 1333354 L** License Expires: **02/28/2026**

Having provided satisfactory evidence of the qualifications required by the Texas Appraiser Licensing and Certification Act, Occupations Code, Chapter 1103, authorization is granted to use this title:
Licensed Residential Real Estate Appraiser

For additional information or to file a complaint please contact TALCB at www.talcb.texas.gov.

Chelsea Buchholtz
Chelsea Buchholtz
Commissioner



Ernest Gatewood

Experience

Senior Director PID/MUD/SF Lot Development Valuation Specialist with the Dallas office of Integra Realty Resources DFW, a full-service real estate consulting and appraisal firm.

Mr. Gatewood has been in the appraisal field for over 40 years. This extensive experience has formed knowledge of the Texas real estate market as well as select areas throughout the entire United States. This experience has formed an understanding of the dynamics of market forces in both increasing, as well as declining markets. Mr. Gatewood began his appraisal career in 1980 at Crosson Dannis, Inc. where he spent 10 years specializing in master-planned communities. Mr. Gatewood's appraisals were utilized in the funding of Legacy Business Park in Plano, Texas as well as Stonebridge Ranch in McKinney, Texas. In 1991, Mr. Gatewood joined Heartland (Seattle, Washington) as Acquisitions Director for Texas. In this role, Mr. Gatewood was key to the development of several single-family subdivisions, a property type which he still specializes into this day. From 1992 until 2017, Mr. Gatewood represented Jackson Claborn, Inc. as the Vice President of the Commercial Division where he has helped manage the production of the commercial appraisal practice which has enhanced JCI's strong commitment to client services.

Mr. Gatewood has experience in appraising commercial, industrial, multifamily, and investment-grade real property and related tangible assets to provide opinions of value for purposes of mortgage lending, sale or purchase, financial reporting, federal tax, capital lease testing, litigation support, allocation of purchase price, estate tax planning/settlement, ad valorem taxation, property exchange, internal planning, and partial taking/just compensation by eminent domain agencies.

Property types include vacant land, agricultural land, rights of way (road and pipeline), shopping centers, single-tenant retail buildings, CBD and suburban office projects, air rights, truck terminals, light industrial facilities, heavy manufacturing plants, corporate headquarters, hospitals, surgery centers, medical office buildings, self-storage facilities, religious facilities, hotels, mixed-use developments, apartment projects, convenience stores, and single-family subdivision analyses.

Licenses

Texas, Certified General Real Estate Appraiser, TX 1324355 G, Expires December 2026
Texas, Licensed Real Estate Salesman, 277705, Expires December 2025

Education

Richland Junior College, Dallas, Texas
The University of North Texas, Denton, Texas

Miscellaneous

An Associate Member of the Appraisal Institute

egatewood@irr.com - 972.725.7755

Duck Point Public Improvement District



1100 Mira Vista Boulevard
Plano, TX 75093

T 972.881.7191
F 972.733.1403

irr.com





Certified General Real Estate Appraiser

Appraiser: **Ernest Elva Gatewood III**

License #: **TX 1324355 G**

License Expires: **12/31/2026**

Having provided satisfactory evidence of the qualifications required by the Texas Appraiser Licensing and Certification Act, Occupations Code, Chapter 1103, authorization is granted to use this title:
Certified General Real Estate Appraiser

Chelsea Buchholtz
Executive Director

For additional information or to file a complaint please contact TALCB at www.talcb.texas.gov.

About IRR

Integra Realty Resources, Inc. (IRR) provides world-class commercial real estate valuation, counseling, and advisory services. Routinely ranked among leading property valuation and consulting firms, we are now the largest independent firm in our industry in the United States, with local offices coast to coast and in the Caribbean.

IRR offices are led by MAI-designated Senior Managing Directors, industry leaders who have over 25 years, on average, of commercial real estate experience in their local markets. This experience, coupled with our understanding of how national trends affect the local markets, empowers our clients with the unique knowledge, access, and historical perspective they need to make the most informed decisions.

Many of the nation's top financial institutions, developers, corporations, law firms, and government agencies rely on our professional real estate opinions to best understand the value, use, and feasibility of real estate in their market.

Local Expertise...Nationally!

irr.com

Addendum B
IRR Quality Assurance Survey

IRR Quality Assurance Survey

We welcome your feedback!

At IRR, providing a quality work product and delivering on time is what we strive to accomplish. Our local offices are determined to meet your expectations. Please reach out to your local office contact so they can resolve any issues.

Integra Quality Control Team

Integra does have a Quality Control Team that responds to escalated concerns related to a specific assignment as well as general concerns that are unrelated to any specific assignment. We also enjoy hearing from you when we exceed expectations! You can communicate with this team by clicking on the link below. If you would like a follow up call, please provide your contact information and a member of this Quality Control Team will call contact you.

Link to the IRR Quality Assurance Survey: quality.irr.com

Addendum C

Definitions

Definitions

The source of the following definitions is the Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 7th ed. (Chicago: Appraisal Institute, 2022), unless otherwise noted.

As Is Market Value

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date.

Disposition Value

The most probable price that a specified interest in property should bring under the following conditions:

1. Consummation of a sale within a specified time, which is shorter than the typical exposure time for such a property in that market.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider to be their best interests.
7. An adequate marketing effort will be made during the exposure time.
8. Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.
9. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

This definition can also be modified to provide for valuation with specified financing terms.

Effective Date

1. The date on which the appraisal opinion applies. (SVP)
2. The date to which an appraiser's analysis, opinions, and conclusions apply; also referred to as *date of value*. (USPAP, 2020-2021 ed.)
3. The date that a lease goes into effect.

Entitlement

In the context of ownership, use, or development of real estate, governmental approval for annexation, zoning, utility extensions, number of lots, total floor area, construction permits, and occupancy or use permits.

Entrepreneurial Incentive

The amount an entrepreneur expects or wants to receive as compensation for providing coordination and expertise and assuming the risks associated with the development of a project. Entrepreneurial incentive is the expectation of future reward as opposed to the profit actually earned on the project.

Entrepreneurial Profit

1. A market-derived figure that represents the amount an entrepreneur receives for his or her contribution to a past project to compensate for his or her time, effort, knowledge, and risk; the difference between the total cost of a property (cost of development) and its market value (property value after completion), which represents the entrepreneur's compensation for the risk and expertise associated with development. An entrepreneur is motivated by the prospect of future value enhancement (i.e., the entrepreneurial incentive). An entrepreneur who successfully creates value through new development, expansion, renovation, or an innovation change of use is rewarded by entrepreneurial profit. Entrepreneurs may also fail and suffer losses.
2. In economics, the actual return on successful management practices, often identified with coordination, the fourth factor of production following land, labor, and capital; also called entrepreneurial return or entrepreneurial reward.

Exposure Time

1. The time a property remains on the market.
2. An opinion, based on supporting market data, of the length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal.

Fee Simple Estate

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

Floor Area Ratio (FAR)

The relationship between the above-ground floor area of a building, as described by the zoning or building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area.

Highest and Best Use

1. The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.
2. The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid. (ISV)

3. [The] highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future. (Uniform Appraisal Standards for Federal Land Acquisitions)

Investment Value

1. The value of a property to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market.
2. The value of an asset to the owner or a prospective owner given individual investment or operational objectives (may also be known as worth). (IVS)

Lease

A contract in which rights to use and occupy land, space, or structures are transferred by the owner to another for a specified period of time in return for a specified rent.

Leased Fee Interest

The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.

Leasehold Estate

The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.

Liquidation Value

The most probable price that a specified interest in real property should bring under the following conditions:

1. Consummation of a sale within a short time period.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under extreme compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider to be their best interests.
7. A normal marketing effort is not possible due to the brief exposure time.
8. Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.
9. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

This definition can also be modified to provide for valuation with specified financing terms.

Marketing Time

An opinion of the amount of time to sell a property interest at the concluded market value or at a benchmark price during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which precedes the effective date of an appraisal.

Market Value

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- buyer and seller are typically motivated;
- both parties are well informed or well advised, and acting in what they consider their own best interests;
- a reasonable time is allowed for exposure in the open market;
- payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

(Source: Code of Federal Regulations, Title 12, Chapter I, Part 34.42[h]; also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472)

Prospective Opinion of Value

A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.

Retrospective Value Opinion

A value opinion effective as of a specified historical date. The term *retrospective* does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., “retrospective market value opinion.”

Definition of Aggregate of Retail Values

The sum of the separate and distinct market value opinions for each of the units in a condominium, subdivision development, or portfolio of properties, as of the date of valuation. The aggregate of retail values does not represent the value of all the units as though sold together in a single transaction; it is simply the total of the individual market value conclusions.

(Source: The Dictionary of Real Estate Appraisal, 7th Edition, Appraisal Institute, Chicago, Illinois, 2022)

Bulk Sale

The sale of multiple parcels of real estate to one buyer in one transaction. A bulk sale may include dissimilar properties in different locations or a group of lots or units in the same project. Typically, the bulk sale price is less than the sum of the values of the individual parcels.

(Source: The Dictionary of Real Estate Appraisal, 7th Edition, Appraisal Institute, Chicago, Illinois, 2022)

Bulk Value

The value of multiple units, subdivided plots, or properties in a portfolio as though sold together in a single transaction.

(Source: The Dictionary of Real Estate Appraisal, 7th Edition, Appraisal Institute, Chicago, Illinois, 2022)

Development Procedure

In land valuation, a technique for valuing undeveloped acreage that involves discounting the cost of development and the probable proceeds from the sale of developed sites.

(Source: The Dictionary of Real Estate Appraisal, 7th Edition, Appraisal Institute, Chicago, Illinois, 2022)

Subdivision Development Method

A method of estimating land value when subdividing and developing a parcel of land is the highest and best use of that land. When all direct and indirect costs and entrepreneurial incentive are deducted from an estimate of the anticipated gross sales price of the finished lots (or the completed improvements on those lots), the resultant net sales proceeds are then discounted to present value at a market-derived rate over the development and absorption period to indicate the value of the land.

(Source: The Dictionary of Real Estate Appraisal, 7th Edition, Appraisal Institute, Chicago, Illinois, 2022)

Allocation

1) The process of separating the contributory value of a component or part of an asset from the total value of the asset. 2) A method of estimating land value in which sales of improved properties are analyzed to establish a typical ratio of land value to total property value and this ratio is applied to the property being appraised or the comparable sale being analyzed.”

(Source: The Dictionary of Real Estate Appraisal, 7th Edition, Appraisal Institute, Chicago, Illinois, 2022)

Extraction

1) A method of estimating land value in which the depreciated cost of the improvements on an improved property is calculated and deducted from the total sale price to arrive at an estimated sale price for the land. 2) A method of deriving capitalization rates from property sales when sale price and net operating income are known.

(Source: The Dictionary of Real Estate Appraisal, 7th Edition, Appraisal Institute, Chicago, Illinois, 2022)

Residual

The quantity left over; in appraising, a term used to describe the result of an appraisal procedure in which known components of value are accounted for, thus solving for the quantity that is left over, such as land residual or building residual.

(Source: The Dictionary of Real Estate Appraisal, 7th Edition, Appraisal Institute, Chicago, Illinois, 2022)

Addendum D
Property Information



Tax Data

9/20/24, 12:02 PM

about:blank

Property Details

Account		
Property ID:	52165	Geographic ID: A0995A-000-0034-0000
Type:	Real	
Property Use:		Condo:
Location		
Situs Address:	AUBREY, TX 76227	
Map ID:	AU04	Mapsco:
Legal Description:	A0995A F.H. POLLARD, TR 34(PT), 159.941 ACRES, OLD DCAD TR 10,13	
Abstract/Subdivision:	A0995A - F.H. POLLARD	
Neighborhood:	DS02014	
Owner		
Owner ID:	1768860	
Name:	MM AUBREY 160 LLC	
Agent:		
Mailing Address:	1800 VALLEY VIEW LN STE 300 DALLAS, TX 75234-8945	
% Ownership:	100.00%	
Exemptions:	For privacy reasons not all exemptions are shown online.	

Property Values

Improvement Homesite Value:	\$0 (+)
Improvement Non-Homesite Value:	\$0 (+)
Land Homesite Value:	\$0 (+)
Land Non-Homesite Value:	\$0 (+)
Agricultural Market Valuation:	\$5,000,000 (+)
Market Value:	\$5,000,000 (=)

Agricultural Value Loss:	\$4,986,562 (-)
Appraised Value:	\$13,438 (=)
HS Cap Loss/Circuit Breaker:	\$0 (-)
Assessed Value:	\$13,438
Ag Use Value:	\$13,438
<p>Information provided for research purposes only. Legal descriptions and acreage amounts are for Appraisal District use only and should be verified prior to using for legal purpose and or documents. Please contact the Appraisal District to verify all information for accuracy.</p>	

Property Taxing Jurisdiction

Owner: MM AUBREY 160 LLC **%Ownership:** 100.00%

Entity	Description	Tax Rate	Market Value	Taxable Value	Estimated Tax	Freeze Ceiling
CAD	DENTON CENTRAL APPRAISAL DISTRICT	0.000000	\$5,000,000	\$13,438	\$0.00	
G01	DENTON COUNTY	0.189485	\$5,000,000	\$13,438	\$25.46	
PID87	DUCK POINT PID	0.000000	\$5,000,000	\$13,438	\$0.00	
S02	AUBREY ISD	1.257500	\$5,000,000	\$13,438	\$168.98	

Total Tax Rate: 1.446985

Estimated Taxes With Exemptions: \$194.44

Estimated Taxes Without Exemptions: \$72,349.25

Property Land

Type	Description	Acreage	Sqft	Eff Front	Eff Depth	Market Value	Prod. Value
PI 1	IMPROVED PASTURE I	159.94	6,967,029.96	0.00	0.00	\$5,000,000	\$13,435



Property Roll Value History

Year	Improvements	Land Market	Ag Valuation	Appraised	HS Cap Loss	Assessed
2025	N/A	N/A	N/A	N/A	N/A	N/A
2024	\$0	\$5,000,000	\$13,438	\$13,438	\$0	\$13,438
2023	\$0	\$5,000,000	\$13,438	\$13,438	\$0	\$13,438
2022	\$0	\$4,951,142	\$10,079	\$10,079	\$0	\$10,079
2021	\$0	\$2,736,711	\$12,511	\$12,511	\$0	\$12,511
2020	\$0	\$2,736,711	\$13,232	\$13,232	\$0	\$13,232
2019	\$0	\$2,736,711	\$15,638	\$15,638	\$0	\$15,638
2018	\$0	\$2,500,000	\$16,841	\$16,841	\$0	\$16,841
2017	\$0	\$2,500,000	\$16,841	\$16,841	\$0	\$16,841
2016	\$0	\$1,862,000	\$33,312	\$33,312	\$0	\$33,312
2015	\$0	\$1,587,690	\$34,569	\$34,569	\$0	\$34,569
2014	\$0	\$1,587,690	\$34,047	\$34,047	\$0	\$34,047

Property Deed History

Deed Date	Type	Description	Grantor	Grantee	Volume	Page	Number
9/30/2021	SWD	SPECIAL WD WITH VENDOR'S LIEN	GRANSCAPE ACQUISITIONS LLC	MM AUBREY 160 LLC			2021-180618
9/30/2021	SW	SPECIAL WD	PICKENS LAKE LLC	GRANSCAPE ACQUISITIONS LLC			2021-180387
6/30/2016	SW	SPECIAL WD	DUCK POINT PARTNERS, LTD	GRA-COL LTD			2016-78452
6/30/2016	SWD	SPECIAL WD WITH VENDOR'S LIEN	GRA-COL LTD	PICKENS LAKE LLC			2016-78692

9/20/24, 12:02 PM

about:blank

6/14/2006	SW	SPECIAL WD	DCF PROPERTY, LTD	PICKENS, R. H ETAL			2006-77965, 66, & 67
6/14/2006	SW	SPECIAL WD	PICKENS, R. H ETAL	DUCK POINT PARTNERS, LTD			2006-77969
1/3/2005	SW	SPECIAL WD	CROCKER, CHARLES A TRUSTEE OF	DCF PROPERTY, LTD			05-84107
12/31/2003	DW	DEED WITHOUT WARRANTY	PICKENS, R H ETAL	CROCKER, CHARLES A TRUSTEE OF			03-208049
	Conv	CONVERSION	PRIOR OWNER	PICKENS, R H ETAL	548	50	



Legal Description (s)

WHEREAS, MM Aubrey 160, LLC, is the owner of that certain tract of land situated in Denton County, Texas, being a part of the Frederick H. Pollard Survey, Abstract No. 995, being all of a called 159.941 acre tract of land described in a Deed to MM Aubrey 160 LLC., as recorded in Document No. 2021-180618, Official Public Records, Denton County, Texas (OPRDCT) and being more particularly described as follows:

BEGINNING at the northeast corner of said 159.939 acre tract and the southeast corner of a called 394.474 acre tract of land described in deed to A1719, LLC, recorded in Instrument No. 2020-28892 OPRDCT, also being located in the west right-of-way line of Farm-To-Market road No. 1385

THENCE along the east line of said 159.939 acre tract and the west line of Farm-To-Market Road No. 1385 (a variable width right-of-way), the following courses:

South 01 degrees 32 minutes 48 seconds West, a distance of 1,347.00 feet to a 5/8 inch iron rod found for corner;

South 12 degrees 36 minutes 53 seconds West, a distance of 79.08 feet to 5/8-inch iron rods with plastic cap stamped "BCG 10194538" set for corner;

South 01 degrees 54 minutes 34 seconds West, a distance of 400.92 feet to 5/8-inch iron rods with plastic cap stamped "BCG 10194538" set for the southeast corner of said 159.939 acre tract and the northeast corner of a called 2,439.8661 acre tract of land described in deed to Sandbrock Investments, Inc., as recorded in Document No. 2004-1916, OPRDCT;

THENCE along the south line of said 159.939 acre tract and the north line of said 2,439.8661 acre tract of land and meandering in or near the centerline of said Little Elm Creek, the following courses:

North 08 degrees 45 minutes 12 seconds West, a distance of 370.10 feet to a point for corner;

North 37 degrees 31 minutes 12 seconds West, a distance of 137.20 feet to a point for corner;

South 68 degrees 51 minutes 48 seconds West, a distance of 73.30 feet to a point for corner;

North 62 degrees 27 minutes 12 seconds West, a distance of 161.60 feet to a point for corner;

South 59 degrees 14 minutes 48 seconds West, a distance of 323.90 feet to a point for corner;

South 69 degrees 22 minutes 48 seconds West, a distance of 108.90 feet to a point for corner;

South 38 degrees 01 minutes 48 seconds West, a distance of 202.00 feet to a point for corner;

South 20 degrees 08 minutes 48 seconds West, a distance of 285.40 feet to a point for corner;

South 64 degrees 05 minutes 48 seconds West, a distance of 120.20 feet to a point for corner;

South 08 degrees 20 minutes 48 seconds West, a distance of 301.10 feet to a point for corner;

North 89 degrees 39 minutes 12 seconds West, a distance of 546.80 feet to a point for corner;

North 86 degrees 27 minutes 12 seconds West, a distance of 420.85 feet to a point for corner;

South 47 degrees 16 minutes 48 seconds West, a distance of 49.31 feet to a point for corner;

South 24 degrees 49 minutes 12 seconds East, a distance of 306.70 feet to a point for corner;

South 06 degrees 20 minutes 48 seconds West, a distance of 308.30 feet to a point for corner;

South 11 degrees 18 minutes 12 seconds East, a distance of 161.25 feet to a point for corner;

South 31 degrees 19 minutes 12 seconds East, a distance of 240.90 feet to a point for corner;

North 86 degrees 42 minutes 12 seconds West, a distance of 1,094.70 feet to a point for corner;

South 80 degrees 54 minutes 48 seconds West, a distance of 242.04 feet to a 5/8 inch iron with plastic cap stamped "BOHLER" found for corner, said point being the southeast corner of a called 80.612 acre tract described in deed to Dosti Partners, LLC, recorded in Instrument No. 2021-180838 OPRDCT and being the southwest corner of said 159.939 acre tract;

THENCE North 08 degrees 59 minutes 13 seconds East, with the common line of said 80.612 acre tract and 159.939 acre tract, a distance of 3369.03 feet to a 5/8 inch iron with plastic cap stamped "BOHLER" found for corner, said point being the northwest corner of said 159.939 acre tract

THENCE South 87 degrees 33 minutes 12 seconds East, a distance of 2,733.00 feet along the north line of said 159.939 acre tract of land and the south line of said 394.474 acre tract to the **POINT OF BEGINNING** and containing 159.939 acres of land.

Block A - Lot Areas		
Lot	Area (AC)	Area (SF)
1	0.161	7,015
2	0.145	6,325
3	0.145	6,325
4	0.145	6,325
5	0.145	6,325
6	0.132	5,750
7	0.132	5,750
8	0.132	5,750
9	0.145	6,325
10	0.145	6,325
11	0.145	6,325
12	0.145	6,325
13	0.145	6,325
14	0.132	5,750
15	0.132	5,750
16	0.132	5,750
17	0.132	5,750
18	0.132	5,750
19	0.132	5,750
20	0.169	7,360

Block A - Lot Areas		
Lot	Area (AC)	Area (SF)
1X	0.491	21,400
Block A Total Area		
Area (AC)	Area (SF)	
3.316	144,450	

Block B - Lot Areas		
Lot	Area (AC)	Area (SF)
1	0.161	7,015
2	0.145	6,325
3	0.145	6,325
4	0.145	6,325
5	0.145	6,325
6	0.145	6,325
7	0.145	6,325
8	0.149	6,473
9	0.154	6,693
10	0.297	12,946
11	0.296	12,877
12	0.140	6,095
13	0.132	5,750
14	0.132	5,750
15	0.161	7,015
16	0.056	2,430
17	0.173	7,546
Block B Total Area		
Area (AC)	Area (SF)	
2.721	118,530	

Block C - Lot Areas		
Lot	Area (AC)	Area (SF)
1	0.161	7,015
2	0.132	5,750
3	0.132	5,750
4	0.132	5,750
5	0.132	5,750
6	0.132	5,750
7	0.132	5,750
8	0.132	5,750
9	0.132	5,750
10	0.173	7,518
11	0.180	7,849
12	0.140	6,095
13	0.140	6,095
14	0.140	6,095
15	0.140	6,095
16	0.132	5,750
17	0.132	5,750
18	0.132	5,750
19	0.132	5,750
20	0.161	7,015
Block C Total Area		
Area (AC)	Area (SF)	
2.819	122,278	

Block D - Lot Areas		
Lot	Area (AC)	Area (SF)
1	0.161	7,015
2	0.145	6,325
3	0.145	6,325
4	0.145	6,325
5	0.145	6,325
6	0.145	6,325
7	0.145	6,325
8	0.132	5,750
9	0.138	6,000
10	0.175	7,623
11	0.184	7,994
12	0.151	6,570
13	0.145	6,325
14	0.145	6,325
15	0.145	6,325
16	0.145	6,325
17	0.145	6,325
18	0.145	6,325
19	0.145	6,325
20	0.161	7,015
Block D Total Area		
Area (AC)	Area (SF)	
2.889	130,192	

Block E - Lot Areas		
Lot	Area (AC)	Area (SF)
1	0.168	7,338
2	0.136	5,922
3	0.132	5,750
4	0.132	5,750
5	0.132	5,750
6	0.132	5,750
7	0.132	5,750
8	0.145	6,325
9	0.145	6,325
10	0.142	6,184
11	0.145	6,325
12	0.173	7,531
13	0.143	6,246
14	0.145	6,325
15	0.145	6,325
16	0.145	6,325
17	0.145	6,325
18	0.132	5,750
19	0.132	5,750
20	0.132	5,750

Block E - Lot Areas		
Lot	Area (AC)	Area (SF)
21	0.144	6,271
22	0.180	7,858
Block E Total Area		
Area (AC)	Area (SF)	
3.179	138,488	

Block F - Lot Areas		
Lot	Area (AC)	Area (SF)
1	0.207	9,009
2	0.181	7,900
3	0.223	9,726
4	0.166	7,324
5	0.132	5,750
6	0.132	5,750
7	0.132	5,750
8	0.132	5,750
9	0.132	5,750
10	0.132	5,750
11	0.134	5,818
12	0.148	6,441
13	0.185	8,078
14	0.164	7,136
15	0.140	6,113
16	0.137	5,981
17	0.132	5,750
18	0.132	5,750
19	0.132	5,750
20	0.132	5,750

Block F - Lot Areas		
Lot	Area (AC)	Area (SF)
21	0.132	5,750
22	0.132	5,750
23	0.132	5,750
24	0.174	7,591
Block F Total Area		
Area (AC)	Area (SF)	
3.578	155,868	

Block G - Lot Areas		
Lot	Area (AC)	Area (SF)
1	0.158	6,900
2	0.132	5,750
3	0.132	5,750
4	0.132	5,750
5	0.132	5,750
6	0.132	5,750
7	0.139	6,036
8	0.139	6,042
9	0.161	6,998
10	0.167	7,293
11	0.140	6,061
12	0.152	6,632
13	0.146	6,360
14	0.132	5,750
15	0.132	5,750
16	0.132	5,750
17	0.132	5,750
18	0.155	6,766
Block G Total Area		
Area (AC)	Area (SF)	
2.545	110,856	

Block H - Lot Areas		
Lot	Area (AC)	Area (SF)
1	0.145	6,325
2	0.132	5,750
3	0.132	5,750
4	0.132	5,750
5	0.132	5,750
6	0.132	5,750
7	0.132	5,750
8	0.132	5,750
9	0.156	6,795
10	0.255	11,095
11	0.258	11,224
12	0.141	6,139
13	0.141	6,131
14	0.141	6,131
15	0.141	6,131
16	0.141	6,131
17	0.141	6,131
18	0.141	6,131
19	0.167	7,265
20	0.167	7,265

Block H - Lot Areas		
Lot	Area (AC)	Area (SF)
21	0.140	6,113
22	0.140	6,112
23	0.140	6,112
24	0.140	6,112
25	0.140	6,112
26	0.140	6,113
27	0.140	6,114
28	0.148	6,458
29	0.260	11,323
30	0.251	10,931
31	0.139	6,057
32	0.145	6,325
33	0.145	6,325
34	0.144	6,281
35	0.136	5,920
1X	0.097	4,211
2X	1.888	82,230
3X	22.830	994,466
Block H Total Area		
Area (AC)	Area (SF)	
30.224	1,316,567	

Block I - Lot Areas		
Lot	Area (AC)	Area (SF)
1	0.164	7,130
2	0.139	6,038
3	0.132	5,750
4	0.132	5,750
5	0.132	5,750
6	0.132	5,750
7	0.132	5,750
8	0.132	5,750
9	0.132	5,750
10	0.132	5,750
11	0.132	5,750
12	0.136	5,926
13	0.138	6,090
14	0.138	6,090
15	0.138	6,029
16	0.138	6,029
17	0.138	6,029
18	0.138	6,029
19	0.138	6,029
20	0.138	6,029

Block I - Lot Areas		
Lot	Area (AC)	Area (SF)
21	0.138	6,030
22	0.138	6,030
23	0.167	7,277
24	0.159	6,917
25	0.139	6,072
26	0.139	6,036
27	0.139	6,036
28	0.139	6,036
29	0.139	6,036
30	0.139	6,036
31	0.139	6,036
32	0.139	6,036
33	0.139	6,036
34	0.136	5,929
35	0.132	5,750
36	0.132	5,750
37	0.132	5,750
38	0.132	5,750
39	0.132	5,750
40	0.132	5,750



Block I - Lot Areas		
Lot	Area (AC)	Area (SF)
41	0.132	5,750
42	0.132	5,750
43	0.132	5,750
44	0.139	6,038
45	0.164	7,130
Block I Total Area		
Area (AC)	Area (SF)	
6.211	270,537	

Block J - Lot Areas		
Lot	Area (AC)	Area (SF)
1	0.164	7,130
2	0.132	5,750
3	0.132	5,750
4	0.132	5,750
5	0.132	5,750
6	0.132	5,750
7	0.132	5,750
8	0.132	5,750
9	0.132	5,750
10	0.162	7,067
11	0.162	7,067
12	0.132	5,750
13	0.132	5,750
14	0.132	5,750
15	0.132	5,750
16	0.132	5,750
17	0.132	5,750
18	0.132	5,750
19	0.132	5,750
20	0.164	7,130
Block J Total Area		
Area (AC)	Area (SF)	
2.763	120,374	

Block K - Lot Areas		
Lot	Area (AC)	Area (SF)
1	0.172	7,475
2	0.145	6,325
3	0.132	5,750
4	0.132	5,750
5	0.132	5,750
6	0.132	5,750
7	0.132	5,750
8	0.132	5,750
9	0.132	5,750
10	0.132	5,750
11	0.132	5,750
12	0.132	5,750
13	0.132	5,750
14	0.145	6,325
15	0.172	7,475
1X	0.126	5,481
Block K Total Area		
Area (AC)	Area (SF)	
2.211	96,331	

Block L - Lot Areas		
Lot	Area (AC)	Area (SF)
1	0.164	7,130
2	0.132	5,750
3	0.132	5,750
4	0.132	5,750
5	0.132	5,750
6	0.132	5,750
7	0.132	5,750
8	0.132	5,750
9	0.132	5,750
10	0.132	5,750
11	0.132	5,750
12	0.139	6,051
13	0.141	6,141
14	0.141	6,139
15	0.141	6,139
16	0.141	6,140
17	0.141	6,142
18	0.173	7,533
19	0.172	7,495
20	0.141	6,132
Block L Total Area		
Area (AC)	Area (SF)	
4.859	211,670	

Block L - Lot Areas		
Lot	Area (AC)	Area (SF)
21	0.141	6,132
22	0.141	6,132
23	0.141	6,132
24	0.140	6,081
25	0.132	5,750
26	0.132	5,750
27	0.132	5,750
28	0.132	5,750
29	0.132	5,750
30	0.132	5,750
31	0.132	5,750
32	0.132	5,750
33	0.132	5,750
34	0.132	5,750
35	0.164	7,130
Block L Total Area		
Area (AC)	Area (SF)	
4.859	211,670	

Block M - Lot Areas		
Lot	Area (AC)	Area (SF)
1	0.164	7,130
2	0.132	5,750
3	0.132	5,750
4	0.132	5,750
5	0.132	5,750
6	0.132	5,750
7	0.132	5,750
8	0.132	5,750
9	0.132	5,750
10	0.132	5,750
11	0.132	5,750
12	0.160	6,932
13	0.169	7,346
14	0.168	7,302
15	0.188	8,193
16	0.197	8,601
17	0.174	7,559
18	0.163	7,092
19	0.132	5,750
20	0.132	5,750
Block M Total Area		
Area (AC)	Area (SF)	
4.185	182,305	

Block M - Lot Areas		
Lot	Area (AC)	Area (SF)
21	0.132	5,750
22	0.132	5,750
23	0.132	5,750
24	0.132	5,750
25	0.132	5,750
26	0.132	5,750
27	0.132	5,750
28	0.132	5,750
29	0.164	7,130
Block M Total Area		
Area (AC)	Area (SF)	
4.185	182,305	

Block N - Lot Areas		
Lot	Area (AC)	Area (SF)
1	0.164	7,130
2	0.132	5,750
3	0.132	5,750
4	0.137	5,980
5	0.145	6,325
6	0.145	6,325
7	0.145	6,325
8	0.145	6,325
9	0.145	6,325
10	0.145	6,325
11	0.172	7,489
12	0.224	9,773
13	0.230	10,081
14	0.163	7,092
15	0.145	6,325
16	0.145	6,325
17	0.145	6,325
18	0.145	6,325
19	0.145	6,325
20	0.137	5,980

Block N - Lot Areas		
Lot	Area (AC)	Area (SF)
21	0.132	5,750
22	0.132	5,750
23	0.164	7,130
Block N Total Area		
Area (AC)	Area (SF)	
3.517	153,180	

Block O - Lot Areas		
Lot	Area (AC)	Area (SF)
1	0.161	7,015
2	0.132	5,750
3	0.132	5,750
4	0.132	5,750
5	0.132	5,750
6	0.132	5,750
7	0.132	5,750
8	0.132	5,750
9	0.132	5,750
10	0.132	5,750
11	0.181	7,897
12	0.162	7,043
13	0.132	5,750
14	0.132	5,750
15	0.132	5,750
16	0.132	5,750
17	0.132	5,750
18	0.132	5,750
19	0.132	5,750
20	0.132	5,750

Block O - Lot Areas		
Lot	Area (AC)	Area (SF)
21	0.132	5,750
22	0.161	7,015
Block O Total Area		
Area (AC)	Area (SF)	
3.041	132,471	

Block P - Lot Areas		
Lot	Area (AC)	Area (SF)
1	0.161	7,015
2	0.132	5,750
3	0.132	5,750
4	0.132	5,750
5	0.132	5,750
6	0.132	5,750
7	0.132	5,750
8	0.132	5,750
9	0.132	5,750
10	0.132	5,750
11	0.161	7,015
12	0.161	7,015
13	0.132	5,750
14	0.132	5,750
15	0.132	5,750
16	0.132	5,750
17	0.132	5,750
18	0.132	5,750
19	0.132	5,750
20	0.132	5,750

Block P - Lot Areas		
Lot	Area (AC)	Area (SF)
21	0.132	5,750
22	0.161	7,015
Block P Total Area		
Area (AC)	Area (SF)	
3.000	131,560	

Block Q - Lot Areas		
Lot	Area (AC)	Area (SF)
1	0.161	7,015
2	0.132	5,750
3	0.132	5,750
4	0.132	5,750
5	0.132	5,750
6	0.132	5,750
7	0.132	5,750
8	0.132	5,750
9	0.132	5,750
10	0.132	5,750
11	0.161	7,015
12	0.158	6,881
13	0.132	5,750
14	0.132	5,750
15	0.132	5,750
16	0.132	5,750
17	0.132	5,750
18	0.132	5,750
19	0.132	5,750
20	0.132	5,750



Block Q - Lot Areas		
Lot	Area (AC)	Area (SF)
21	0.132	5,750
22	0.198	8,881
Block Q Total Area		
Area (AC)	Area (SF)	
3.014	131,292	

Block R - Lot Areas		
Lot	Area (AC)	Area (SF)
1	0.132	5,751
2	0.132	5,750
3	0.132	5,750
4	0.132	5,750
5	0.132	5,750
6	0.132	5,750
7	0.132	5,750
8	0.132	5,729
9	0.199	8,915
10	0.404	17,594
11	0.192	8,351
12	0.143	6,247
13	0.143	6,243
14	0.143	6,238
15	0.143	6,234
16	0.143	6,230
17	0.143	6,225
18	0.143	6,221
19	0.143	6,217
20	0.143	6,212

Block R - Lot Areas		
Lot	Area (AC)	Area (SF)
21	0.143	6,208
22	0.142	6,204
23	0.142	6,199
24	0.142	6,195
25	0.142	6,191
26	0.142	6,186
27	0.142	6,182
28	0.142	6,178
29	0.142	6,173
30	0.142	6,169
31	0.137	5,959
32	0.132	5,750
33	0.132	5,750
34	0.132	5,750
35	0.132	5,750
36	0.132	5,750
37	0.172	7,475
1X	0.062	2,720
2X	9.932	432,656
Block R Total Area		
Area (AC)	Area (SF)	
15.481	674,354	

Block S - Lot Areas		
Lot	Area (AC)	Area (SF)
1	0.133	5,802
2	0.133	5,800
3	0.133	5,800
4	0.133	5,800
5	0.133	5,800
6	0.133	5,800
7	0.140	6,112
8	0.136	6,033
1X	33.745	1,469,916
Block S Total Area		
Area (AC)	Area (SF)	
34.830	1,517,179	

Addendum E
Comparable Data



Lot Sales



Land Sale Profile

Sale No. 1

Location & Property Identification

Property Name: Cambridge Crossing, Phase 3 - 50' Lots

Sub-Property Type: Residential, Single Family Residence Site

Address: North side of Punk Carter Parkway, west of Huddleston Drive

City/State/Zip: Celina, TX 75009

County: Collin

Submarket: Celina

Market Orientation: Suburban

IRR Event ID: 2963264



Sale Information

Sale Price: \$100,000

Effective Sale Price: \$100,000

Sale Date: 02/01/2024

Sale Status: Closed

\$/Acre(Gross): \$726,216

\$/Land SF(Gross): \$16.67

\$/Unit (Potential): \$2,000 /Unit

Grantor/Seller: Tollway/Outer Loop LP

Grantee/Buyer: Perry Homes LLC

Property Rights: Fee Simple

Financing: Cash to seller

Terms of Sale Comments: The base lot price is set at \$2,000/FF for the lots in Phase 3 with an annual 8.5% escalation.

Document Type: Deed

Recording No.: 2024000014105

Verified By: Shelley Sivakumar

Verification Date: 01/12/2023

Confirmation Source: Jim Melino

Verification Type: Confirmed-Seller

Improvement and Site Data

Legal/Tax/Parcel ID: Cambridge Crossing, Phase 3, Block V, Lot 1/Tax ID 2879140

Acres(Gross): 0.14

Land-SF(Gross): 6,000

No. of Units (Potential): 50

Shape: Rectangular

Topography: Level

Corner Lot: Yes

Frontage Feet: 50

Frontage Desc.: 50' x 120'

Zoning Code: Planned Development

Zoning Desc.: Planned Development

Flood Plain: No

Utilities: Water Public, Sewer

Utilities Desc.: Cambridge Crossing PID

Source of Land Info.: Engineering Report

Comments

Lots in this development are located in the Celina ISD.



Location & Property Identification

Property Name:	Hillside Village, Phase 1A - 50' Lots
Sub-Property Type:	Residential, Single Family Residence Site
Address:	Northwest quadrant of Glendenning Parkway and CR-89
City/State/Zip:	Celina, TX 75009
County:	Collin
Submarket:	Celina
Market Orientation:	Suburban
IRR Event ID:	2754554



Sale Information

Sale Price:	\$97,250
Effective Sale Price:	\$97,250
Sale Date:	05/21/2024
Sale Status:	Closed
\$/Acre(Gross):	\$706,245
\$/Land SF(Gross):	\$16.21
\$/Unit (Potential):	\$1,945 /Unit
Grantor/Seller:	WJ Hillside GP LLC Partner
Grantee/Buyer:	Shaddock Homes LTD
Property Rights:	Fee Simple
Financing:	Cash to seller
Terms of Sale Comments:	The base lot price was set at \$97,250/lot with 6% escalation for substantial completion by Second Quarter 2024.
Document Type:	Deed
Recording No.:	2024000061007
Verified By:	Shelley Sivakumar
Verification Date:	06/20/2024
Confirmation Source:	Melissa Zubik (214-880-8663 Wynne/Jackson)
Verification Type:	Confirmed-Seller

Improvement and Site Data

MSA:	Dallas-Fort Worth-Arlington, TX
Legal/Tax/Parcel ID:	Hillside Village, Phase 1A, Block A, Lot 53/Tax ID not assigned
Acres(Gross):	0.14
Land-SF(Gross):	6,000
No. of Units (Potential):	50
Shape:	Rectangular
Topography:	Level
Frontage Feet:	50
Frontage Desc.:	50' x 120'
Traffic Flow:	Low
Zoning Code:	Development Agreement
Zoning Desc.:	Development Agreement
Flood Plain:	No
Utilities:	Water Public, Sewer
Utilities Desc.:	Hillside Village PID
Source of Land Info.:	Engineering Report

Comments

This subdivision is located within the Hillside Village Public Improvement District and is in the Celina ISD.

Comments (Cont'd)



Location & Property Identification

Property Name:	Sandbrock Ranch, Phase 9 - 50' Lots
Sub-Property Type:	Residential, Finished SFR Lots
Address:	Northeast side of Crepe Myrtle Street at Harkness Drive
City/State/Zip:	Aubrey, TX 76227
County:	Denton
Submarket:	Aubrey
Market Orientation:	Suburban
Property Location:	4032 Crepe Myrtle Street
IRR Event ID:	2934118



Sale Information

Sale Price:	\$86,400
Effective Sale Price:	\$86,400
Sale Date:	05/04/2023
Sale Status:	Closed
\$/Acre(Gross):	\$627,451
\$/Land SF(Gross):	\$14.40
\$/Unit (Potential):	\$1,728 /Unit
Grantor/Seller:	Horizon/Deer Creek Development Corporation
Grantee/Buyer:	Highland Homes - Dallas, LLC
Property Rights:	Fee Simple
Financing:	Cash to seller
Terms of Sale Comments:	The base lot price was set at \$80,000/lot in1Q22 with an annual 6% escalation. Premium lot contracts range in base lot prices from \$87,000/lot to \$92,500/lot.
Document Type:	Deed
Recording No.:	2023-46497
Verified By:	Shelley Sivakumar

Verification Date:	10/16/2023
Confirmation Source:	Highland Homes
Verification Type:	Confirmed-Buyer

Improvement and Site Data

Legal/Tax/Parcel ID:	Sandbrock Ranch, Phase 9, Block C, Lot 18/Tax ID 1005272
Acres(Gross):	0.14
Land-SF(Gross):	6,000
No. of Units (Potential):	50
Shape:	Rectangular
Topography:	Level
Frontage Feet:	50
Frontage Desc.:	50' x 120'
Zoning Code:	Development Agreement
Zoning Desc.:	Development Agreement
Flood Plain:	No
Utilities:	Water Public, Sewer
Source of Land Info.:	Public Records

Comments

Lots in this development are located in the Denton ISD. Premium lot contracts range in base lot prices from \$87,000/lot to \$92,500/lot (\$1,740/FF to \$1,850/FF).

Comments (Cont'd)



Location & Property Identification

Property Name:	The Cottages, Phase 1 - 45' Lots
Sub-Property Type:	Residential, Finished SFR Lots
Address:	1624 Pintail Place
City/State/Zip:	Celina, TX 75009
County:	Collin
Submarket:	Celina
Market Orientation:	Suburban
Property Location:	West side of Pintail Place at Oriole Lane, south of CR-994
IRR Event ID:	3208363



Sale Information

Sale Price:	\$87,450
Effective Sale Price:	\$87,450
Sale Date:	02/09/2024
Sale Status:	Closed
\$/Acre(Gross):	\$846,563
\$/Land SF(Gross):	\$19.43
\$/Unit (Potential):	\$1,943 /Unit
Grantor/Seller:	Celina 50 LLC
Grantee/Buyer:	Highland Homes-Dallas LLC
Property Rights:	Fee Simple
Financing:	Cash to seller
Terms of Sale Comments:	The base lot price was set at \$82,500/lot at substantial completion in February 2023 with an annual 6% escalation.
Document Type:	Deed
Recording No.:	2024000016803
Verified By:	Shelley Sivakumar
Verification Date:	03/05/2024
Confirmation Source:	Highland Homes - Tammy Morrison (972-789-3521)
Verification Type:	Confirmed-Buyer

Improvement and Site Data

Legal/Tax/Parcel ID:	The Cottages, Phase 1, Block H, Lot 1/Tax ID 2867193
Acres(Gross):	0.10
Land-SF(Gross):	4,500
No. of Units (Potential):	45
Shape:	Rectangular
Topography:	Level
Frontage Desc.:	45' x 100'
Zoning Code:	PD-80
Zoning Desc.:	Planned Development-80
Flood Plain:	No
Utilities:	Water Public, Sewer
Source of Land Info.:	Engineering Report

Comments

Lots in this development are located in the Celina ISD. Home prices are ranging from \$442K - \$530K for 45' frontage lots. Phase 1 was also developed with 107 lots with 35' frontages.

Location & Property Identification

Property Name: Mosaic - 50' Lots
 Sub-Property Type: Residential, Finished SFR Lots
 Address: Southwest corner of Frontier Parkway and Legacy Drive
 City/State/Zip: Celina, TX 75078
 County: Denton
 Submarket: Prosper
 Market Orientation: Suburban
 IRR Event ID: 2916204



Sale Information

Sale Price: \$115,000
 Effective Sale Price: \$115,000
 Sale Date: 09/28/2023
 Sale Status: Closed
 \$/Acre(Gross): \$835,149
 \$/Land SF(Gross): \$19.17
 \$/Unit (Potential): \$2,300 /Unit
 Grantor/Seller: Tellus Texas I LLC
 Grantee/Buyer: Highland Homes - Dallas LLC
 Property Rights: Fee Simple
 Financing: Cash to seller
 Terms of Sale Comments: The base lot price was set at \$115,000/lot for substantial completion in 4Q2023 with a 6% escalation.
 Document Type: Deed
 Recording No.: 2023-105822
 Verified By: Shelley Sivakumar
 Verification Date: 05/10/2024
 Confirmation Source: Tony Shaw
 Verification Type: Confirmed-Other

Legal/Tax/Parcel ID: Mosaic, Phase 1A, Block B, Lot 12
 Acres(Gross): 0.14
 Land-SF(Gross): 6,000
 No. of Units (Potential): 50
 Shape: Rectangular
 Topography: Level
 Frontage Feet: 50
 Frontage Desc.: 50' x 120'
 Zoning Code: PD
 Zoning Desc.: Planned Development
 Flood Plain: No
 Utilities: Water Public, Sewer
 Source of Land Info.: Public Records

Comments

Lots in this development are located within the Prosper ISD.

Improvement and Site Data

Mosaic - 50' Lots



Location & Property Identification

Property Name: Bryson Ranch - 50' Lots
 Sub-Property Type: Residential, Finished SFR Lots
 Address: Northeast corner of FM-1385 and Mobberly Road
 City/State/Zip: Pilot Point ETJ, TX 76258
 County: Denton
 Submarket: PilotPoint
 Market Orientation: Suburban
 IRR Event ID: 3280943



Sale Information

Sale Price: \$90,000
 Effective Sale Price: \$90,000
 Sale Date: 09/30/2025
 Sale Status: In-Contract
 \$/Acre(Gross): \$653,595
 \$/Land SF(Gross): \$15.00
 \$/Acre(Usable): \$653,595
 \$/Land SF(Usable): \$15.00
 \$/Unit (Potential): \$1,800 /Unit
 Grantor/Seller: Centurion American Acquisitions, LLC
 Grantee/Buyer: DRHI, Inc.
 Property Rights: Fee Simple
 Financing: Cash to seller
 Terms of Sale Comments: This contract was executed in February 2024.
 Document Type: Contract of Sale
 Verified By: Shelley Sivakumar
 Verification Date: 09/27/2024
 Confirmation Source: Trevor Kollinger
 Verification Type: Confirmed-Seller

Legal/Tax/Parcel ID: As Vacant Land - Multiple Tax IDs including 78617 and 43390
 Acres(Usable/Gross): 0.14/0.14
 Land-SF(Usable/Gross): 6,000/6,000
 Usable/Gross Ratio: 1.00
 No. of Units (Potential): 50
 Shape: Rectangular
 Topography: Level
 Zoning Code: Development Agreement
 Zoning Desc.: Single Family
 Flood Plain: No
 Utilities: Water Public, Sewer
 Source of Land Info.: Engineering Report

Comments

Lots in this master-planned development are located in the Pilot Point ISD.

Improvement and Site Data

Bryson Ranch - 50' Lots



